

DATE IN <u>4.20.12</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>4.20.12</u>	TYPE <u>N.S.L</u>	APP NO. <u>1211149747</u>
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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



CHEVRON 4323
 RECEIVED OGD
 Heritage 215 #1-H
 30-015-40166

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.

DENISE PINKERTON
 Print or Type Name

Denise Pinkerton
 Signature

REGULATORY SPECIALIST
 Title

04-16-2012
 Date

leakejd@chevron.com

e-mail Address



Denise Pinkerton
Regulatory Specialist

Chevron North America
Exploration & Production
15 Smith Road
Midland, TX 79705
Tel 432-687-7375
leakejd@chevron.com

April 16, 2012

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

Re: **Request for Administrative Approval**

Non-Standard Location

Heritage 2 15 #1-H (New APD)

SHL: 330 FSL & 2010 FWL, Sec 15, T-23S, R-28E Eddy County, NM

BHL: 510 FNL & 2260 FWL, Sec 15, T-23S, R-28E, Eddy County, NM

Chevron U.S.A. Inc. respectfully requests administrative approval for a Non-Standard location, for the Heritage 2 15 #1-H, which will be a new well drilled in the Culebra Bluff; Bone Spring, South, field and pool in Eddy County, NM.

The current pool rules of requiring wells to produce within 150' of the 80-section centerline would create a risk of the horizontal well colliding or impacting a previously drilled well. Specifically, the Chevron Nymeyer – 1 is due north of the proposed drill location, requiring a deviation to the east to avoid potential well damage. This exception location has been discussed with Mr. Paul Kautz, NMOCD, District 1 in Hobbs, and he agreed that this situation warrants a cause for an exception application.

Please find attached the list of offset operators, copy of notification mailed to such, and a copy of the C-101 & C-102 sent electronically to NMOCD for approval.

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 432-687-7375, or by email at leakejd@chevron.com

Sincerely,

A handwritten signature in black ink that reads "Denise Pinkerton". The signature is written in a cursive style with a large, looping "D" and "P".

Denise Pinkerton

Regulatory Specialist

Enclosure cc: NMOCD – District 1; Hobbs

OFFSET OPERATORS for HERITAGE 2 15 #1-H

Oxy USA INC.
P.O. Box 4294
Houston, TX 77210
713-215-7000

Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154
405-935-8000

R.C. Bennett co.
P.O. Box 264
Midland, TX 79702
432-683-3062

Spindletop Oil & Gas Co.
12850 Spurling Road, Suite 200
Dallas, TX 75230
972-644-2581



Denise Pinkerton
Regulatory Specialist

Midcontinent BU
Chevron North America
Exploration & Production
15 Smith Road
Midland, TX 79705
Tel 432-687-7375
leakejd@chevron.com

April 16, 2012

Notice of Request for Administrative Approval
Non-Standard Location

Heritage 2 15 #1-H (New APD)

SHL: 330 FSL & 2010 FWL, Sec 15, T-23S, R-28E, Eddy County

BHL: 510 FNL & 2260 FWL, Sec 15, T-23S, R-28E, Eddy County

As an offset operator, you are receiving this notification:

Chevron U.S.A. Inc. has requested NMOCD administrative approval for a Non-Standard Location, for the above mentioned well. Chevron is requesting an exception from the 150' 80-acre center point in order to avoid collision with other wells with its horizontal hole. Chevron will stay 510' away from section lines.

Any objections to this Non-Standard request 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.

