

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



August 4, 2015

CHEVRON U.S.A. INC.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7334
Administrative Application Reference No. pJAG1519559784

Chevron U.S.A. Inc.
OGRID 4323
Antelope Ridge 11 24 34 Federal Well No. 3 H
API No. 30-025-42318

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	330` FSL & 980` FWL	M	11	24S	34E	Lea
Penetration Point	787` FSL & 960` FWL	M	11	24S	34E	Lea
Final perforation	1490` FNL & 986` FWL	E	11	24S	34E	Lea
Terminus	1274` FNL & 991` FWL	D	11	24S	34E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 SW/4 of Section 11	120	Red Hills; Bone Spring, North	96434
SW/4 NW/4 of Section 11			

Reference is made to your application received on July 14, 2015.

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 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 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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

It is our understanding that you are seeking this location due to problems while drilling this well.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

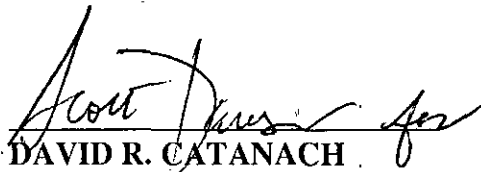
The Non-standard project area was approved by Division Order R-13949-A, issued on July 27, 2015.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, 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 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on August 4, 2015.


DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad