

06/30/2014 DATE IN	SUSPENSE	PC ENGINEER	07/02/2014 LOGGED IN	NSL TYPE	PEH1418359250 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



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

4323

[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.

MICHAEL H. FELDEWERT

Print or Type Name

Signature

ATTORNEY

Title

mfeldewert@hollandhart.com

e-mail Address

06/30/14

Date



June 30, 2014

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Chevron U.S.A., Inc. for administrative approval of an unorthodox well location for its Hayhurst 17 Federal 1H Well located in Section 17, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chevron U.S.A., Inc. (OGRID No. 4323) seeks administrative approval of an unorthodox well location for its **Hayhurst 17 Federal 1H Well** (API No. 30-015-41845) completed within the Cottonwood Draw; Bone Spring Oil Pool (Pool Code 97494) underlying Section 17, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This well has been drilled from a surface location 55 feet from the North line and 190 feet from the West line (Unit D) with a bottom hole location 250 feet from the South line and 800 feet from the West line (Unit M). The first perforation is located at 708 feet from the North line and 308 feet from the West line (Unit D) of Section 17. Since this acreage is governed by the Division's statewide rules which provides for wells to be located no closer than 330 feet to the outer boundary of the spacing unit, the first perforation for this well is unorthodox because it is closer than 330 feet to the Western boundary and, therefore, outside of the producing area. However, the remainder of the completed interval is within the producing area. Approval of the unorthodox location is necessary because the well did not kick out to the east as planned by Chevron, thereby causing the first perforation to be further west than anticipated.

Exhibit A is the Well Location and Acreage Dedication Plat (Form C-102). **Exhibit A-1** is the perforation schematic. Together these exhibits show that the first perforation of the **Hayhurst 17 Federal 1H Well** encroaches on the spacing and proration unit to the West.

Exhibit B is a land plat for Section 17 and the surrounding sections that shows the proposed **Hayhurst 17 Federal 1H Well** in relation to adjoining units and existing wells.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos 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, New Mexico 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 30-015-41845	Pool Code 97494	Pool Name Cottonwood Draw; Bone Spring
Property Code 40276	Property Name HAYHURST 17 FEDERAL	
OGRID No. 4323	Operator Name CHEVRON USA INC	Well Number 1H
		Elevation 3245'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	17	25-S	27-E		55	NORTH	190	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
M	17	25-S	27-E		250	SOUTH	800	WEST	EDDY

Dedicated Acres 160	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>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=413601.9 N X=535142.8 E</p> <p>LAT.=32.137057° N LONG.=104.219798° W</p> <p>BOTTOM HOLE LOCATION Y=408602.6 N X=535758.8 E</p> <p>CORNER COORDINATES TABLE</p> <p>A - Y=413657.1 N, X=534952.7 E B - Y=413655.9 N, X=536272.9 E C - Y=408352.8 N, X=536282.1 E D - Y=408352.5 N, X=534959.3 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> 07/09/13 Signature Date</p> <p>Denise Pinkerton Printed Name</p> <p>leakejd@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 4, 2013</p> <p>Date of Survey</p> <p><i>Ronald J. Eidson</i> Signature Registered Professional Surveyor:</p> <p> 3239</p> <p>Certificate Number: 12641 Professional Surveyor: Ronald J. Eidson 3239</p> <p>ACK JWSC W.O.: 13.11.0327</p>

EXHIBIT A-2

HOLLAND & HART LLP



There are no parties affected by the encroachment to the West as Chevron is the successor operator of the federal lease covering the E/2E/2 of Section 18. Nonetheless, a copy of this application has been provided to the Bureau of Land Management.

Your attention to this matter is appreciated.

