

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

**APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Chevron U.S.A. Inc. ("Chevron" or "Applicant") (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M.S.A. 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre horizontal spacing unit comprised of the E/2 of Sections 9 and 16, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. In support of its application, Chevron states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - The **DL 9 16 Loch Ness Fed Com P1 #16H Well** and the **DL 9 16 Loch Ness Fed Com P1 #17H Well** to be horizontally drilled from surface hole locations in the SW/4 SE/4 (Unit O) of Section 4 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 22; and
 - The **DL 9 16 Loch Ness Fed Com P1 #18H Well** to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

3. The completed interval for the proposed **DL 9 16 Loch Ness Fed Com P1 #17H Well** will be within 330 feet of the quarter-quarter line separating the W/2 E/2 from the E/2 E/2 of Sections 9 and 16 to allow inclusion of this acreage into a standard 640-acre horizontal spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of this proposed horizontal well and spacing unit.

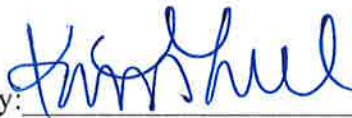
WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;

- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR CHEVRON U.S.A. INC

CASE _____: **Application of Chevron Production Company for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre horizontal spacing unit comprised of the E/2 of Sections 9 and 16, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the following proposed wells:

- The **DL 9 16 Loch Ness Fed Com P1 #16H Well** and the **DL 9 16 Loch Ness Fed Com P1 #17H Well** to be horizontally drilled from surface hole locations in the SW/4 SE/4 (Unit O) of Section 4 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 22; and
- The **DL 9 16 Loch Ness Fed Com P1 #18H Well** to be horizontally drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

The completed interval for the proposed **DL 9 16 Loch Ness Fed Com P1 #17H Well** will be within 330 feet of the quarter-quarter line separating the W/2 E/2 from the E/2 E/2 of Sections 9 and 16 to allow inclusion of this acreage into a standard 640-acre horizontal spacing unit. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 24 miles east of Loving, New Mexico.