

# NSL Initial Application

RECEIVED: 09/17/21	REVIEWER: LRL	TYPE: NSL	APP NO: pLEL2126538620
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** Chevron U.S.A. Inc. **OGRID Number:** 4323  
**Well Name:** DL 10 3 Kraken Fed Com #207H well **API:** 30-025-pending  
**Pool:** Red Tank; Bone Spring, East Pool **Pool Code:** 51687

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling – Storage – Measurement  
 DHC    CTB    PLC    PC    OLS    OLM  
 [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required

<b>FOR OCD ONLY</b>	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Kaitlyn A. Luck  
 \_\_\_\_\_  
 Print or Type Name  
  
 \_\_\_\_\_  
 Signature

09/17/2021  
 \_\_\_\_\_  
 Date  
 505-954-7286  
 \_\_\_\_\_  
 Phone Number  
 kaluck@hollandhart.com  
 \_\_\_\_\_  
 e-mail Address



**Kaitlyn A. Luck**  
 Phone (505) 954-7286  
 kaluck@hollandhart.com

September 14, 2021

**VIA ONLINE FILING**

Adrienne Sandoval  
 Oil Conservation Division  
 New Mexico Department of Energy,  
 Minerals and Natural Resources  
 1220 South Saint Francis Drive  
 Santa Fe, New Mexico 87505

**Re: Application of Chevron U.S.A. Inc., for administrative approval of an unorthodox well location for its DL 10 3 Kraken Fed Com #207H well in the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.**

Dear Ms. Sandoval:

Chevron U.S.A. Inc. ("Chevron") (OGRID No. 6137) seeks administrative approval of an unorthodox well location for its **DL 10 3 Kraken Fed Com #207H well** (API No. 30-025-pending) to be completed within the Red Tank; Bone Spring, East Pool (51687) underlying the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.

This well will be drilled as follows:

- **Surface location:** 370 feet from the south line and 1,790 feet from the west line (Unit N) of Section 10;
- **Bottom hole location:** 25 feet from the north line and 2,439 feet from the west line (Unit D) of Section 3;
- **First take point:** 25 feet from the south line and 330 feet from the west line (Unit N) of Section 10; and
- **Last take point:** 100 feet from the north line and 330 feet from the west line (Unit D) of Section 3.

Since this acreage is governed by the Division's statewide rules, the completed interval for this well will be unorthodox because it is closer than the standard offsets to the western boundary of the spacing unit and encroaches on the E/2 E/2 of Sections 4 and 9, and to the southern boundary and encroaches on the N/2 NW/4 of Section 15. Approval of the unorthodox completed interval

T 505.988.4421 F 505.983.6043  
 110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849  
 Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208  
 www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

will allow Chevron to use its preferred well spacing plan for horizontal wells in this area and thereby prevent waste.

**Exhibit A** is a Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **DL 10 3 Kraken Fed Com #207H well** encroaches on the drilling and spacing units to the west and south.

**Exhibit B** is a land plat that shows the proposed **DL 10 3 Kraken Fed Com #207H well** in relation to the adjoining spacing unit to the west in Sections 4 and 9, and to the south in Section 15.

Ownership is diverse between the subject spacing unit and the tracts to the west and south. **Exhibit C** includes the tracking information that reflects the “affected parties” were sent a copy of this application with all attachments by certified mail advising that any objections must be filed in writing with the Division within 20 days from the date the Division receives the application. The following are the affected parties:

Type	Affected Party	Location	Date Sent
Operator/ Working Interest	Chevron U.S.A. Inc.	Tract 5, 8	N/A
Royalty Interest	BUREAU OF LAND MANAGEMENT	Tract 5, 8, 9	9/13/21
Overriding Royalty Interest	Jaft Investments, LLC	Tract 5	9/13/21
Overriding Royalty Interest	Michael L. Stewart	Tract 5	9/13/21
Overriding Royalty Interest	Patricia A. Stewart	Tract 5	9/13/21
Working Interest	Helms Oil & Gas, LLC	Tract 5	9/13/21
Working Interest	ConocoPhillips Company	Tract 9	9/13/21

**Exhibit D** is a statement from a Chevron's petroleum engineer confirming that Chevron's requested unorthodox location is necessary to optimize well spacing, thereby preventing waste.

Your attention to this matter is appreciated.