Sincerely,

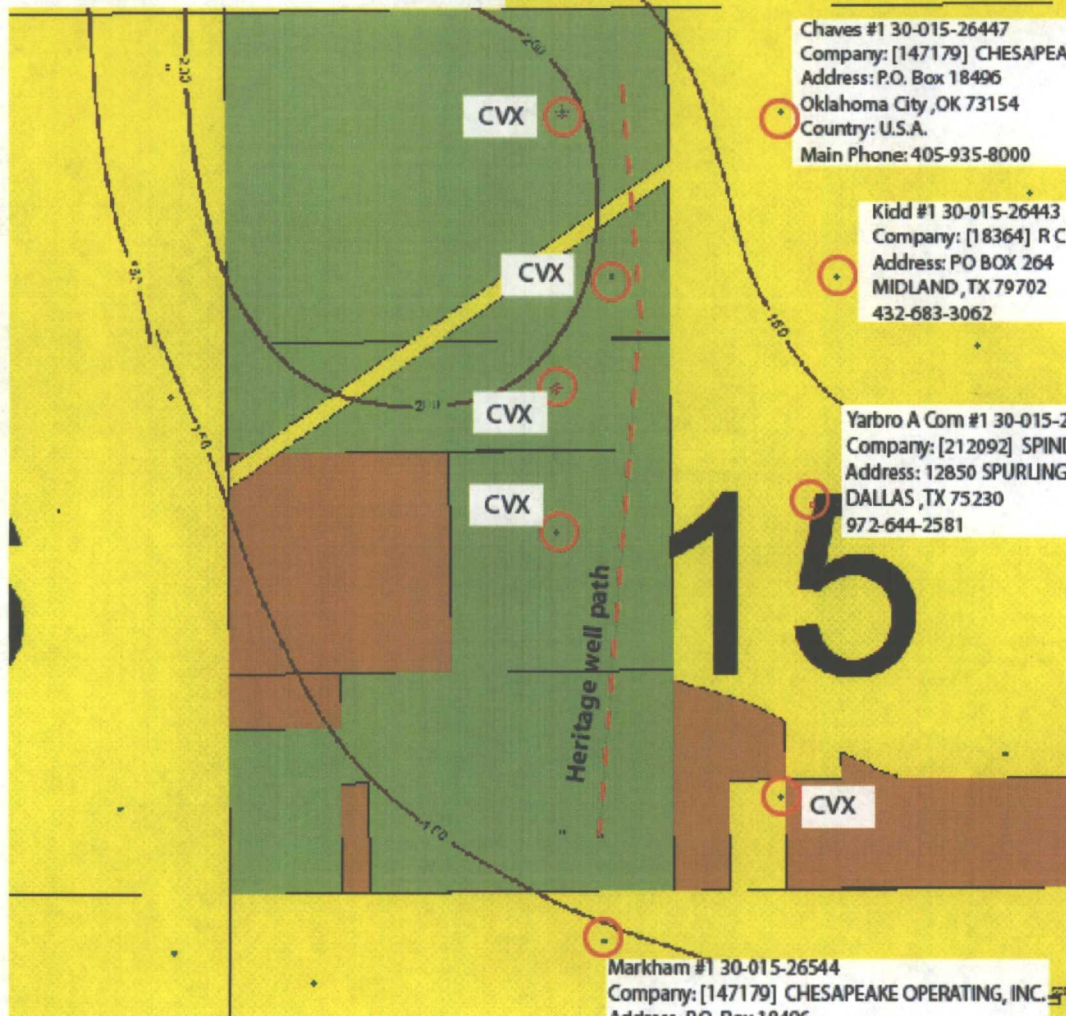
A handwritten signature in black ink that reads "Denise Pinkerton". The signature is written in a cursive, flowing style.

Denise Pinkerton
Regulatory Specialist
Chevron U.S.A. Inc.

Urquidez #2 30-015-26537
Company: [16696] OXY USA INC
Address: PO Box 4294
Houston, TX 77210
Country: U.S.A.
Main Phone: 713-215-7000

Pardue Farms #2 30-015-26459
Company: [147179] CHESAPEAKE OPERATING, INC.
Address: P.O. Box 18496
Oklahoma City, OK 73154
Country: U.S.A.
Main Phone: 405-935-8000

