

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

John H. Bemis  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey  
Division Director  
Oil Conservation Division



May 21, 2012

Chevron U.S.A., Inc.  
Attn: Ms. Denise Pinkerton

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

**Administrative Order NSL-6622**  
**Administrative Application Reference No. pTWG12-11149747**

Chevron U.S.A., Inc.  
OGRID 4323  
Heritage 2 15 Well No. 1H  
API No. 30-015-40166

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	330 FSL & 2010 FWL	N	15	23S	28E	Eddy
Penetration Point	1097 FSL & 2213 FWL	N	15	23S	28E	Eddy
Terminus	510 FNL & 2260 FWL	C	15	23S	28E	Eddy

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 15	160	Culebra Bluffs; Bone Spring	15011

Reference is made to your application received on April 20, 2012.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Spacing in this pool is governed by the Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool, as adopted by Order R-6139 issued on October 12, 1979, which provide for 80-acre units with wells to be located within 150 feet of the center of a quarter/quarter section, and by Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are outside the "producing area" as plotted pursuant to the referenced rules.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to maximize drainage of this project area by the wellbore lateral.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia  
New Mexico State Land Office