

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**John Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



May 20, 2013

Chevron U.S.A., Inc.  
c/o Holland & Hart LLP  
Attn: Mr. Adam G. Rankin

**ADMINISTRATIVE NON-STANDARD LOCATION ORDER**

**Administrative Order NSL-6792-A**  
**Administrative Application Reference No. pPRG1312660838**

**Chevron U.S.A., Inc.**  
OGRID 4323  
**Hayhurst 16 25 27 State Well No. 2H**  
**API No. 30-015-41121**

This Order supersedes Administrative Order No. NSL-6792 issued on April 11, 2013.

**Proposed Location:**

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	175 FNL & 1733 FEL	B	16	25S	27E	Eddy
Penetration Point	330 FNL & 1733 FEL	B	16	25S	27E	Eddy
Terminus	250 FSL & 1733 FEL	O	16	25S	27E	Eddy

**Proposed Project Area:**

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 16	160	wildcat Bone Spring	

Reference is made to your application received on April 30, 2013.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because a portion of the proposed completed interval is less than 330 feet from an outer boundary of the project area.

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Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to maximize recovery of hydrocarbons underlying the project area.

It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey  
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia  
New Mexico State Land Office