Offset operators for the Heritage 2 15-1H exception location

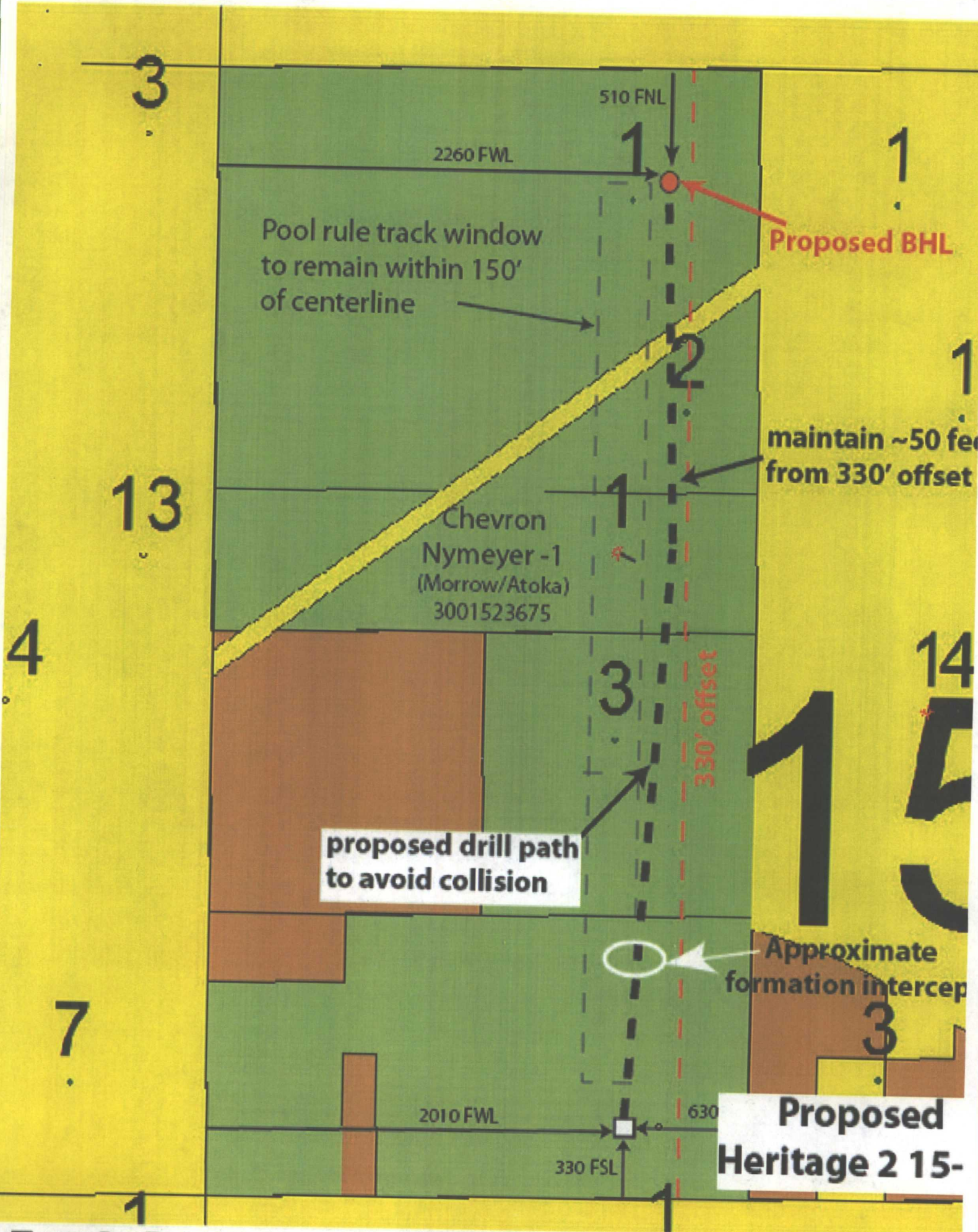


Chaves #1 30-015-26447
Company: [147179] CHESAPEAKE OPERATING, INC.
Address: P.O. Box 18496
Oklahoma City, OK 73154
Country: U.S.A.
Main Phone: 405-935-8000

Kidd #1 30-015-26443
Company: [18364] R C BENNETT CO
Address: PO BOX 264
MIDLAND, TX 79702
432-683-3062

Yarbro A Corn #1 30-015-24151
Company: [212092] SPINDLETOP OIL & GAS CO.
Address: 12850 SPURLING ROAD SUITE 200
DALLAS, TX 75230
972-644-2581

Markham #1 30-015-26544
Company: [147179] CHESAPEAKE OPERATING, INC.
Address: P.O. Box 18496
Oklahoma City, OK 73154
Country: U.S.A.
Main Phone: 405-935-8000



T 23 S - R 28 E, Section 15, Eddy County New Mexico

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

1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CHEVRON U S A INC 15 SMITH ROAD MIDLAND, TX 79705		2. OGRID Number 4323
		3. API Number 30-015-40166
4. Property Code 39167	5. Property Name HERITAGE 2 15	6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	15	23S	28E	N	330	S	2010	W	EDDY

8. Pool Information

CULEBRA BLUFF,BONE SPRING, SOUTH	15011
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3023
14. Multiple N	15. Proposed Depth 12335	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	500	455	
Int1	12.25	9.625	40	3000	760	
Prod	8.75	5.5	17	12335	2300	

Casing/Cement Program: Additional Comments

SURF:145 SX EXTENDACEM-C+4%GEL,2%CACL,13.5 PPG,1.72 YIELD TAIL:310 SX PREM PLUS+2%CACL,14.8PPG,1.35 YIELD INT:50 SX ECONOCCEM-HLH+0.125LB/SK POLYFLAKE,12.7PPG,2 YIELD TAIL:210 SX HALCEM C,14.8PPG,1.34 YIELD PROD:760 SX ECONOCCEM-HLH,0.3%CF4-3+5%SALT,12.7PPG,1.98 YIELD TAIL:1540 SX CL H,0.5%CFR-3+0.2% HALAD-322,17.2PPG,0.97 YIELD

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	3500	
Blind	5000	3500	
Pipe	5000	3500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Denise Pinkerton Title: Regulatory Specialist Email Address: teakejd@chevron.com Date: 4/11/2012	OIL CONSERVATION DIVISION	
	Approved By: Randy Dade	
	Title: District Supervisor	
	Approved Date: 4/16/2012	Expiration Date: 4/16/2014
	Conditions of Approval Attached	

