

Protested

NSL

Application

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, March 19, 2019 11:42 AM
To: 'Chapman, Sarah E'
Cc: Jones, William V, EMNRD; Podany, Raymond, EMNRD; Mike Bratcher (mike.bratcher@state.nm.us); McMillan, Michael, EMNRD
Subject: Amended Administrative Applications of Oxy USA Inc. for Protested NSL applications
Importance: High

Ms. Sarah Chapman,

Re: Sterling Silver MDP1 33 4 Federal Com Well No. 179H
Sterling Silver MDP1 33 4 Federal Com Well No. 178H
Sterling Silver MDP1 33 4 Federal Com Well No. 177H
Sterling Silver MDP1 33 4 Federal Com Well No. 175H
Sterling Silver MDP1 33 4 Federal Com Well No. 172H
Sterling Silver MDP1 33 4 Federal Com Well No. 171H
Platinum MDP1 34 3 Federal Com Well No. 176H
Platinum MDP1 34 3 Federal Com Well No. 175H
Platinum MDP1 34 3 Federal Com Well No. 174H
Platinum MDP1 34 3 Federal Com Well No. 172H
Platinum MDP1 34 3 Federal Com Well No. 171H

E-mail follow up to this mornings conversation pertaining to the Subject NSL wells indicated above.

If OXY intends to amend their initial NSL applications to make their protested area of concerned orthodox, then the following will need to be submitted for each NSL application.

An amended:

- C-102 reflecting the changes made. Please be as precise as you can on entering information on this form. S.L., FTP, LTP, BHL, etc.
- NSL request letter. Clearly state that this is an Amended letter to the initial NSL application. Be bold in the changes made. Clearly state what area is not affected anymore due to this change. Reference all current affected tracts. Note that they were given notice via the initial application on Date: XX/XX/19 from the initial application submittal.
- Affected Tracts map noting all the current affected tracts of your map.
- NSL Service List indicating all your current affected parties. Please differentiate in Operator, Working Interest, etc. If the same, indicate so.

Only submit the above information for your amended applications. Clearly state on each page, "Amended NSL application" in the Header. Or date stamp each page.

You may send those PDFs via e-mail to me, Leonard.Lowe@state.nm.us

All your current applications are still in suspension due to the protest from an affected party.

If you have any questions, please call or e-mail me.

Thank you,

Leonard Lowe

Engineering Bureau

Oil Conservation **D**ivision

Energy **M**inerals and **N**atural **R**esources **D**epartment

1220 South St. Frances

Santa Fe, New Mexico 87004

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E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Monday, March 18, 2019 2:39 PM
To: 'Chapman, Sarah E'
Cc: Earl E. DeBrine; Jones, William V, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Warnell, Terry G, EMNRD; Dawson, Scott, EMNRD; Murphy, Kathleen A, EMNRD
Subject: Protest of Administrative Applications of Oxy USA Inc. for Nonstandard Locations_Sterling Silver MDP1 33 4 Federal Com Wells
Attachments: Chevron's protest of OXY Sterling Silver_03.15.19.pdf
Importance: High

RE: **OXY USA Inc. [16696]**
Sterling Silver MDP1 33 4 Federal Com Well No. 171H [API No. 30-015-45336]
Sterling Silver MDP1 33 4 Federal Com Well No. 172H [API No. 30-015-45337]
Sterling Silver MDP1 33 4 Federal Com Well No. 175H [API No. 30-015-45388]
Sterling Silver MDP1 33 4 Federal Com Well No. 177H [API No. 30-015-PENDING]
Sterling Silver MDP1 33 4 Federal Com Well No. 178H [API No. 30-015-PENDING]
Sterling Silver MDP1 33 4 Federal Com Well No. 179H [API No. 30-015-PENDING]
Located in SEC 33 T23S, R31E, NMPM

Ms. Sarah Chapman,

The OCD was notified that **Chevron U.S.A. Inc.** is protesting the applications for approval of a Non Standard Location for the above subject wells. This party is identified as an affected person for the location. Therefore, you are being notified that if **OXY USA Inc.** wishes for these applications to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The applications will be retained by OCD, but suspended from further administrative review.

Please contact the OCD once a decision regarding the applications are determined within the next 30 days. If the protest remains after 30 days, the OCD will process these applications. [03/15/19, Noticed day; 30 day ends on 04/15/19]

Please call/e-mail me with any questions regarding this matter.

