

12-23-11 DATE IN	SUSPENSE	ENGINEER DB	LOGGED IN 12.27.11	TYPE NSL NSP	PTG-W 1136141206 APP NO. 1136141734
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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



Chewron
NM BZ State NCT-1042

NSL-6543

NSP-1955

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]

[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 _____

[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

[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.

Carolyn Haynie
Print or Type Name

Signature

NM Petro Engineering Technical Assistant

Title

12-21-11
Date

chay@chevron.com
e-mail Address

RECEIVED OOD
201 DEC 23 PM 12:52



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

December 21, 2011

New Mexico Oil Conservation Division
1220 South San Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval
Non Standard Gas Well Location &
Non Standard Proration Unit
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

Chevron U.S.A. Inc. respectfully request administrative approval for a Non-Standard location, and a Non-Standard Proration Unit for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The subject well was originally completed in the Blinbry-Tubb-Drinkard in 1996 as an oil well. After 4 years, the Blinbry perfs were squeezed and an open-hole horizontal section was drilled in the Drinkard formation. The well is currently producing from the DKR horizontal section and the original Tubb-Drinkard formations, and is currently producing 1 to 2 BOPD and negligible gas.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

The recompletion to the Glorieta will be the only gas well location within the section. If approved, it would allow the NM 'BZ' State NCT-10, Well # 6 to be returned to economic production.

A copy of this application was mailed via certified mail to all affected offset operators, and the list includes all the offset operators within 160 acres in all directions of the NM 'BZ' State NCT-10, Well # 6. The 160 acres was chosen because the workover for this well will include setting the CIBP with cement on top, above all open formations lower than the Glorieta.

For your convenience, I have enclosed an envelope with my return address so the decision for this application can be sent directly to me for distribution. If you require additional information, please contact me at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

A handwritten signature in cursive script, reading "Carolyn Haynie". The signature is fluid and elegant, with a large initial 'C' and a long, sweeping tail on the 'y'.

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33168	² Pool Code 79360	³ Pool Name Justis Glorieta (Pro Gas)
⁴ Property Code	⁵ Property Name New Mexico "BZ" State NCT-10	⁶ Well Number 6
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3132'

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	2	25S	37E		480'	North	1650'	West	Lea

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
¹² Dedicated Acres 160	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

¹⁶		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Carolyn J. Haynie Printed Name Petr. Engineering Technical Assistant Title December 21, 2011



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

December 21, 2011

Notice of Request for Administrative Approval
Non Standard Gas Well Location &
Non Standard Proration Unit
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

Offset Operators,

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location and a Non Standard Proration Unit, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information.

The Chevron U.S.A. Inc. lease NM BZ State NCT-10 encompasses 160 acres (the SW4 of Sec. 2), and therefore a Non-Standard Proration Unit is also requested for approval for the NM BZ State NCT-10, Well # 6.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie
NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

NOTIFICATION LIST

Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)

480' FSL & 1,650' FWL

Section 2, T-25-S, R-37E, Unit Letter K

Lea County, New Mexico

Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:

Citation Oil & Gas Corp.
P. O. Box 690688
14077 Cutten Road
Houston, TX 77069

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Primal Energy Corporation
21021 Springbrook Plaza Dr.
Spring, Texas 77379

Apache Corporation
303 Veterans Dr. Lane, Suite 3000
Midland, Texas 79705

Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:

Legacy Reserves Operating LP
P. O. Box 10848
Midland, TX 79702

Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Surface Owner for Section 2, T25S-R37E (Well Location):

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

December 21, 2011

Notice of Request for Administrative Approval
Non Standard Gas Well Location &
Non Standard Proration Unit
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