Sincerely,



Kaitlyn A. Luck  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

T 505.988.4421 F 505.983.6043  
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Idaho	New Mexico	Wyoming

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
		51687		RED TANK; BONE SPRING, EAST	
<sup>4</sup> Property Code		<sup>5</sup> Property Name		<sup>6</sup> Well Number	
		DL 10 3 KRAKEN FED COM		207H	
<sup>7</sup> OGRID No.		<sup>8</sup> Operator Name		<sup>9</sup> Elevation	
4323		CHEVRON U.S.A. INC.		3558'	

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22 SOUTH	33 EAST, N.M.P.M.		370'	SOUTH	1790'	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	22 SOUTH	33 EAST, N.M.P.M.		25'	NORTH	330'	WEST	LEA

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
640	INFILL		

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

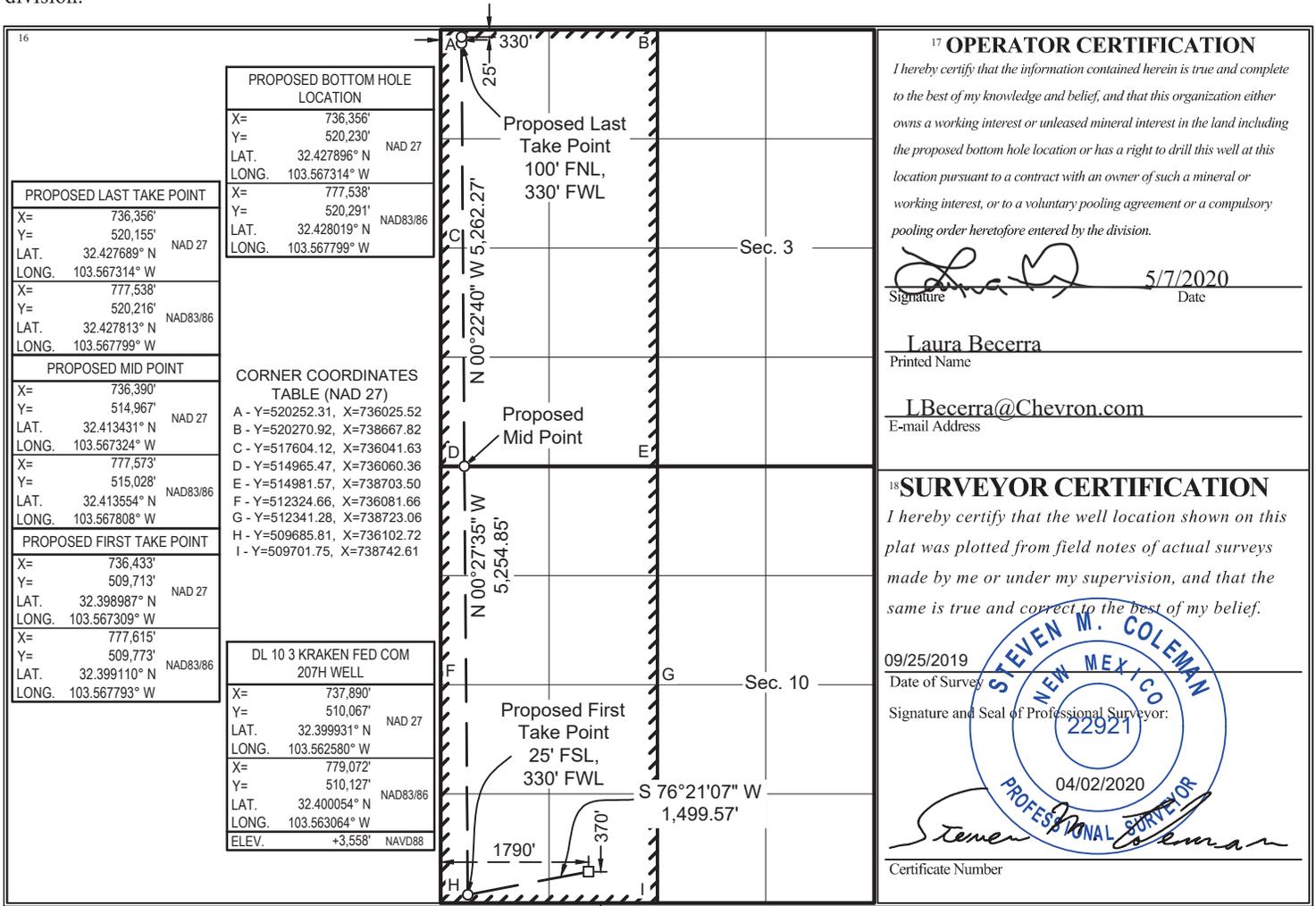
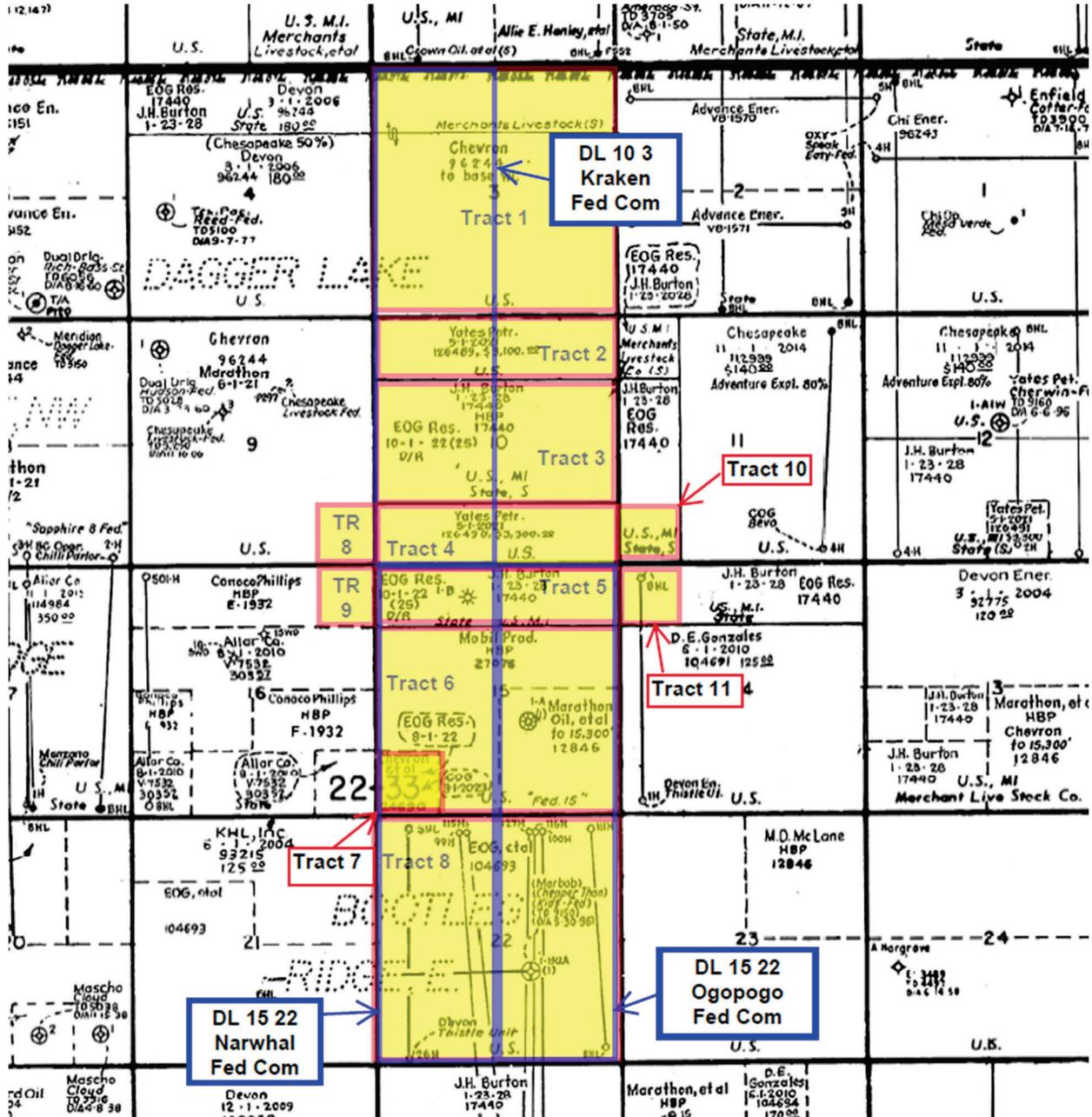


EXHIBIT B



17103187\_v1

**EXHIBIT C**

**Offset Operators, WI, and ORRI Owners**

**DL 10 3 Kraken Fed Com 207H-209H**

Notice Tract 5

Chevron U.S.A. Inc.  
1400 Smith St.  
Houston, TX 77002

Jaft Investments, LLC  
4501 Hackberry Court  
Midland, TX 79707

Michael L. Stewart  
3714 Mark Lane  
Midland, TX 79707

Patricia A. Stewart  
733 Green Valley Dr.  
Abilene, TX 79601  
3714 Mark Lane  
Midland, TX 79707

