

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

**APPLICATION OF CHEVRON U.S.A. INC.  
FOR A HORIZONTAL SPACING UNIT  
AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

Case No. 21435

**PREHEARING STATEMENT**

Chevron U.S.A. Inc. ("Chevron"), OGRID No. 4323, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division ("Division").

**APPEARANCES**

**APPLICANT**

Chevron U.S.A. Inc.

**ATTORNEY**

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**UNOPPOSING PARTY (EOA)**

Douglas McLeod

**ATTORNEY**

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Santa Fe, New Mexico 87504  
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## **APPLICANT'S STATEMENT OF CASE**

In Case No. 21435, Chevron seeks an Order for (1) establishing a standard 640-acre, more or less, spacing and proration unit comprised of the W/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation (COTTON DRAW; BONE SPRING [Pool Code 13367]), underlying said unit.

Chevron proposes to dedicate the HSU to its **SND 14-23 Fed Com 001 P26 226H Well**, an oil well, proposed to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11, Township 24 South, Range 31 East to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23. The **SND 14-23 Fed Com 001 P26 226H Well** is the Defining Well for the HSU.

Chevron also proposes the **SND 14-23 Fed Com 001 P26 225H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 23, and the **SND 14-23 Fed Com 001 P26 227H Well**, an infill oil well, to be horizontally drilled from a surface location in SW/4 SW/4 (Unit M) of Section 11 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 23.

The completed intervals and first and last take points for the wells proposed in the unit meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil well. Also to be considered will be proximity tracts, the costs of drilling and completing said wells; the allocation of these costs and the actual operating costs and charges for supervision; designating Chevron as operator of the wells and unit; surface comingling, applied for administratively; and a 200% charge for risk involved in drilling the well.

**APPLICANT'S PROPOSED EVIDENCE**

WITNESS	ESTIMATED TIME	EXHIBITS
Scott Sabrsula - Landman	Approx. 15	Approx. 6
Sarah Wright – Geologist	Approx. 15	Approx. 4

**PROCEDURAL MATTERS**

Douglas McLeod has made an entry of appearance but does not protest or object to the application or object that it be presented by affidavit. At this point, Chevron does not anticipate a protest, and under such circumstances, plans to present the case by affidavit.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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**Attorneys for Chevron U.S.A. Inc.**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on October 1, 2020:

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/s/ Darin C. Savage

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Darin C. Savage