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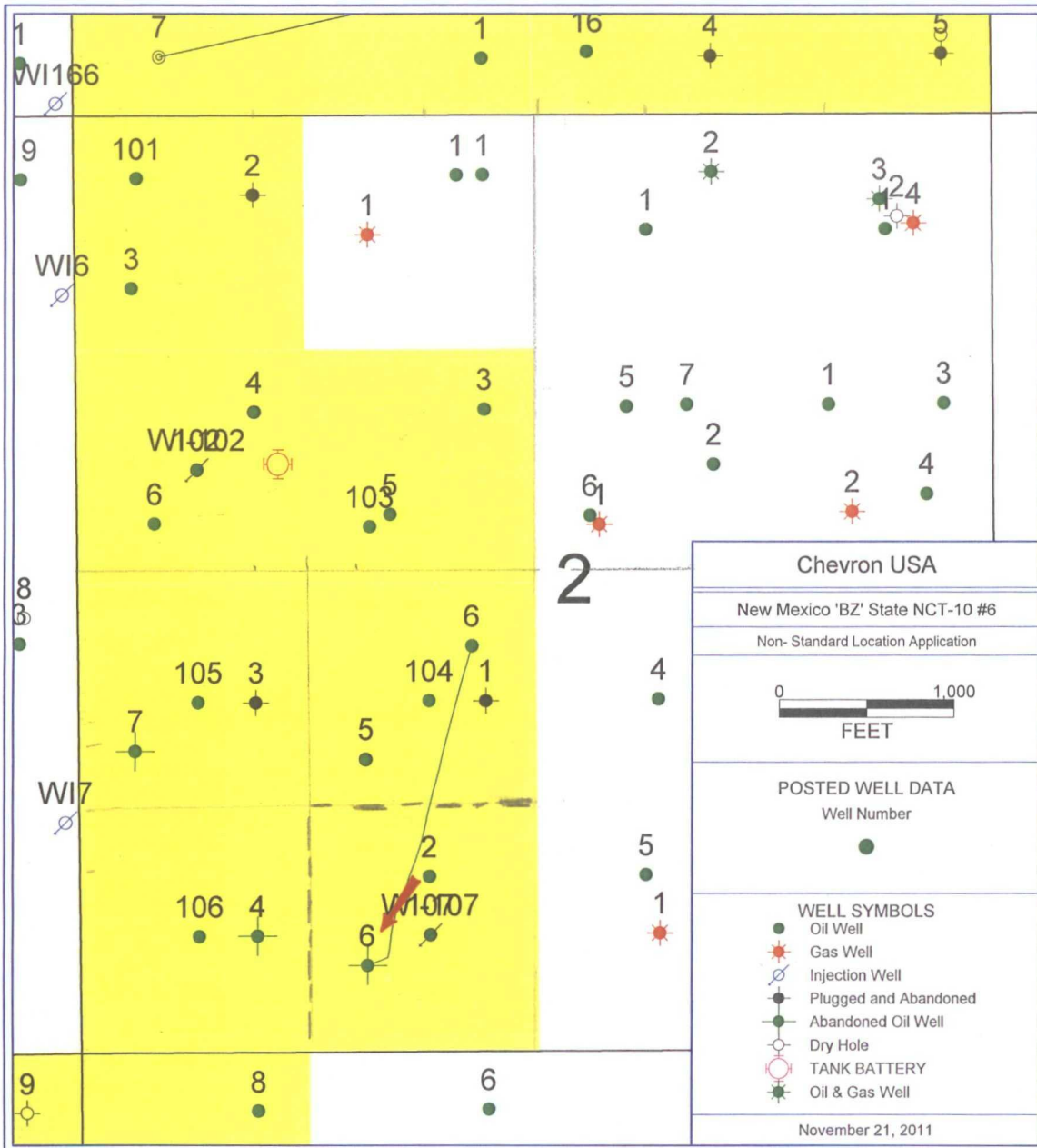
Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs



DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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



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 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

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

Carolyn Havnie
Print or Type Name

Carolyn Havnie
Signature

NM Petro Engineering Technical Assistant
Title

12-21-11
Date

chay@chevron.com
e-mail Address



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

December 21, 2011

New Mexico Oil Conservation Division
1220 South San Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval
Non Standard Gas Well Location &
Non Standard Proration Unit
NM 'BZ' State NCT-10, Well # 6
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Sincerely,

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Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33168	² Pool Code 79360	³ Pool Name Justis Glorieta (Pro Gas)
⁴ Property Code	⁵ Property Name New Mexico "BZ" State NCT-10	⁶ Well Number 6
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3132'