Protestant contact information:

Earl E. DeBrine, Jr.
Modrall Sperling
PO Box 2168
Albuquerque, N.M. 87102
Phone 505-848-1810
E-mail edebrine@modrall.com

Leonard Lowe
Engineering Bureau
Oil Conservation Division

Energy Minerals and Natural Resources Department
1220 South St. Frances
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E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>

From: Kathleen Allen <KATA@modrall.com>
Sent: Friday, March 15, 2019 5:24 PM
To: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Cc: Earl E. DeBrine <edebrine@modrall.com>
Subject: [EXT] Protest of Administrative Applications of Oxy USA Inc. for Nonstandard Locations

Mr. Lowe: Attached are two letters dated today to you from Earl DeBrine regarding the above-referenced matter. These letters are also being sent to you today via U.S. mail.

Please contact me if you have any questions or trouble opening the attachments.

Thank you,



Kathleen Allen
Legal Assistant to Earl E. DeBrine, Jr., Chris Killion & Nicole T. Russell
Modrall Sperling | www.modrall.com
P.O. Box 2168 | Albuquerque, NM 87103-2168
500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102
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This e-mail may be a confidential attorney-client communication. If you received it in error, please delete it without forwarding it to others and notify the sender of the error.



MODRALL SPERLING

L A W Y E R S

March 15, 2019

Via E-Mail and US Mail

leonard.lowe@state.nm.us

Earl E. DeBrine, Jr.
505.848.1810
Fax: 505.848.1891
edebrine@modrall.com

Leonard Lowe
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: In the Matter of the Administrative Applications of Oxy USA Inc. for Nonstandard Locations for the following wells located in T24S, R31E, Section 9 and T23S, R31E, Section 28, Eddy County, New Mexico:

- Sterling Silver MDP1 33-4 Federal Com 171H - Purple Sage Wolfcamp
- Sterling Silver MDP1 33-4 Federal Com 172H - Purple Sage Wolfcamp
- Sterling Silver MDP1 33-4 Federal Com 175H - Purple Sage Wolfcamp
- Sterling Silver MDP1 33-4 Federal Com 177H - Purple Sage Wolfcamp
- Sterling Silver MDP1 33-4 Federal Com 178H - Purple Sage Wolfcamp
- Sterling Silver MDP1 33-4 Federal Com 179H - Purple Sage Wolfcamp

Dear Mr. Lowe:

Chevron U.S.A. Inc., by and through its counsel, hereby protests the above-referenced administration applications for Nonstandard Locations for the wells listed above and more fully described in such applications filed by Oxy USA Inc. on February 27, 2019.

Chevron owns a working interest in the adjacent sections upon which the proposed last take point for these wells will encroach and is therefore an "affected person" under Rule 19.15.15.13(D) and was provided notice of the applications.

Chevron requests that the applications be set for hearing in accordance with NMAC 19.15.15.13(E) and denied after hearing for the following reasons:

- Allowing the wells to be drilled and completed in the unorthodox locations requested is likely to create drilling risks and challenges for Chevron's planned development of its adjacent acreage which include: (1) an increase in the drilling anti-collision risk which would force Chevron to change its wellbore trajectory to maintain its separator

Modrall Sperling
Roehl Harris & Sisk
P.A.

Bank of America
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New Mexico 87102

PO Box 2168
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Tel: 505 848 1800

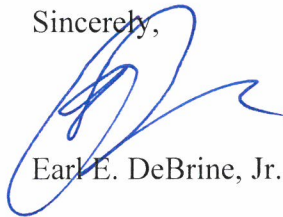
Leonard Lowe
NM Oil Conservation Division
March 15, 2019
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factors; (2) an increase Chevron's drilling costs; and (3) waste if Chevron is forced to reduce the length of its laterals or place them in a less than optimal locations to minimize such risks.

- Pressure depletion from Oxy's wells prior to Chevron's development of its adjacent acreage may also adversely affect frac length, diminishing the EUR of Chevron's wells and impairing Chevron's correlative rights.

Thank you for your consideration. Please contact me if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Earl E. DeBrine, Jr.", with a stylized flourish at the end.

Earl E. DeBrine, Jr.

EED/hta/W3382399.DOCX

cc: Sarah Chapman, OXY USA
Chris Cooper