

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

APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING, AND,
TO THE EXTENT NECESSARY, APPROVAL
OF AN OVERLAPPING SPACING UNIT
EDDY COUNTY, NEW MEXICO

CASE NO. 25803

CHEVRON U.S.A. INC.'s PRE-HEARING STATEMENT

Chevron U.S.A. Inc. ("Chevron") submits this Pre-Hearing Statement for the above-referenced case pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A. Inc.

ATTORNEY

Deana M. Bennett
Earl E. DeBrine, Jr.
MODRALL, SPERLING, ROEHL,
HARRIS & SISK, P.A.
P. O. Box 2168
Albuquerque, New Mexico 87103-2168
(505) 848-1800

OTHER PARTIES

None

ATTORNEY

STATEMENT OF CASE

APPLICANT:

In Case No. 25803, Chevron seeks an order from the Division pooling all uncommitted interests in a 640-acre, more or less, standard horizontal Bone Spring spacing unit, measured from the top of the Second Bone Spring Lower interval, being the stratigraphic equivalent of 4466' TVDSS, to the base of the Bone Spring formation, being the stratigraphic equivalent of 5644' TVDSS, as described on the Gamma Ray Neutron/Density Log for the Beggs 21 State Com 1 (API 30-015- 35708), underlying the W/2 of Sections 16 and 21, Township 25 South, Range 27 East, NMMP, Eddy County, New Mexico, and approving, to the extent necessary, an overlapping spacing unit. The spacing unit will be dedicated to the following wells: **Weller 21 16 Federal Com 273H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to a proposed bottom hole location in the NW/4 NW/4 (Unit D) of Section

16; and **Weller 21 16 Federal Com 274H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to proposed a bottom hole location in the NE/4 NW/4 (Unit C) of Section 16. The producing area for the wells is expected to be orthodox. The completed interval for the **Weller 21 16 Federal Com 274H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. This proposed spacing unit will partially overlap the following spacing units:

- A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 1H well (API 30-015-41120) located in the E/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
- A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 3H well (API 30-015-42491) located in the W/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
- A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 6H well (API 30-015-42976) located in the E/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron; and
- A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 5H well (API 30-015-42975) located in the W/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron.

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Chevron U.S.A. Inc. as operator of the wells, and a 200% charge for risk involved in drilling said wells. The unit is located approximately 10 miles southwest of Malaga, New Mexico.

PROPOSED EVIDENCE

APPLICANT:

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Katie Halley	Approx. 10 minutes	Approx. 8
Geologist: Hunter Berch	Approx. 10 minutes	Approx. 6

PROCEDURAL ISSUES

If there are no objections to this matter, Chevron intends to present it by affidavit.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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Oil Conservation Division
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QUESTIONS

Action 539017

QUESTIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 539017
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS**Testimony**

Please assist us by provide the following information about your testimony.

Number of witnesses	2
Testimony time (in minutes)	<i>Not answered.</i>