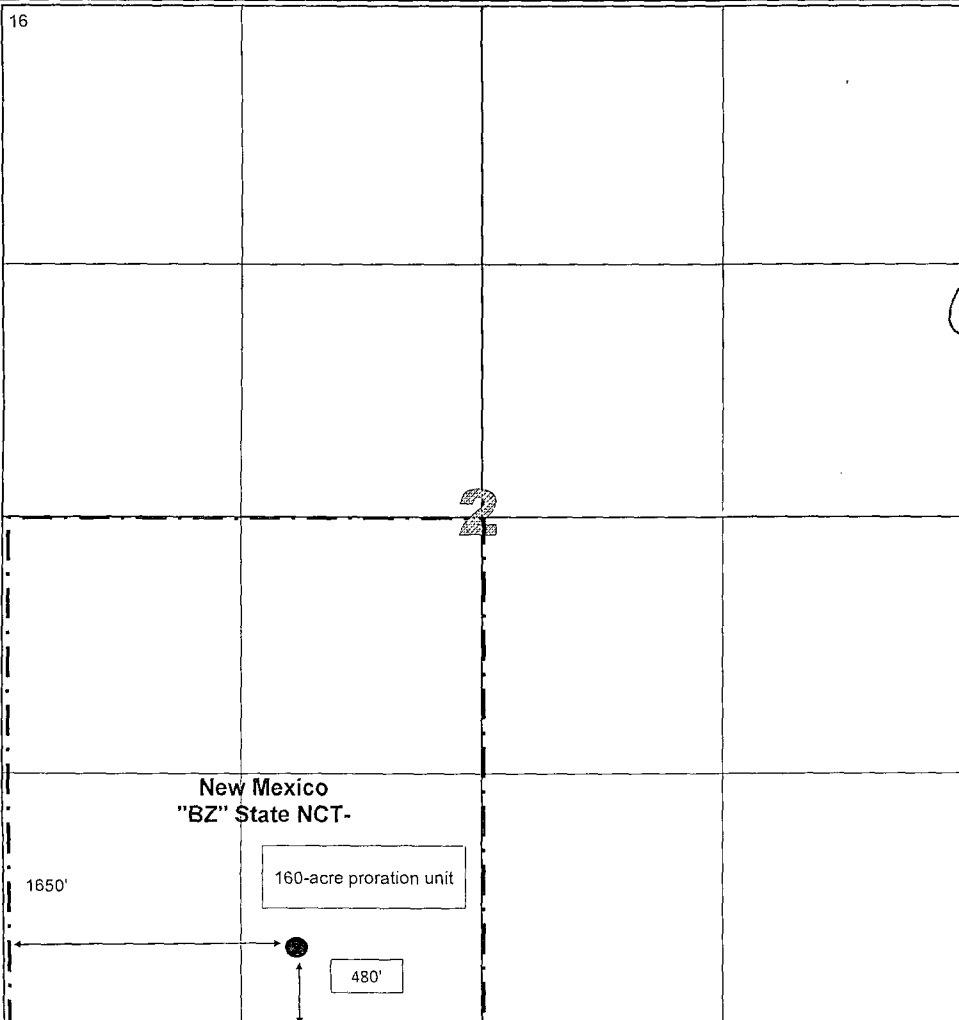

¹⁰ Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	25S	37E		480'	North	1650'	West	Lea

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
¹² Dedicated Acres 160	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

<div>16</div> <div></div>	<div>17</div> <div>OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Carolyn J. Haynie Printed Name Petr. Engineering Technical Assistant Title December 21, 2011</div>
	<div>18</div> <div>SURVEYOR CERTIFICATION <i>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.</i> Signature and Seal of Professional Surveyor: Certificate Number</div>



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

December 21, 2011

Notice of Request for Administrative Approval
Non Standard Gas Well Location &
Non Standard Proration Unit
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

Offset Operators,

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Carolyn Haynie
NM PE Technical Assistant

Enclosure cc: NMOCD – District I; Hobbs

NOTIFICATION LIST

Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)

480' FSL & 1,650' FWL

Section 2, T-25-S, R-37E, Unit Letter K

Lea County, New Mexico

Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:

Citation Oil & Gas Corp.
P. O. Box 690688
14077 Cutten Road
Houston, TX 77069

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Primal Energy Corporation
21021 Springbrook Plaza Dr.
Spring, Texas 77379

Apache Corporation
303 Veterans Dr. Lane, Suite 3000
Midland, Texas 79705

Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:

Legacy Reserves Operating LP
P. O. Box 10848
Midland, TX 79702

Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Surface Owner for Section 2, T25S-R37E (Well Location):

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
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December 21, 2011

Notice of Request for Administrative Approval
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Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie
NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs



Brooks, David K., EMNRD

From: Ezeanyim, Richard, EMNRD
Sent: Wednesday, January 11, 2012 10:16 AM
To: Brooks, David K., EMNRD
Subject: FW: Chevron Letter dated 12/21/2011, NM "BZ" State NCT-10 #6 Non Standard Location and Non Standard Proration Unit, 480' FSL and 1650' FWL of Section 2-T25S-R37E

FYI.

