

DATE IN 4/29/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 5/01/2014	TYPE NSL	APP NO. PMAM1412130601
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



- Get Producing
intercom

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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

7083

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

- NSL
- Rustler Bluffs
192419 February
30-015-3H Pending
- Chevron
USA, Inc
4323

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

Pool
- Pierce Crossing
Bone Springs
50371

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **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.

MICHAEL H. FELDEWERT

Print or Type Name

Signature

ATTORNEY

Title

04/29/14

Date

mfeldewert@hollandhart.com

e-mail Address



April 29, 2014

VIA HAND DELIVERY

Jami Bailey
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 Rustler Bluff 19 24 19 Federal 3H Well to be located in Section 19, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chevron U.S.A., Inc. (OGRID No. 4323) seeks administrative approval of an unorthodox well location for its **Rustler Bluff 19 24 19 Federal 3H Well** to be completed within the Pierce Crossing; Bone Spring Pool (Pool Code 50371) underlying Section 19, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 330 feet from the South line and 1490 feet from the West line (Unit N) with a bottom hole location 330 feet from the North line and 1490 feet from the West line (Unit C). Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the Western boundary and, therefore, outside of the producing area. Approval of the unorthodox location will prevent waste of a productive reservoir and improve well performance.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **Rustler Bluff 19 24 19 Federal 3H Well** encroaches on the spacing and proration unit to the Southwest, West and Northwest.

Exhibit B is a land plat for Section 19 and the surrounding sections that shows the proposed **Rustler Bluff 19 24 19 Federal 3H Well** in relation to adjoining units and existing wells.

Exhibit C is a list of the parties affected by the encroachment to the West and Southwest. Each of these parties have been provided notice of this application by certified mail. Chevron is the sole operator and mineral lessee of the federal lease covering the SW/4SW/4 of Section 18. Nonetheless, a copy of this application has been provided to the Bureau of Land Management.



Your attention to this matter is appreciated.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR CHEVRON U.S.A., INC.

MHF

cc: Bureau of Land Management
620 E. Green Street
Carlsbad, NM 88220

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
1600 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

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name RUSTLER BLUFF 19 24 29 FEDERAL			⁶ Well Number 3H
⁷ OGRID No.		⁸ Operator Name CHEVRON U.S.A. INC.			⁹ Elevation 2918'

¹⁰ 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	19	24 SOUTH	29 EAST, N.M.P.M.		330'	SOUTH	1490'	WEST	EDDY

¹¹ 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
C	19	24 SOUTH	29 EAST, N.M.P.M.		330'	NORTH	1490'	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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.

	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 594.772 NAD 27 Y= 440.014 LAT. 32.209345 LONG. 104.026913</p> <p>X= 635.956 NAD83 Y= 440.073 LAT. 32.209468 LONG. 104.027403</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>RUSTLER BLUFF 19 24 29 FEDERAL NO. 3H WELL</p> <p>X= 594.822 NAD 27 Y= 435.360 LAT. 32.196550 LONG. 104.026797</p> <p>X= 636.006 NAD83 Y= 435.418 LAT. 32.196672 LONG. 104.027286</p> <p>ELEVATION +2918' NAVD 88</p>	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><i>Mar 7 2014</i> Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>WM. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15078</p> <p>Certificate Number <i>15078</i></p>

EXHIBIT

A

Exhibit C

Oxy USA, Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046

Murchison Oil & Gas
1100 Mira Vista Blvd.
Plano, TX 75093

HOLLAND & HART LLP



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - oil and gas law -
New Mexico Board of Legal
Specialization
mfeldewert@hollandhart.com

April 29, 2014

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Affected Parties

Re: Application of Chevron U.S.A., Inc. for administrative approval of an unorthodox well location for its Rustler Bluff 19 24 19 Federal 3H Well to be located in Section 19, Township 24 South, Range 29 East, N.M.P.M., Eddy 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 April 29, 2014 by Chevron U.S.A., Inc. for administrative approval of an unorthodox well location for its Rustler Bluff 19 24 19 Federal 3H well to be located in Section 19, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a surface location 330 feet from the South line and 1490 feet from the West line (Unit N) with a bottom hole location 330 feet from the North line and 1490 feet from the West line (Unit C). Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the Western boundary and, therefore, outside of the producing area.