Created By	Comment	Comment Date
DPINKERTON	BHL WILL BE 510 FNL & 2260 FWL UL.C, SEC 15	4/11/2012
DPINKERTON	NSL APPROVAL IS BEING SOUGHT THROUGH SANTA FA.	4/11/2012
DPINKERTON	C-144CLEZ WILL BE MAILED IN, ALONG WITH PLATS.	4/11/2012
CSHAPARD	Land p/P	4/13/2012

OCD Reviewer	Condition
CSHAPARD	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

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

1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-40166	2. Pool Code 15011	3. Pool Name CULEBRA BLUFF BONE SPRING, SOUTH
4. Property Code 39167	5. Property Name HERITAGE 2 15	6. Well No. 001H
7. OGRID No. 4323 ✓	8. Operator Name CHEVRON U S A INC	9. Elevation 3023

10. Surface Location

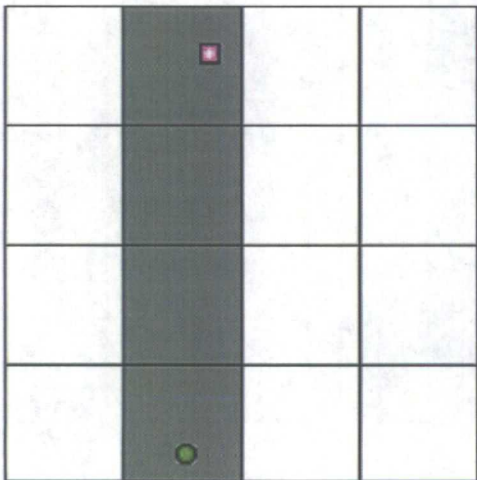
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
N	15	23S	28E		330	S	2010	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	15	23S	28E	C	510	N	2260	W	EDDY

12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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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>OPERATOR CERTIFICATION</p> <p><i>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(s) 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.</i></p> <p>E-Signed By: Denise Pinkerton Title: Regulatory Specialist Date: 4/11/2012</p>
	<p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: GARY EIDSON Date of Survey: 6/6/2011 Certificate Number: 12641</p>

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

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

Form C-102
Revised July 16, 2011
Submit to Appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name HERITAGE 2 15	Well Number 1H
OGRID No. 4323	Operator Name CHEVRON USA INC	Elevation 3023'

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	15	23-S	28-E		330	SOUTH	2010	WEST	EDDY

Bottom Hole Location If Different From Surface

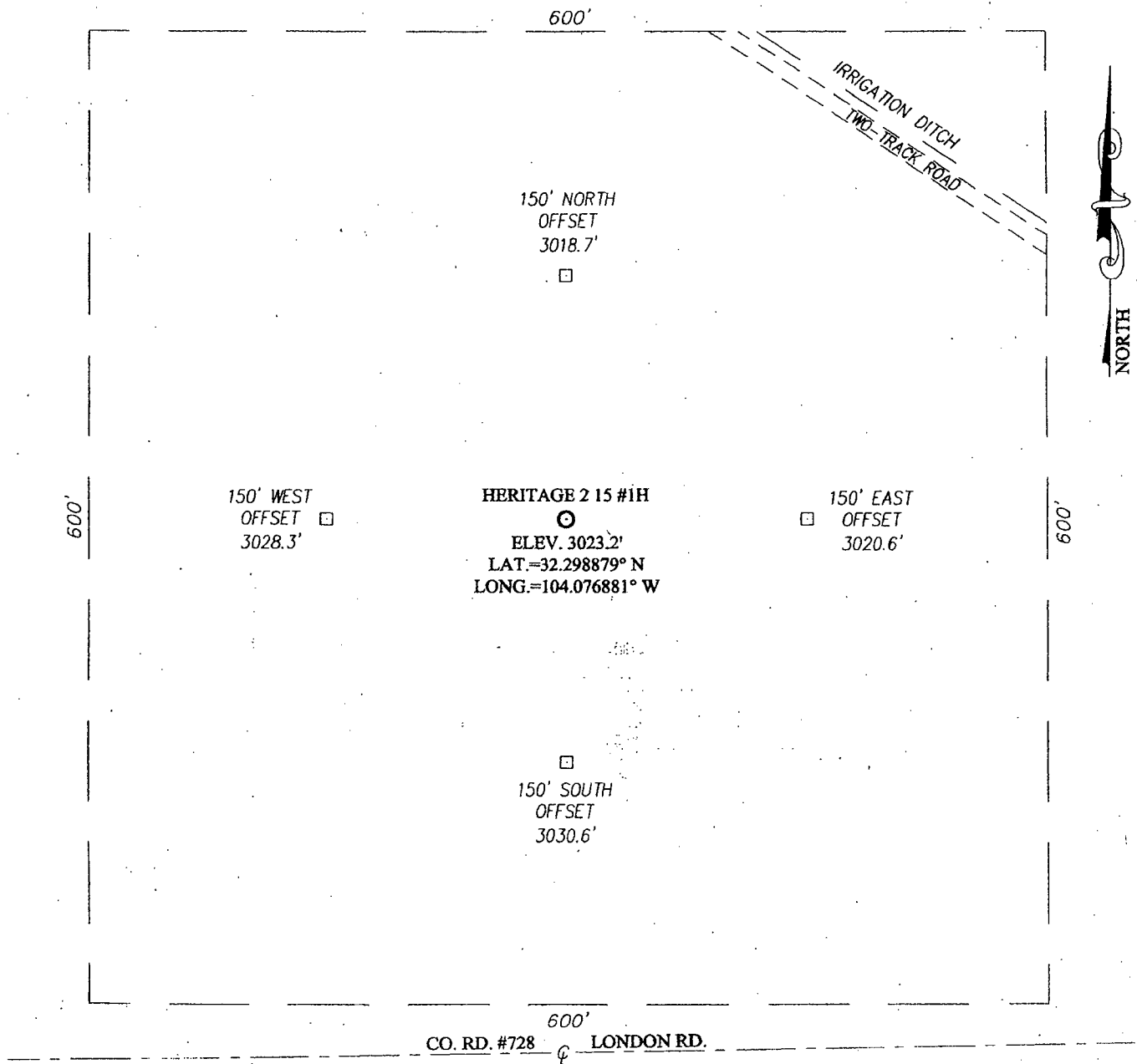
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	23-S	28-E		510	NORTH	2260	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