Richard

From: Dawson, Scott [<mailto:sdawson@slo.state.nm.us>]
Sent: Thursday, January 05, 2012 12:06 PM
To: 'chay@chevron.com'
Cc: Ezeanyim, Richard, EMNRD
Subject: Chevron Letter dated 12/21/2011, NM "BZ" State NCT-10 #6 Non Standard Location and Non Standard Proration Unit, 480' FSL and 1650' FWL of Section 2-T25S-R37E

SLO has no objection on the above NSL and NSP.

Thanks,

Scott Dawson

*Petroleum Engineering Specialist
NM State Land Office
Oil, Gas and Minerals Division
PO Box 1148
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504-1148
Ph. 505-827-6628
Fax 505-827-4739
sdawson@slo.state.nm.us*

*Website:
www.nmstatelands.org*

CONFIDENTIALITY. This electronic mail and any files transmitted with it may contain information proprietary to the sender and is intended solely for the use of the individual or entity to whom they are addressed, shall be maintained in confidence and not disclosed to third parties without the written consent of the sender. If you are not the intended recipient or the person responsible for delivering the electronic mail to the intended recipient, be advised that you have received this electronic mail in error and that any use, dissemination, forwarding, printing, or copying of this electronic mail is strictly prohibited. If you have received this electronic mail in error, please immediately notify the sender by return mail.

-- Thanks --

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

DATE IN 11.28.11	SUSPENSE	ENGINEER DILB.	LOGGED IN 11.28.11	TYPE NSL	APP NO. 1133248411
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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



PTGW
 Chevron 4323
 RECEIVED OCD
 NM B2 State Net-10 #6
 30-025-33768

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☒ 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 _____

[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

[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.

Carolyn Haynie
 Print or Type Name

Signature

NM Petro Engineering Technical Assistant

Title

Date

chay@chevron.com

e-mail Address

11-16-11

2-255-376
 Lea



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

November 16, 2011

New Mexico Oil Conservations Division
1220 South San Francis Drive
Santa Fe, New Mexico 87504

Re: Request for Administrative Approval
Unorthodox Gas Well Location
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

Chevron U.S.A. Inc. respectfully request administrative approval for a Non-Standard location, (unorthodox well) for the NM 'BZ' State NCT-10, Well # 6 to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The subject well was originally completed in the Blinebry-Tubb-Drinkard in 1996 as an oil well. After 4 years, the Blinebry perfs were squeezed and an open-hole horizontal section was drilled in the Drinkard formation. The well is currently producing from the DKR horizontal section and the original Tubb-Drinkard formations, and is currently producing 1 to 2 BOPD and negligible gas.

The recompletion to the Glorieta will be the only gas well location within the section. If approved, it would allow the NM 'BZ' State NCT-10, Well # 6 to be returned to economic production.

A copy of this application was mailed via certified mail to all affected offset operators, and the list includes all the offset operators within 160 acres in all directions of the NM 'BZ' State NCT-10, Well # 6. The 160 acres was chosen because the workover for this well will include setting the CIBP with cement on top, above all open formations lower than the Glorieta.

For your convenience, I have enclosed an envelope with my return address so the decision for this application can be sent directly to me for distribution. If you require additional information, please contact me at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33168	² Pool Code 79360	³ Pool Name Justis Glorieta (Pro Gas)
⁴ Property Code	⁵ Property Name New Mexico "BZ" State NCT-10	⁶ Well Number 6
⁷ OGRID No. 4323	⁸ Operator Name Chevron U.S.A., Inc.	⁹ Elevation 3132'

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	2	25S	37E		480'	South	1650'	West	Lea

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
² Dedicated Acres 40	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

<div>16</div> <div>40-acre</div> <div>New Mexico "BZ" State NCT-10 # 6</div> <div>1650'</div> <div>480'</div>	<div>17</div> <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Carolyn Haynie</i> Signature CAROLYN HAYNIE Printed Name Petr. Engineering Technical Assistant Title November 14, 2011</p>
	<div>18</div> <p>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>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
chay@chevron.com

November 16, 2011

Notice of Request for Administrative Approval
Unorthodox Gas Well Location
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

Offset Operators,

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information,

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn Haynie".

