

DATE IN 3/13/2017	SUSPENSE	ENGINEER LRL	LOGGED IN 3/14/2017	TYPE NSL	APP NO. PKSC/27341969
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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



### 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]

NSL-7527

#### [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.

Jordan L. Kessler  
 Print or Type Name

*Jordan L. Kessler*  
 Signature

Attorney  
 Title

03/13/2017  
 Date

j.kessler@hollandhart.com  
 e-mail Address

RECEIVED  
 2017 MAR 13 PM 1:12



March 13, 2017

**VIA HAND DELIVERY**

David Catanach  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Dr.  
Santa Fe, New Mexico 87505

**Re: Application of Chevron U.S.A. Inc. for administrative approval of an  
unorthodox location, Section 15, Township 26 South, Range 32 East,  
N.M.P.M., Lea County, New Mexico.  
SD WE 15 Fed P12 No. 2H Well**

Dear Mr. Catanach:

Chevron U.S.A. Inc. ("Chevron") (OGRID 4323) seeks administrative approval of an unorthodox well location for its **SD WE 15 Fed P12 No. 2H Well** (API No. 30-025-43594) to be completed within the Bone Spring (Jennings; Upper Bone Spring Shale (97838)) underlying the W/2 W/2 of Section 15. This well will be drilled from a surface location 52 feet from the South line and 1,410 feet from the East line (Unit N). The first perforation will be located 330 feet from the South line and 1,232 feet from the West line (Unit M) and the final perforation will be located 330 feet from the North line and 1,232 feet from the West line (Unit D) of Section 15. Since this acreage is governed by the Division's statewide rules which provide for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the completed interval for this well will be unorthodox because it is closer than 330 feet to the eastern, southeastern, and northeastern boundaries of the project area.

Chevron is the 100% working interest owner in Section 15. Ownership in the spacing and proration unit in the E/2 W/2 is therefore common with the proposed spacing unit and therefore there are no affected parties in the spacing units to the East. The E/2 W/2 will be developed by the **SD WE 15 Fed P12 No. 3H Well** (API No. 30-025-43595). Approval of the unorthodox completed interval will allow Chevron to develop these sections using their preferred well spacing plan for horizontal wells in this area, and thereby prevent waste of a productive reservoir.

**Exhibit A** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the completed interval of the proposed **SD WE 15 Fed P12 No. 2H Well** encroaches on the spacing and proration units to the East, Northeast, and Southeast.

RECEIVED  
MAR 13 2017  
P.O. 3



**Exhibit B** is a land plat showing the proposed **SD WE 15 Fed P12 No. 2H Well** in relation to adjoining spacing units.

**Exhibit C** is a list of the parties affected by the encroachment to the Northeast and Southeast. As described above, Chevron is the operator in the spacing unit it the E/2 W/2 of Section 15 and ownership is identical with that of the subject spacing unit. For these reasons, there are no affected parties in the spacing unit to the East. Parties affected by the unorthodox location are located in the spacing units to the Northeast and Southeast. A copy of this application with all attachments has been sent by certified mail to each affected party advising them that if they have an objection it must be filed in writing with the Division within 20 days from the date the Division receives the application. A courtesy copy of this application has also been provided to the Bureau of Land Management—Carlsbad.

**Exhibit D** is a notice of publication in the newspaper of general circulation for Lea County.

Your attention to this application is appreciated

Sincerely,

Jordan L. Kessler  
**ATTORNEY FOR CHEVRON U.S.A. INC.**

cc: Bureau of Land Management-Carlsbad  
620 E. Green Street  
Carlsbad, NM 88220

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Anesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Diazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office  
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-43594</b>	Pool Code <b>97838</b>	Pool Name <b>Jennings, Hood Butte Spring Shale</b>
Property Code <b>317407</b>	Property Name <b>SD WE 15 FED P12</b>	Well Number <b>2H</b>
OGRID No. <b>4323</b>	Operator Name <b>CHEVRON U.S.A. INC.</b>	Elevation <b>3147'</b>

" 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	26 SOUTH	32 EAST, N.M.P.M.		52'	SOUTH	1410'	WEST	LEA

" 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
D	15	26 SOUTH	32 EAST, N.M.P.M.		180'	NORTH	1232'	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>1.60</b>			

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>Proposed Last Take Point 330' FNL, 1232' FWL</p> <p>Proposed First Take Point 330' FSL, 1232' FWL</p> <p>Proposed Producing Interval</p> <p>N 00°10'20" W 4,838.88'</p> <p>N 32°53'45" W 329.18'</p> <p>1410'</p> <p>52'</p>	<p>PROPOSED BOTTOM HOLE LOCATION</p> <p>X= 708,483 NAD 27 Y= 382,430 LAT. 32.049662 LONG. 103.666895</p> <p>X= 747,670 NAD83 Y= 382,487 LAT. 32.049787 LONG. 103.667366</p>	<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, 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 a 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> 02/22/2017 Signature Date Denise Pinkerton Printed Name Liakad@Chevron.com E-mail Address</p>
	<p>CORNER COORDINATES TABLE (NAD 27)</p> <p>A - Y=382599.25, X=705250.43 B - Y=382610.42, X=706582.76 C - Y=377249.95, X=705266.50 D - Y=377281.58, X=706598.47 E - Y=378598.79, X=706594.54 F - Y=378610.31, X=707926.60 G - Y=377273.21, X=707930.44</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>5-26-2017 Date of Survey Signature and Seal of Professional Surveyor 23006 Certificate Number</p>

EXHIBIT  
**A**

Chevron U.S.A. Inc.  
SD WE 15 FED P12 #2H  
NSL Notice Plat

SD WE 15 FED P12 #2H  
Project Area

Notice Tract 1

Notice Tract 2

**Exhibit C**

**Notice Tract #1:**

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
70162140000038315696

**Notice Tract #2:**

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
70162140000038315702

ConocoPhillips Co  
P.O. Box 7500  
Bartlesville, OK 74005-7500  
70162140000038315726

### Legal Notice

**To: Mewbourne Oil Company, ConocoPhillips Company, and any unknown person who has a mineral interest in the W/2 W/2 of Section 15, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.**

Application of Chevron USA Inc. for administrative approval of an unorthodox well location for the its **SD WE 15 Fed P12 No. 2H Well** (API No. 30-025-43594) to be completed within the Bone Spring (Jennings; Upper Bone Spring Shale (97838)) underlying the W/2 W/2 of Section 15, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico. The first perforation will be located 330 feet from the South line and 1,232 feet from the West line (Unit M) and the final perforation will be located 330 feet from the North line and 1,232 feet from the West line (Unit D) of Section 15. The completed interval for the **SD WE 15 Fed P12 No. 2H Well** encroaches on the spacing units to the East, Northeast, and Southeast. Any objection to this application must be filed in writing within twenty days from date of publication with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division. If you have any questions about this application, please contact Shalyce Holmes, (713) 372-6051 or [SLHolmes@chevron.com](mailto:SLHolmes@chevron.com).

**HOLLAND & HART** LLP



**Jordan L. Kessler**

**Associate**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

[jlkessler@hollandhart.com](mailto:jlkessler@hollandhart.com)

March 13, 2017

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO AFFECTED PARTIES**

**Re: Application of Chevron U.S.A. Inc. for administrative approval of an  
unorthodox location, Section 15, Township 26 South, Range 32 East,  
N.M.P.M., Lea County, New Mexico.  
SD WE 15 Fed P12 No. 2H Well**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date. Any objection to this application must be filed in writing within twenty days from this date with the applicant and the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application may be approved administratively by the Division.

If you have any questions about this application, please contact the following:

Shalyce Holmes  
Chevron U.S.A. Inc.  
(713) 372-6051  
[SLHolmes@chevron.com](mailto:SLHolmes@chevron.com)

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR CHEVRON U.S.A. INC.**

**Holland & Hart** LLP

**Phone** (505) 988-4421 **Fax** (505) 983-6043 **www.hollandhart.com**

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 **Mailing Address** P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ♻



U.S. Postal Service  
CERTIFIED MAIL® RECEIPT  
Domestic Mail Only

For delivery information, visit [usps.com](http://usps.com) or call 1-800-375-8299

OFFICE P12 No. 2H Well /JLK

Postage: \$3.50

Service Type: ☒ Certified Mail Restricted Delivery

Article Addressed to:

Bureau of Land Management-  
Carlsbad  
620 E. Green Street  
Carlsbad, NM 88220

PS Form 3811, July 2015 PSN 7530-02-000-5063

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3.  
2. Print your name and address on the reverse so that we can return the card to you.  
3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Bureau of Land Management-  
Carlsbad  
620 E. Green Street  
Carlsbad, NM 88220

9590 9402 1834 6104 2734 29

7016 2140 0000 3831 5719

PS Form 3811, July 2015 PSN 7530-02-000-5063

DELIVERY: COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]*

B. Received by (Printed Name): *[Name]*

C. Date of Delivery: *[Date]*

D. Is delivery address different from item 1? ☐ Yes ☒ No

Service Type: ☒ Certified Mail Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-5063