As an owner of an offsetting interest that may be affected by the well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Divisions Santa Fe office that is located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

If you have any questions about this application, please contact Dane Maxwell at Dane.Maxwell@chevron.com or (713) 372-0466.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR CHEVRON U.S.A., INC.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺

McMillan, Michael, EMNRD

From: Shapard, Craig, EMNRD
Sent: Thursday, May 01, 2014 8:42 AM
To: McMillan, Michael, EMNRD
Subject: RE: Chevron Rustler Bluff 19 24 19

PIERCE CROSSING;BONE SPRING

California Chrome odds are 5-2, empty your savings account.

T.C. Shapard
District II Geologist
Energy Minerals & Natural Resource Department
811 S. First Street
Artesia, New Mexico 88202
Office: (575) 748-1283 Ext. 103
Fax: (575) 748-9120
E-MAIL: Craig.Shapard@state.nm.us



New Mexico Energy, Minerals and Natural Resources Department

From: McMillan, Michael, EMNRD
Sent: Thursday, May 01, 2014 8:39 AM
To: Shapard, Craig, EMNRD
Subject: Chevron Rustler Bluff 19 24 19

TC:
I need information on what pool the following well will be in.
The producing interval is in Sec. 19 24S 29E, Bone Spring.
Thanks
Mike

McMillan, Michael, EMNRD

From: Michael Feldewert <MFeldewert@hollandhart.com>
Sent: Wednesday, May 07, 2014 2:10 PM
To: McMillan, Michael, EMNRD
Subject: Chevron Rustler Bluff 19 24 19 Eddy Co.
Attachments: Rustler Bluff 19 24 29 FEDERAL 3H C-102 cert (7MAR2014) (2).pdf

Michael: Attached is a C-102 that identifies the first and last perforated interval in the text boxes. Let me know if you need anything else.

From: Michael Feldewert
Sent: Monday, May 05, 2014 2:04 PM
To: McMillan, Michael, EMNRD
Subject: Re: Chevron Rustler Bluff 19 24 19 Eddy Co.

We are undertaking efforts to get that information from the client.

Sent from my iPhone

On May 5, 2014, at 10:26 AM, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us> wrote:

Michael:
Can you provide the producing interval for the Chevron Rustler Bluff 19 24 19 Eddy County, New Mexico? You provided the surface and BHL location.
Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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Phone: (505) 748-1283 Fax: (575) 748-9720
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1000 Rio Brazos Road, Aztec, NM 87410
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Revised August 1, 2011
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<p>16</p> <p>1490'</p> <p>330'</p> <p>Proposed last Take Point 330' FNL & 1490' FWL</p> <p>N 00°36'23"W 4654.81'</p> <p>Proposed first Take Point 805' FSL & 1490' FWL</p> <p>1490'</p> <p>330'</p>	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 594,772 NAD 27 Y= 440,014 LAT. 32.209345 LONG. 104.026913</p> <p>X= 635,956 NAD83 Y= 440,073 LAT. 32.209468 LONG. 104.027403</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>RUSTLER BLUFF 19 24 29 FEDERAL NO.3H WELL</p> <p>X= 594,822 NAD 27 Y= 435,360 LAT. 32.196550 LONG. 104.026797</p> <p>X= 636,006 NAD83 Y= 435,418 LAT. 32.196672 LONG. 104.027286</p> <p>ELEVATION +2918' NAVD 88</p>	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><i>Wm J. Daniel III</i> Date of Survey _____ Signature and Seal of Professional Surveyor: _____</p> <p>Wm. J. DANIEL III NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15078</p> <p>Certificate Number 15078</p>