Carolyn Haynie

NM PE Technical Assistant

Enclosure cc: NMOCD – District 1; Hobbs

NOTIFICATION LIST

Prepared 11-16-11 by Daniel Pequeno, Senior Land Representative

Injection Application of Chevron U.S.A. Inc. for Administrative Approval of a Non-Standard Well Location:

New Mexico "BZ" State NCT-10 Well No. 6 (API #30-025-33168)

480' FSL & 1,650' FWL

Section 2, T-25-S, R-37E, Unit Letter K

Lea County, New Mexico

Offset Operators & Leasehold Owners - All Sections 2, T25S-R37E:

Citation Oil & Gas Corp.
P. O. Box 690688
14077 Cutten Road
Houston, TX 77069

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Primal Energy Corporation
21021 Springbrook Plaza Dr.
Spring, Texas 77379

Apache Corporation
303 Veterans Dr. Lane, Suite 3000
Midland, Texas 79705

Offset Operators & Leasehold Owners - E/2 of Section 3, T25S-R37E:

Linn Operating, Inc.
600 Travis Street, Suite 5100
Houston, TX 77002

Range Operating New Mexico LLC
100 Throckmorton St., Suite 1200
Fort Worth, TX 76102

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Arena Resources, Inc.
6555 South Lewis
Tulsa, OK 74106

Offset Operators & Leasehold Owners - E/2 of Sections 10, T25S-R37E:

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Offset Operators & Leasehold Owners - All of Sections 11, T25S-R37E:

Legacy Reserves Operating LP
P. O. Box 10848
Midland, TX 79702

Chevron U.S.A. Inc.
15 Smith Road
Midland, TX 79705

Energen Resources Corporation
2010 Afton Place
Farmington, New Mexico 87401

Offset Operators & Leasehold Owners - W/2 of Sections 12, T25S-R37E:

Legacy Reserves Operating LP
P. O. Box 10848
Midland, TX 79702

J. R. Oil, LTD Co.
3500 Acoma
Hobbs, New Mexico 88240

Surface Owner for Section 2, T25S-R37E (Well Location):

State of New Mexico
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148



Carolyn Haynie
Petroleum Engineering
Technical Assistant

MidContinent/Alaska SBU
Chevron North America
Exploration and Production
Company
15 Smith Road
Midland, TX 79705
Tel 432-687-7261
Fax 432-687-7558
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November 16, 2011

Notice of Request for Administrative Approval
Unorthodox Gas Well Location
NM 'BZ' State NCT-10, Well # 6
480' FSL & 1650' FWL
Unit N, Sec. 2, T25S, R37E,
Lea County, New Mexico