U.S. Postal Service  
CERTIFIED MAIL® RECEIPT  
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For delivery information, visit [usps.com](http://usps.com) or call 1-800-375-8299

OFFICE P12 No. 2H Well /JLK

Postage: \$3.50

Service Type: ☒ Certified Mail Restricted Delivery

Article Addressed to:

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701

PS Form 3811, July 2015 PSN 7530-02-000-5063

SENDER: COMPLETE THIS SECTION

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Article Addressed to:

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701

9590 9402 1834 6104 2733 75

7016 2140 0000 3831 5696

PS Form 3811, July 2015 PSN 7530-02-000-5063

DELIVERY: COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]*

B. Received by (Printed Name): *[Name]*

C. Date of Delivery: *[Date]*

D. Is delivery address different from item 1? ☐ Yes ☒ No

Service Type: ☒ Certified Mail Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-5063

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Article Addressed to:

Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701

9590 9402 1834 6104 2733 82

7016 2140 0000 3831 5702

PS Form 3811, July 2015 PSN 7530-02-000-5063

DELIVERY: COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]*

B. Received by (Printed Name): *[Name]*

C. Date of Delivery: *[Date]*

D. Is delivery address different from item 1? ☐ Yes ☒ No

Service Type: ☒ Certified Mail Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-5063

U.S. Postal Service  
CERTIFIED MAIL® RECEIPT  
Domestic Mail Only

For delivery information, visit [usps.com](http://usps.com) or call 1-800-375-8299

OFFICE P12 No. 2H Well /JLK

Postage: \$3.50

Service Type: ☒ Certified Mail Restricted Delivery

Article Addressed to:

ConocoPhillips Co  
P.O. Box 7500  
Bartlesville, OK 74005-7500

PS Form 3811, July 2015 PSN 7530-02-000-5063

SENDER: COMPLETE THIS SECTION

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3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

ConocoPhillips Co  
P.O. Box 7500  
Bartlesville, OK 74005-7500

9590 9402 1834 6104 2733 99

7016 2140 0000 3831 5726

PS Form 3811, July 2015 PSN 7530-02-000-5063

DELIVERY: COMPLETE THIS SECTION ON DELIVERY

A. Signature: *[Signature]*

B. Received by (Printed Name): *[Name]*

C. Date of Delivery: *[Date]*

D. Is delivery address different from item 1? ☐ Yes ☒ No

Service Type: ☒ Certified Mail Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-5063

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**Administrative Application for Chevron SD WE 15 Fed P12 Well No. 2H Well**

**AFFIDAVIT OF PAUL T. BROWN**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

Paul T. Brown, being first duly sworn on oath, states as follows:

1. My name is Paul T. Brown and I am employed by Chevron USA Inc. ("Chevron") in Midland, Texas, as a Senior Petroleum Engineering Advisor.
2. I received my Bachelors of Science from Texas A&M University in Chemical Engineering.
3. I am a Registered Professional Petroleum Engineer in the State of Texas.
4. I was hired by Chevron USA Inc. in 1984. I have been employed in various capacities utilizing my petroleum engineering background for approximately 33 years.
5. For the past 33 years, I have worked exclusively in the Permian Basin.
6. I have been a member of the Society of Petroleum Engineers since 1984.
7. I am familiar with the reservoir in Section 15, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, and have reviewed the administrative application for an unorthodox location filed by my attorney in connection with the **Chevron SD WE 15 Fed P12 Well No. 2H Well**.
8. Based upon Chevron's records, Chevron's owns 100 percent of the working interest in Section 15, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.
9. To effectively develop the Upper Bone Spring in this section, it is recommended that six (06) horizontal wells are drilled in the same lateral target per square mile, completed with upsized hydraulic fracture of 1,600 pounds of proppant per foot of lateral length.
10. In order to drill all six (06) wells, it is recommended that the wells must be spaced approximately 880 feet apart, necessitating that some wells, including the **Chevron SD WE 15 Fed P12 Well No. 2H**, be drilled at unorthodox locations.

11. It is believed that failure to drill six (06) wells per square mile in this target in this particular section will result in reserves being left in the ground, which constitutes waste.

FURTHER AFFIANT SAYETH NOT.

Paul T. Brown  
Paul T. Brown

SUBSCRIBED AND SWORN before me on this 3<sup>rd</sup> day of May, 2017.

M. J. Huddleston  
Notary Public

My Commission Expires:

3/16/2020

