

Protested

NSL

Application

## **Lowe, Leonard, EMNRD**

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**From:** Lowe, Leonard, EMNRD  
**Sent:** Tuesday, March 19, 2019 11:42 AM  
**To:** 'Chapman, Sarah E'  
**Cc:** Jones, William V, EMNRD; Podany, Raymond, EMNRD; Mike Bratcher (mike.bratcher@state.nm.us); McMillan, Michael, EMNRD  
**Subject:** Amended Administrative Applications of Oxy USA Inc. for Protested NSL applications  
**Importance:** High

Ms. Sarah Chapman,

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| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 179H</b> |
| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 178H</b> |
| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 177H</b> |
| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 175H</b> |
| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 172H</b> |
| <b>Sterling Silver MDP1 33 4 Federal Com Well No. 171H</b> |
| <b>Platinum MDP1 34 3 Federal Com Well No. 176H</b>        |
| <b>Platinum MDP1 34 3 Federal Com Well No. 175H</b>        |
| <b>Platinum MDP1 34 3 Federal Com Well No. 174H</b>        |
| <b>Platinum MDP1 34 3 Federal Com Well No. 172H</b>        |
| <b>Platinum MDP1 34 3 Federal Com Well No. 171H</b>        |

Re:

E-mail follow up to this mornings conversation pertaining to the Subject NSL wells indicated above.

If OXY intends to amend their initial NSL applications to make their protested area of concerned orthodox, then the following will need to be submitted for each NSL application.

An amended:

- C-102 reflecting the changes made. Please be as precise as you can on entering information on this form. S.L., FTP, LTP, BHL, etc.
- NSL request letter. Clearly state that this is an Amended letter to the initial NSL application. Be bold in the changes made. Clearly state what area is not affected anymore due to this change. Reference all current affected tracts. Note that they were given notice via the initial application on Date: XX/XX/19 from the initial application submittal.
- Affected Tracts map noting all the current affected tracts of your map.
- NSL Service List indicating all your current affected parties. Please differentiate in Operator, Working Interest, etc. If the same, indicate so.

Only submit the above information for your amended applications. Clearly state on each page, "Amended NSL application" in the Header. Or date stamp each page.

You may send those PDFs via e-mail to me, [Leonard.Lowe@state.nm.us](mailto:Leonard.Lowe@state.nm.us)

All your current applications are still in suspension due to the protest from an affected party.

If you have any questions, please call or e-mail me.

Thank you,

**Leonard Lowe**

Engineering Bureau

**O**il Conservation **D**ivision

**E**nergy **M**inerals and **N**atural **R**esources **D**epartment

1220 South St. Frances

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Website: <http://www.emnrd.state.nm.us/ocd/>

## **Lowe, Leonard, EMNRD**

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**From:** Lowe, Leonard, EMNRD  
**Sent:** Monday, March 18, 2019 2:39 PM  
**To:** 'Chapman, Sarah E'  
**Cc:** Earl E. DeBrine; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Warnell, Terry G, EMNRD; Dawson, Scott, EMNRD; Murphy, Kathleen A, EMNRD  
**Subject:** Protest of Administrative Applications of Oxy USA Inc. for Nonstandard Locations\_Platinum MDP1 34 3 Federal Com Wells  
**Attachments:** Chevron's protest of OXY Platinum\_03.15.19.pdf  
**Importance:** High

RE: **OXY USA Inc. [16696]**  
Platinum MDP1 34 3 Federal Com Well No. 171H [API No. 30-015-45230]  
Platinum MDP1 34 3 Federal Com Well No. 172H [API No. 30-015-45231]  
Platinum MDP1 34 3 Federal Com Well No. 174H [API No. 30-015-45232]  
Platinum MDP1 34 3 Federal Com Well No. 175H [API No. 30-015-45251]  
Platinum MDP1 34 3 Federal Com Well No. 176H [API No. 30-015-45233]  
Located in SEC 34 T23S, R31E, NMPM

Ms. Sarah Chapman,

The OCD was notified that **Chevron U.S.A. Inc.** is protesting the applications for approval of a Non Standard Location for the above subject wells. This party is identified as an affected person for the location. Therefore, you are being notified that if **OXY USA Inc.** wishes for these applications to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The applications will be retained by OCD, but suspended from further administrative review.

Please contact the OCD once a decision regarding these applications is determined within the next 30 days. If the protest remains after 30 days, the OCD will process these applications. [03/15/19, Noticed day; 30 day ends on 04/15/19]

Please call/e-mail me with any questions regarding this matter.