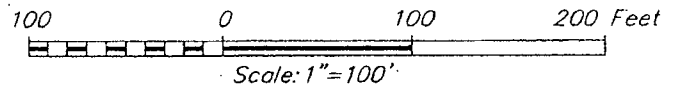
<p>Y=477513.6 N X=578539.5 E</p> <p>Y=477530.3 N X=579873.5 E</p> <p>Y=474859.7 N X=578550.1 E</p> <p>Y=474880.1 N X=579881.4 E</p> <p>Y=472203.1 N X=578560.7 E</p> <p>Y=472224.2 N X=579889.2 E</p> <p>GRID AZ.=359°20'25" HORIZ. DIST.=4649.6'</p> <p>2260'</p> <p>510'</p> <p>330'</p> <p>2010'</p>	<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=472543.7 N X=579239.9 E</p> <p>LAT.=32.298879° N LONG.=104.076881° W</p> <p>BOTTOM HOLE LOCATION Y=477191.8 N X=579186.5 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Denise Pinkerton</i> 4-11-2011 Signature Date</p> <p>Denise Pinkerton Printed Name</p> <p>LaKida@chevron.com E-mail Address</p>
	<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>JUNE 6, 2011</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor:</p>	
	<p>GARY G. EIDSON NEW MEXICO 12641</p> <p><i>Gary G. Eidson</i> 6/6/11</p> <p>Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239</p> <p>DSS JWC W.O.: 11.11.1118</p>	

SECTION 15, TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. RD. #31 (POTASH MINES) AND CO. RD. #740 (DONALDSON FARM), GO SOUTH ON CO. RD. #740 APPROX. 1.0 MILE. TURN RIGHT ON CO. RD. #728 (LONDON) AND GO WEST APPROX. 0.6 MILES. THIS LOCATION STAKE IS APPROX. 300 FEET NORTH OF ROAD.