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

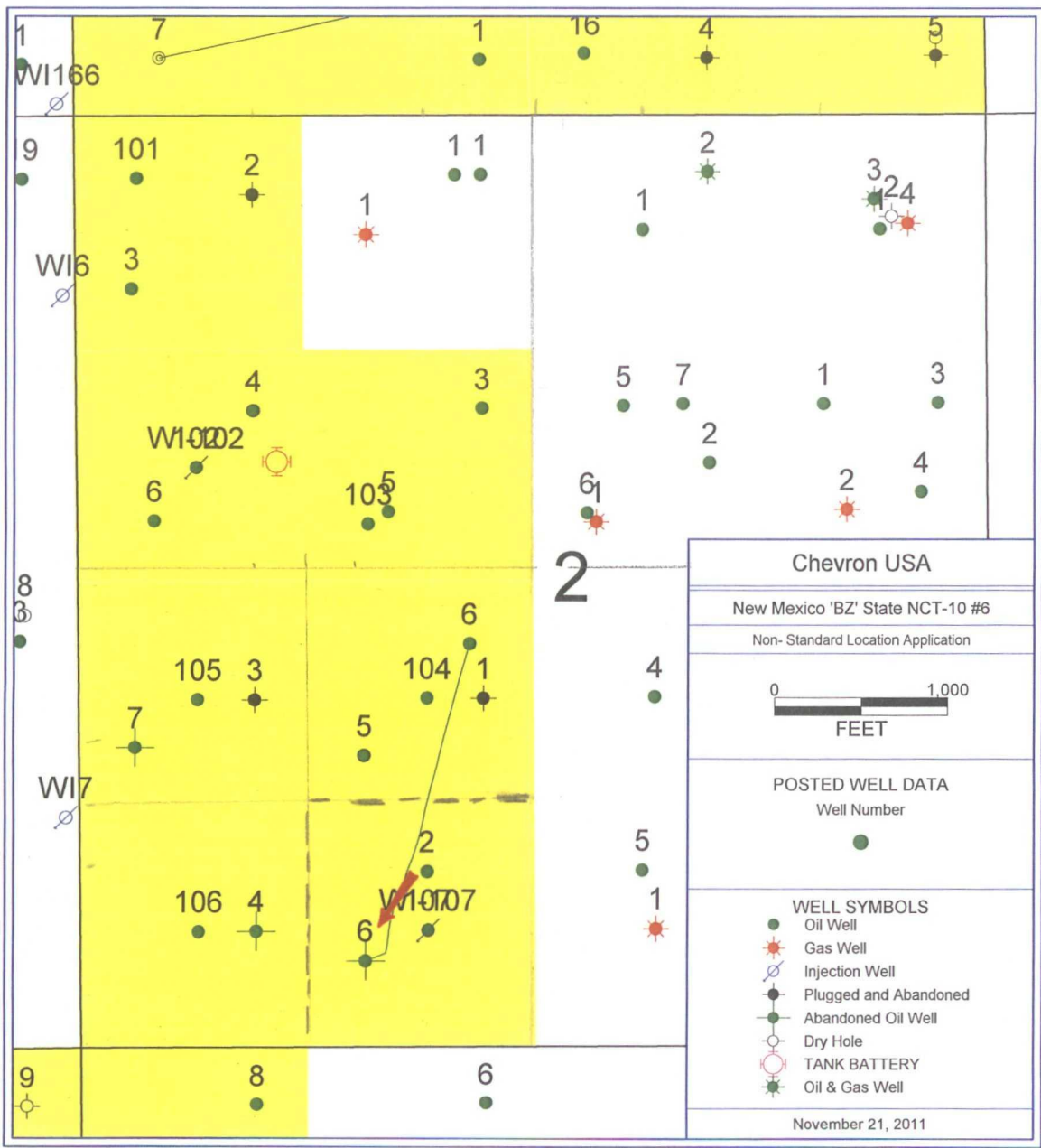
Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non Standard Location, for the NM 'BZ' State NCT-10, Well # 6, to be recompleted as a gas well, in the Justis Glorieta (Pro Gas – 79360). The attached is a copy of the application for your information and the State required \$30.00 filing fee is enclosed.

Any objections to this commingle must be sent to the New Mexico Oil Conservation Division; 1220 South St. Francis Drive; Santa Fe, NM 87504, within 20 days of receipt of this notification.

If you require additional information, please contact me at 432-687-7261, or by email at: chay@chevron.com.

Sincerely,

Carolyn Haynie
NM PE Technical Assistant
Enclosure cc: NMOCD – District 1; Hobbs



Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, December 20, 2011 5:52 PM
To: 'Haynie, Carolyn (CHaynie) [Kelly Services]'
Subject: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

This application is captioned as a Request for Administrative Approval, Unorthodox Gas Well Location, and your letter states that you are requesting approval "for a Non-Standard location.

It appears, however, that you are proposing to dedicate a 40-acre unit to the proposed re-completion in the Justis Glorieta Gas Pool, a pool which, per Order R-1670, is apparently spaced on 320 acres. Although you have sent notice to everyone for whom notice of such a request should be sent, in view of the absence of any reference to the requested non-standard unit in either your letter to OCD or your cover letter to the notice parties, I cannot conclude that the offsetting parties have been given fair notice of the request for a non-standard 40-acre gas unit. If that is what you want, I believe an application specifically requesting a non-standard gas unit should be filed, and notice thereof sent to all owners in the S/2 and NE/4 of Section 2.

Additionally, the Division would require a basis for granting such a non-standard unit, and no evidence of reasons why this should be done was included with your application.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, December 21, 2011 9:30 AM
To: 'Haynie, Carolyn (CHaynie) [Kelly Services]'
Subject: RE: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

