

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

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APPLICATION OF CHEVRON U.S.A. INC.
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, UNORTHODOX
WELL LOCATION, AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 14929

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Chevron U.S.A. Inc. ("Chevron") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

ATTORNEY

Michael H. Feldewert
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STATEMENT OF THE CASE

Chevron seeks an order (1) creating a non-standard 160-acre spacing and proration unit comprised of the W/2 W/2 of Section 15, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; (2) approving an unorthodox well location; and (3) pooling all mineral interests underlying this acreage in the Bone Spring formation, South Culebra Bluff-Bone Spring Pool. Chevron intends to initially dedicate this spacing and proration unit as the project area for its proposed Heritage 2 15 No. 2H well, to be horizontally drilled from a surface location 330

feet from the South line and 330 feet from the West line (Unit M) to a bottom hole location 330 feet from the North line and 330 feet from the West line (Unit D) of Section 15. The proposed well is subject to the South Culebra Bluff-Bone Spring Pool rules under Order No. R-6139, which provide that all well locations to be within 150 feet of the center of a quarter-quarter section or lot. Accordingly, a portion of the completed interval for the proposed well will be outside the set-back required under Order No. R-6139-A, encroaching on the proration and spacing units to the west, northwest, and north.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Kevin C. Stubbs, Petroleum Landman	Approx. 15 mins.	Approx. 5.
Gregory Minnery, Petroleum Geologist	Approx. 15 mins.	Approx 4.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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