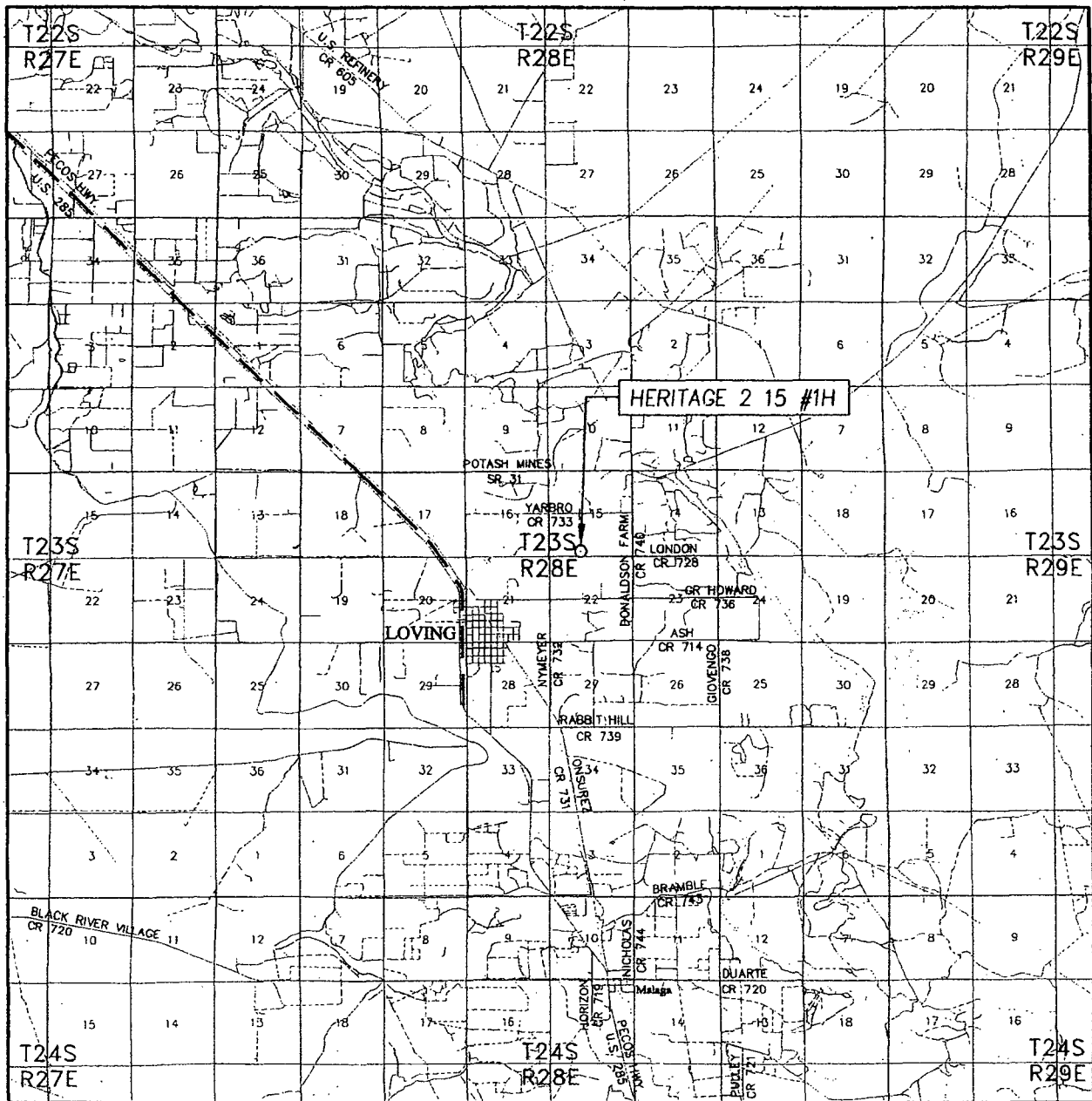


PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

CHEVRON USA INC

HERITAGE 2-15 #1H WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 2010 FEET FROM THE WEST LINE OF SECTION 15,
TOWNSHIP 23 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

Survey Date: 6/6/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1118	Dr. By: DSS
Date: 6/11/11	Rel. W.O.: 11111118
	Scale: 1"=100'



SEC. 15 TWP. 23-S RGE. 28-E

SURVEY N.M.P.M.

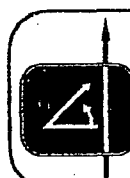
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 330' FSL & 2010' FWL

ELEVATION 3023'