1. NSL and "unorthodox location: *are* the same thing. NSL applications are governed by Rule 19.15.15.13 NMAC, and the requirement for notification to offsetting operators and owners for NSL applications is governed by Rule 19.15.4.12.A(2). Your NSL application is correctly prepared and filed. The well location is non-standard because it will be a gas well, and a gas well is required to be at least 660 feet from unit boundaries. This location is only 490 feet from the southern boundary of Section 2. Accordingly notice was required to the operator or owners of the N/2 and W/2 of Section 11. This is because 19.15.4.12.A(2)(c) says you only have to notify owners of spacing units towards which the proposed unorthodox well encroaches.
2. But you appear to be wanting to assign a 40-acre unit to this well. The appropriate spacing unit for the Justis Gas Pool, so far as I can determine, should be 320 acres. If you want to designate a 40-acre unit, you need to apply for a Non-Standard Proration Unit (NSP). This is a different category of administrative application than NSL. It is governed by Rule 19.15.15.11.B NMAC, and the notification requirements are set forth in 19.15.4.12.A(3) NMAC. That provision would require that you notice all owners "of interest in the minerals estate" in the W/2 and S/2 of Section 2. The phrase "of the mineral estate" presumably requires notice to royalty and ORRI owners, as well as working interest owners.
3. The further concern is to alert the persons noticed that you are requesting not only a non-standard location (NSL) but also a non-standard proration unit (NSP). It seemed to me that this was not made clear in your paperwork, and accordingly, if you are applying for a 40-acre unit, as seems to be the case, you will need to re-notice those owners to whom notice of the NSP application is required.

Please let me know if I can be of further assistance.

Sincerely

David K. Brooks

From: Haynie, Carolyn (CHaynie) [Kelly Services] [<mailto:CHAY@chevron.com>]
Sent: Wednesday, December 21, 2011 6:33 AM
To: Brooks, David K., EMNRD
Subject: RE: NM BZ State NCT-10 #6; NSL Application

OK David, and Thanks!

This was my first (solo)NSL application and I apparently need some coaching. I followed a copy of an approval, as an example, in which both terms were included. I thought they were one and the same. (NSL & Unorthodox well location). Can you tell me where to look for the difference between the two? I really want to get it right and understand the difference.

Also, as an example for the 'evidence of interest', do you mean maybe something like, because of increase of efficiency and/or less work on the battery, thus providing safety and savings to Chevron? (This is an example.)

Sorry for any confusion and waste of time on your part. I'll resend and I'll get it right. ☺

Is it ok if I send it to your attention since you have already reviewed it? This will delay the recompletion of the project and I'd like to get it approved as soon as possible.

And,

Merry Christmas

Carolyn Haynie
Chevron U.S.A. Inc.
New Mexico PE TA
For Eunice, Vacuum,
Dollarhide, And Facilities
Room 5232
Midland, TX
432-687-7261



From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Tuesday, December 20, 2011 6:52 PM
To: Haynie, Carolyn (CHaynie) [Kelly Services]
Subject: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

This application is captioned as a Request for Administrative Approval, Unorthodox Gas Well Location, and your letter states that you are requesting approval "for a Non-Standard location.

It appears, however, that you are proposing to dedicate a 40-acre unit to the proposed re-completion in the Justis Glorieta Gas Pool, a pool which, per Order R-1670, is apparently spaced on 320 acres. Although you have sent notice to everyone for whom notice of such a request should be sent, in view of the absence of any reference to the requested non-standard unit in either your letter to OCD or your cover letter to the notice parties, I cannot conclude that the offsetting parties have been given fair notice of the request for a non-standard 40-acre gas unit. If that is what you want, I believe an application specifically requesting a non-standard gas unit should be filed, and notice thereof sent to all owners in the S/2 and NE/4 of Section 2.

Additionally, the Division would require a basis for granting such a non-standard unit, and no evidence of reasons why this should be done was included with your application.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Haynie, Carolyn (CHaynie) [Kelly Services] [CHAY@chevron.com]
Sent: Wednesday, December 21, 2011 10:40 AM
To: Brooks, David K., EMNRD
Subject: RE: NM BZ State NCT-10 #6; NSL Application

OK David, I have talked to the engineer and we are resubmitting the project. The engineer wants to do both the NSL and the NS Proration Unit so we have changed the letter to reflect that and we are only sending this to those west and south of section 2.

Thank you so very much for your help.

Carolyn Haynie
Chevron U.S.A. Inc.
New Mexico PE TA
For Eunice, Vacuum,
Dollarhide, And Facilities
Room 5232
Midland, TX
432-687-7261



From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, December 21, 2011 10:30 AM
To: Haynie, Carolyn (CHaynie) [Kelly Services]
Subject: RE: NM BZ State NCT-10 #6; NSL Application

Dear Ms. Haynie

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Please let me know if I can be of further assistance.