Protestant contact information:

Earl E. DeBrine, Jr.  
Modrall Sperling  
PO Box 2168  
Albuquerque, N.M. 87102  
Phone 505-848-1810  
E-mail [edebrine@modrall.com](mailto:edebrine@modrall.com)

**Leonard Lowe**  
Engineering Bureau  
Oil Conservation Division  
Energy Minerals and Natural Resources Department

1220 South St. Frances  
Santa Fe, New Mexico 87004  
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**From:** Kathleen Allen <KATA@modrall.com>  
**Sent:** Friday, March 15, 2019 5:24 PM  
**To:** Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>  
**Cc:** Earl E. DeBrine <edebrine@modrall.com>  
**Subject:** [EXT] Protest of Administrative Applications of Oxy USA Inc. for Nonstandard Locations

Mr. Lowe: Attached are two letters dated today to you from Earl DeBrine regarding the above-referenced matter. These letters are also being sent to you today via U.S. mail.

Please contact me if you have any questions or trouble opening the attachments.

Thank you,



Kathleen Allen  
Legal Assistant to Earl E. DeBrine, Jr., Chris Killion & Nicole T. Russell  
Modrall Sperling | [www.modrall.com](http://www.modrall.com)  
P.O. Box 2168 | Albuquerque, NM 87103-2168  
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This e-mail may be a confidential attorney-client communication. If you received it in error, please delete it without forwarding it to others and notify the sender of the error.



March 15, 2019

**Via E-Mail and US Mail**

[leonard.lowe@state.nm.us](mailto:leonard.lowe@state.nm.us)

Earl E. DeBrine, Jr.  
505.848.1810  
Fax: 505.848.1891  
[edebrine@modrall.com](mailto:edebrine@modrall.com)

Leonard Lowe  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Re: In the Matter of the Administrative Applications of Oxy USA Inc. for Nonstandard Locations for the following wells located in T24S, R31E, Section 10 and T23S, R31E, Section 27, Eddy County, New Mexico:

- Platinum MDP1 34-3 Federal Com 171H - Purple Sage Wolfcamp
- Platinum MDP1 34-3 Federal Com 172H - Purple Sage Wolfcamp
- Platinum MDP1 34-3 Federal Com 174H - Purple Sage Wolfcamp
- Platinum MDP1 34-3 Federal Com 175H - Purple Sage Wolfcamp
- Platinum MDP1 34-3 Federal Com 176H - Purple Sage Wolfcamp

Dear Mr. Lowe:

Chevron U.S.A. Inc., by and through its counsel, hereby protests the above-referenced administration applications for Nonstandard Locations for the wells listed above and more fully described in such applications filed by Oxy USA Inc. on February 25, 2019 and February 26, 2019.

Chevron owns a working interest in the adjacent sections upon which the proposed last take point for these wells will encroach and is therefore an "affected person" under Rule 19.15.15.13(D) and was provided notice of the applications.

Chevron requests that the applications be set for hearing in accordance with NMAC 19.15.15.13(E) and denied after hearing for the following reasons:

- Allowing the wells to be drilled and completed in the unorthodox locations requested is likely to create drilling risks and challenges for Chevron's planned development of its adjacent acreage which include: (1) an increase in the drilling anti-collision risk which would force Chevron to change its wellbore trajectory to maintain its separator factors; (2) an increase Chevron's drilling costs; and (3) waste if Chevron

Modrall Sperling  
Roehl Harris & Sisk  
P.A.

Bank of America  
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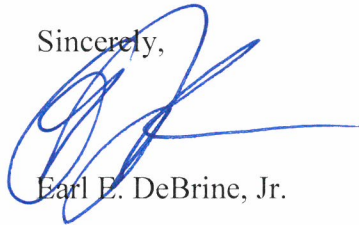
Leonard Lowe  
NM Oil Conservation Division  
March 15, 2019  
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is forced to reduce the length of its laterals or place them in a less than optimal locations to minimize such risks.

- Pressure depletion from Oxy's wells prior to Chevron's development of its adjacent acreage may also adversely affect frac length, diminishing the EUR of Chevron's wells and impairing Chevron's correlative rights.

Thank you for your consideration. Please contact me if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", with a long horizontal flourish extending to the right.

Earl E. DeBrine, Jr.

EED/hta/W3382067.DOCX  
cc: Sarah Chapman, OXY USA  
Chris Cooper