OPERATOR CHEVRON USA INC

LEASE HERITAGE 2 15



PROVIDING SURVEYING SERVICES
SINCE 1946

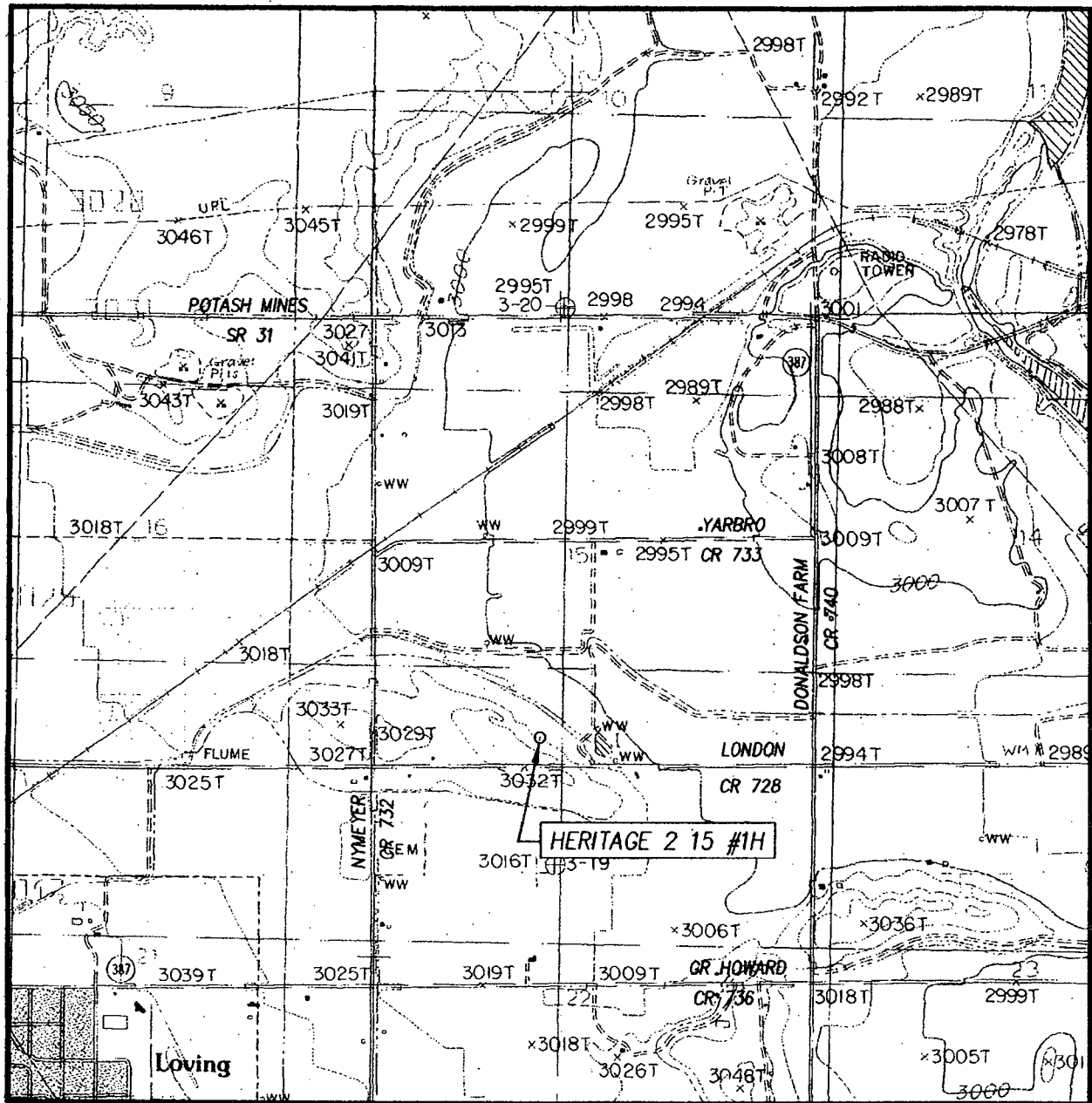
JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

(575) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LOVING, N.M. - 10'

SEC. 15 TWP. 23-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

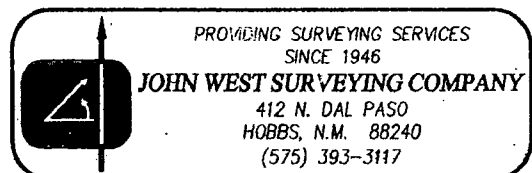
DESCRIPTION 330' FSL & 2010' FWL

ELEVATION 3023'

OPERATOR CHEVRON USA INC

LEASE HERITAGE 2 15

U.S.G.S. TOPOGRAPHIC MAP
LOVING, N.M.



Brooks, David K., EMNRD

From: Pinkerton, J. Denise (leakejd) [leakejd@chevron.com]
Sent: Wednesday, May 16, 2012 11:49 AM
To: Brooks, David K., EMNRD
Subject: FW: Heritage 215 #1H; NSL Application

Mr. Brooks,
I think this is what you need. Let me know if you need anything else.
Denise

