

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 14, 2017

Chevron USA Inc.
Attn: Ms. Jordan Kessler

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7585

Chevron USA Inc.
OGRID 4323
SD EA 29 Federal Com P8 Well No. 10H
API No. 30-025-43269

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Tsp</u>	<u>Rge</u>	<u>County</u>
Surface	136' FNL & 1657' FEL	B	29	26S	33E	Lea
Penetration Point	330' FNL & 1170' FEL	A	29	26S	33E	Lea
Final perforation	330' FSL & 1170' FEL	H/1	32	26S	33E	Lea
Terminus	180' FSL & 1170' FEL	H/1	32	26S	33E	Lea

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 E/2 of Section 29	237.44	WC-025 G09 S263327G;	98097
E/2 NE/4 of Section 32		Upper Wolfcamp	

Reference is made to your application received on August 24, 2017.

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. The surface location is outside the project area, and is permitted by Rule 19.15.16.15. B (4) NMAC which allows for surface locations outside project area. 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.

It is our understanding that the Applicant is seeking this location in order to develop these sections using their preferred well spacing plan for horizontal wells in the area, and thereby preventing waste of a productive reservoir.

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.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules.

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



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
State Land Office – Oil, Gas, and Minerals Division