Helms Oil & Gas, LLC  
1509 W. Wall St. Suite 201  
Midland, TX 79701  
P.O. Box 52808  
Midland, TX 79710

Notice Tract 8

Chevron U.S.A. Inc.  
1400 Smith St.  
Houston, TX 77002

Notice Tract 9

ConocoPhillips Company  
600 W. Illinois Ave  
Midland, TX 79701  
ATTN: Joint Interest Ventures Group

Parent ID	Mail Date	Company	Name	DeliveryAddress	City	ST	Zip	Mail Class	Tracking	Well
31309	09/14/2021	Attn Joint Interest Ventures Group	ConocoPhillips Company	600 W Illinois Ave	Midland	TX	79701-4882	Certified with Return Receipt (Signature)	94148118987 65854160829	71013 - Chev Kracken - NSL notice list - 7
31309	09/14/2021		Helms Oil & Gas, LLC	PO Box 52808	Midland	TX	79710-2808	Certified with Return Receipt (Signature)	94148118987 65854160850	71013 - Chev Kracken - NSL notice list - 6
31309	09/14/2021		Helms Oil & Gas, LLC	1509 W Wall St Ste 201	Midland	TX	79701-6573	Certified with Return Receipt (Signature)	94148118987 65854160812	71013 - Chev Kracken - NSL notice list - 5
31309	09/14/2021		Patricia A. Stewart	3714 Mark Ln	Midland	TX	79707-4330	Certified with Return Receipt (Signature)	94148118987 65854160270	71013 - Chev Kracken - NSL notice list - 4
31309	09/14/2021		Patricia A. Stewart	733 Green Valley Dr	Abilene	TX	79601-4516	Certified with Return Receipt (Signature)	94148118987 65854160232	71013 - Chev Kracken - NSL notice list - 3
31309	09/14/2021		Michael L. Stewart	3714 Mark Ln	Midland	TX	79707-4330	Certified with Return Receipt (Signature)	94148118987 65854160287	71013 - Chev Kracken - NSL notice list - 2
31309	09/14/2021		Jaft Investments, LLC	4501 Hackberry Ct	Midland	TX	79707-1623	Certified with Return Receipt (Signature)	94148118987 65854160201	71013 - Chev Kracken - NSL notice list - 1



**Kaitlyn A. Luck**  
Phone (505) 954-7286  
kaluck@hollandhart.com

September 14, 2021

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL AFFECTED PERSONS**

**Re: Application of Chevron U.S.A. Inc., for administrative approval of an unorthodox well location for its DL 10 3 Kraken Fed Com #207H in the W/2 of Sections 3 and 10, Township 22 South, Range 33, N.M.P.M., Lea County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Kevin Stubbs  
Chevron U.S.A. Inc.  
(713) 560-3512  
kevinstubbs@chevron.com

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", written over a horizontal line.

Kaitlyn A. Luck  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

T 505.988.4421 F 505.983.6043  
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Wyoming



**Cameron Khalili**  
Petroleum Engineer, Midcontinent Business Unit

September 9, 2021

Re: Chevron USA, Inc, NSL Application  
DL 10 3 Kraken Fed Com #207H-209H  
DL 15 22 Narwal Fed Com #219H-221H  
DL 15 22 Ogopogo Fed Com #222H

To Whom it may concern:

Chevron has planned to drill wells within the Bone Spring Formation, under the Red Tank field rules with 100' first and last take point setbacks.

Chevron respectfully request approval of the Non-Standard Location (NSL) for the First Take Point (FTP) of 25' for the wellbores between Section 10 & 15 in T22S-R33E for which Chevron is the operator of both. Granting the exception will increase the recoverability of oil and gas reserves from these sections and result in a more efficient development of the asset therefore protecting correlative rights.

Sincerely,

**Cameron Khalili**

*cameron Khalili*

Petroleum Engineer

**EXHIBIT - D**

**MidContinent Business Unit**  
**Chevron U.S.A. Inc.**  
6301 Deauville Blvd., Midland, Texas 79706  
Tel 432 687 7360  
Cameronkhalili@chevron.com

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
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**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
 Action 49790

**CONDITIONS**

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 49790
	Action Type: [UF-NSL] Non-Standard Location (NSL)

**CONDITIONS**

Created By	Condition	Condition Date
llowe	None	9/22/2021