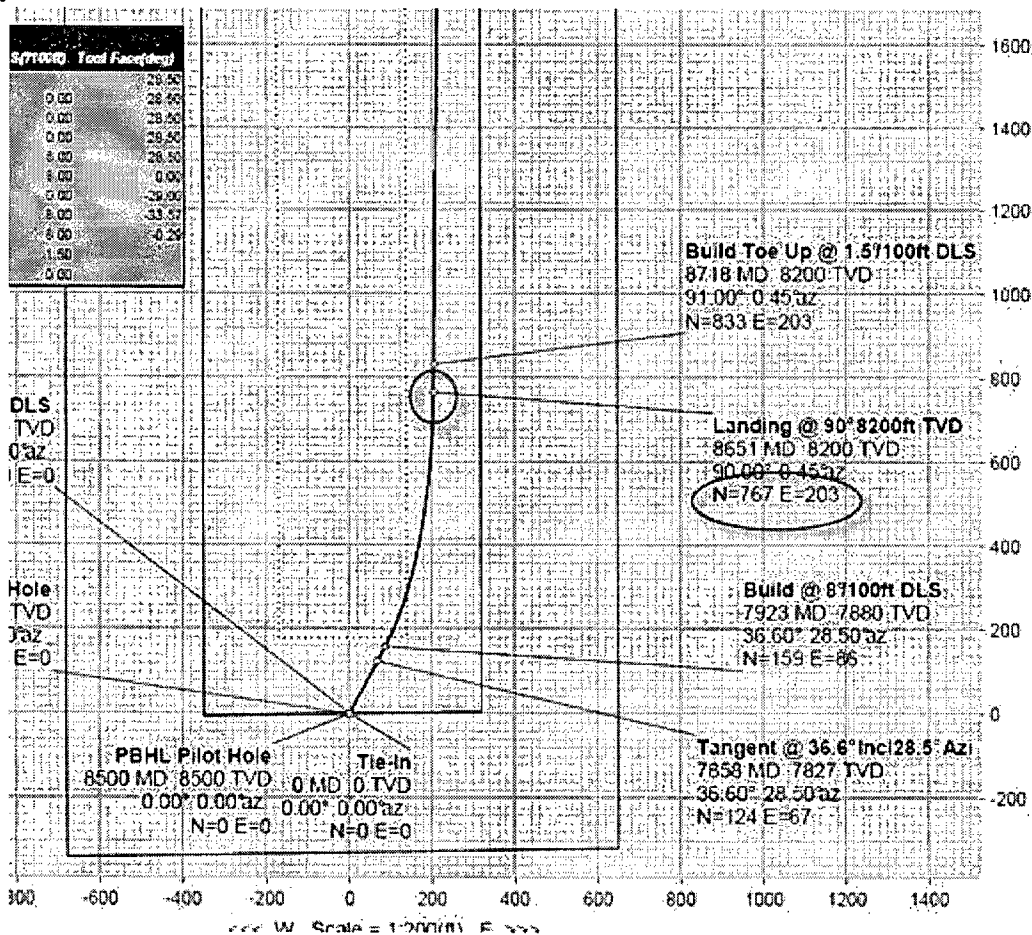
From: Minnery, Gregory (minnery)
Sent: Wednesday, May 16, 2012 12:46 PM
To: Pinkerton, J. Denise (leakejd)
Cc: Veigel, Joshua (JoshuaVeigel); Van reet, Edward (ETVR)
Subject: RE: Heritage 215 #1H; NSL Application

Denise, I will have you forward this to Mr. Brooks as I will be out of the office for the next couple of days and don't want to have him respond to me if I am away. We can provide the information you need but you should be his main point of contact.

The planned landing for the Heritage 2 15-1H is 767' north and 203' east of surface location (diagram below). This make the landing location (and approximate top of the **completion zone**) in Section 15 (26S-28E, Eddy Co) at **1097' FSL and 2213 FWL**. I believe these are the footages he is requesting.

The surface footages for this well are 330' FSL and 2010 FWL.

Greg



From: Pinkerton, J. Denise (leakejd)
Sent: Wednesday, May 16, 2012 12:09 PM
To: Van reet, Edward (ETVR); Minnery, Gregory (minnery)
Cc: Brooks, David K., EMNRD
Subject: FW: Heritage 215 #1H; NSL Application

Ed/Greg,
 Can you provide Mr. Brooks with the requested information for our NSL order.
 Denise

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, May 16, 2012 12:07 PM
To: Pinkerton, J. Denise (leakejd)
Subject: RE: Heritage 215 #1H; NSL Application

Yes. I need the location for the BEGINNING of the completed interval.

Thanks

David K. Brooks

From: Pinkerton, J. Denise (leakejd) [mailto:leakejd@chevron.com]
Sent: Wednesday, May 16, 2012 11:06 AM
To: Van reet, Edward (ETVR); Minnery, Gregory (minnery)
Cc: Brooks, David K., EMNRD
Subject: FW: Heritage 215 #1H; NSL Application

Mr. Brooks,
Are you needing more than the intended BHL?
Denise

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Wednesday, May 16, 2012 11:53 AM
To: Pinkerton, J. Denise (leakejd)
Subject: Heritage 215 #1H; NSL Application

Dear Ms. Pinkerton

To write an order on this, I need to know the footage location of the beginning of the completed interval in this horizontal well.

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, May 16, 2012 10:53 AM
To: 'Pinkerton, J. Denise (leakejd)'
Subject: Heritage 215 #1H; NSL Application

Dear Ms. Pinkerton

To write an order on this, I need to know the footage location of the beginning of the completed interval in this horizontal well.

Sincerely

David K. Brooks