Sincerely,

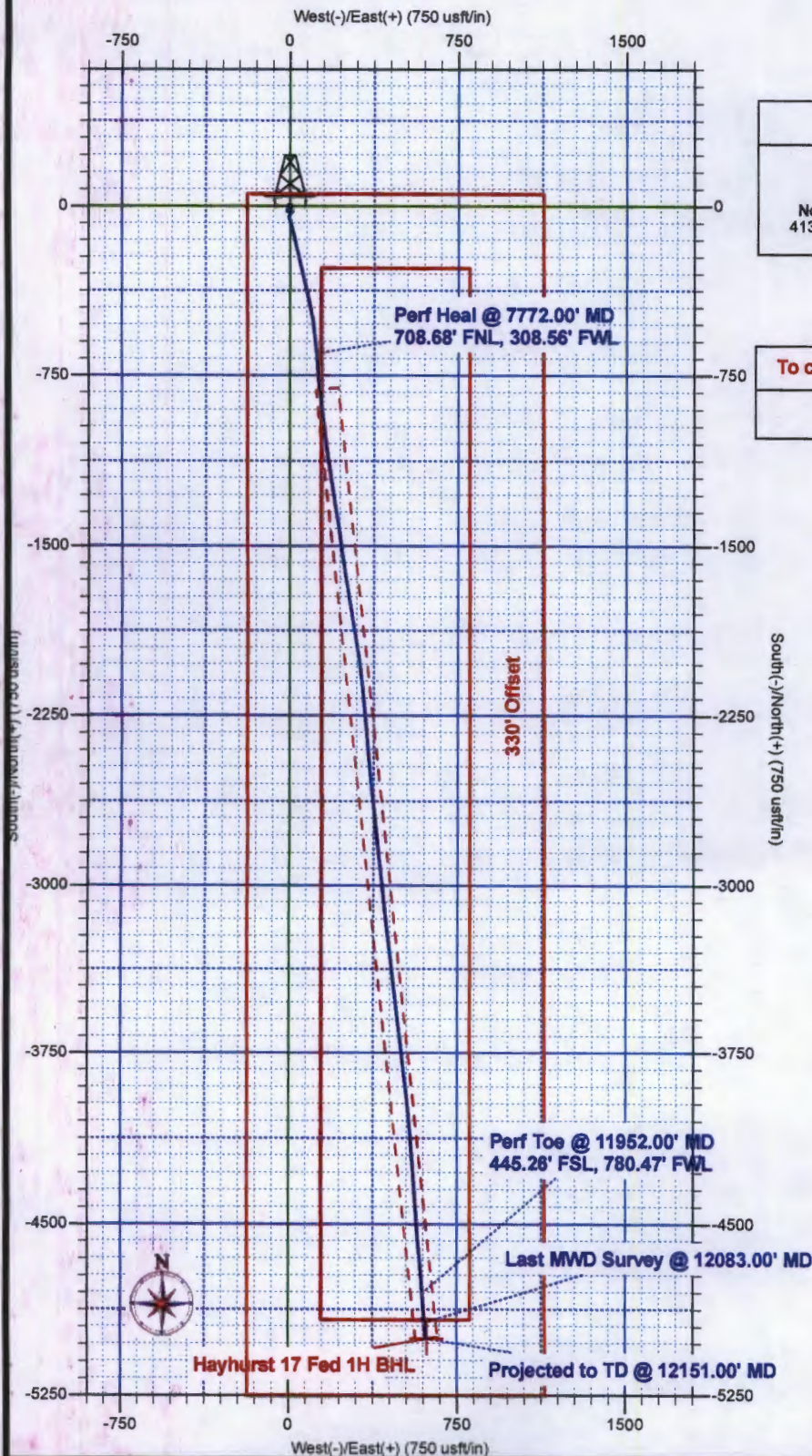
Michael H. Feldewert

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

MHF

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

Project: Eddy County, NM
 Site: Hayhurst 17 Federal
 Well: Hayhurst 17 Federal 1H
 Wellbore: Wellbore #1
 Plan: Surveys
 Rig: Ensign 767



SURFACE LOCATION

US State Plane 1927 (Exact solution)
 New Mexico East 3001
 Elevation: GL 3244.9' + KB 25.0' @ 3269.90usft (Ensign 767)
 Northing 413601.90 Easting 535142.80 Latitude 32° 8' 13.406 N Longitude 104° 13' 11.274 W

To convert a Magnetic Direction to a Grid Direction, Add 7.61°

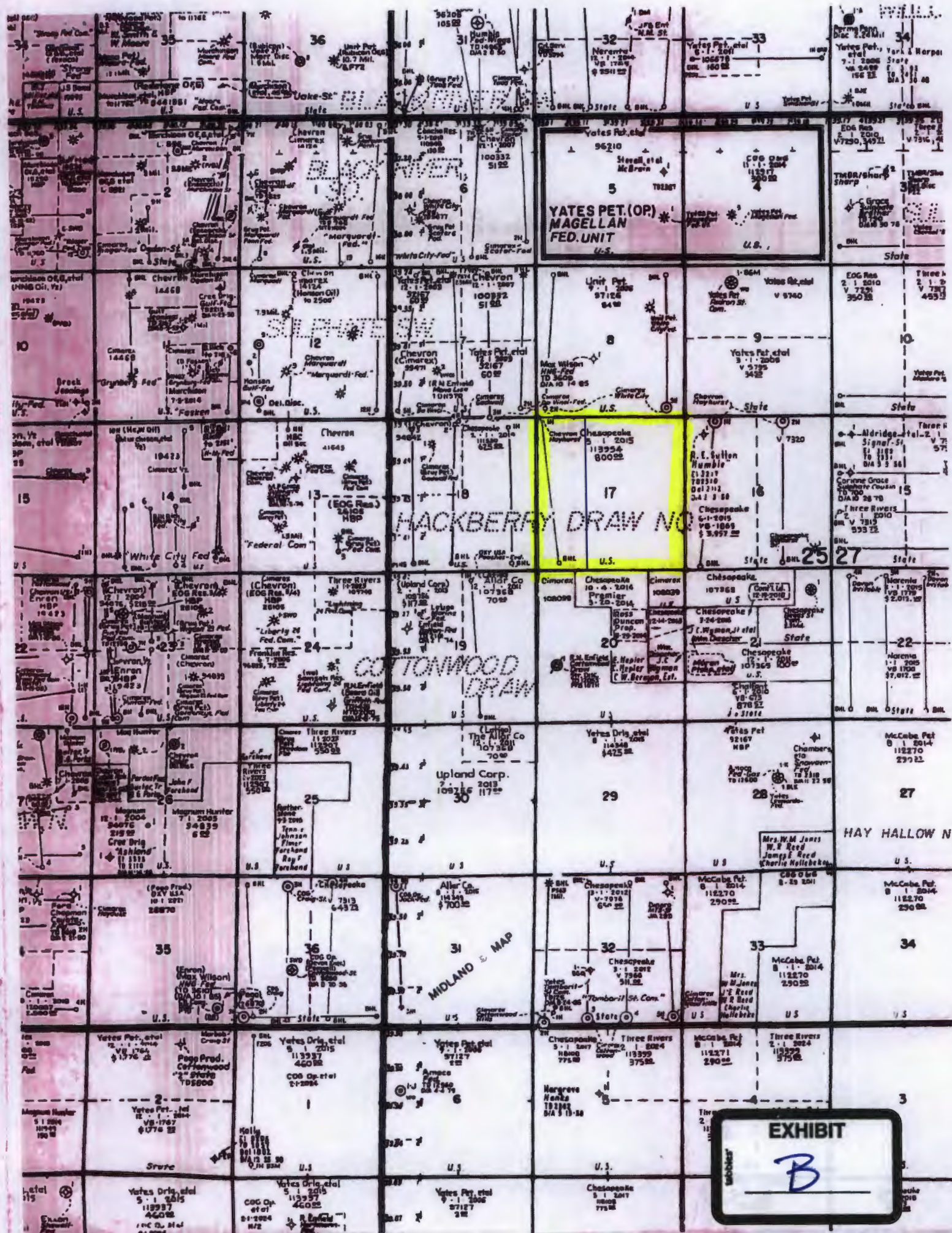
Magnetic Model: BGGM2013 Date: 18-Feb-14
 Azimuths to Grid North

TARGET WINDOW:

10' Up & 10 Down
 60' Right & 50' Left

EXHIBIT

A-1



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		CONFIDENTIAL		5. Lease Serial No. NMNM113954
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		2. Name of Operator CHEVRON U.S.A. INC.		6. If Indian, Allottee or Tribe Name
3a. Address 15 SMITH ROAD MIDLAND, TX 79705		3b. Phone No. (include area code) Ph: 432-687-7375		7. If Unit or CA Agreement, Name and No.
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 55FNL 190FWL At proposed prod. zone 250FSL 800FWL		Contact: DENISE PINKERTON E-Mail: leakejd@chevron.com		8. Lease Name and Well No. HAYHURST 17 FEDERAL 1H
14. Distance in miles and direction from nearest town or post office* 27.5		15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 55		9. API Well No. 30-015-41845
16. No. of Acres in Lease 640.00		17. Spacing Unit dedicated to this well 160.00		10. Field and Pool, or Exploratory COTTONWOOD DRAW; BONE SPR
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2732		19. Proposed Depth 12091 MD 7303 TVD		11. Sec., T., R., M., or Blk. and Survey or Area Sec 17 T25S R27E Mer NMP
20. BLM/BIA Bond No. on file CA0329		21. Elevations (Show whether DF, KB, RT, GL, etc.) 3245 GL		12. County or Parish EDDY
22. Approximate date work will start		23. Estimated duration		13. State NM

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) DENISE PINKERTON Ph: 432-687-7375	Date 07/09/2013
Title REGULATORY SPECIALIST		
Approved by (Signature) JS/ James Stovall	Name (Printed/Typed)	Date DEC 5 2013
Title Office BLM Carlsbad Field Office		

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

CARLSBAD CONTROLLED WATER BASIN
Electronic Submission #212918 verified by the BLM Well Information System
For CHEVRON U.S.A. INC. submit to the CarlsbadAPPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHEDSEE ATTACHED FOR
CONDITIONS OF APPROVAL

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

RECEIVED
DEC 06 2013
NMOCD ARTESIA