

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

**APPLICATION OF CHEVRON U.S.A. INC. FOR APPROVAL OF A 949.56 ACRE
NON-STANDARD PROJECT AREA COMPRISED OF ACREAGE SUBJECT
TO A COMMUNITIZATION AGREEMENT, LEA COUNTY, NEW MEXICO.**

CASE NO. 15258²

APPLICATION

Chevron U.S.A. Inc., (“Chevron”) through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving a 949.56 acre non-standard project area comprised of acreage subject to a communitization agreement covering the acreage described below in Lea County, New Mexico. In support of its application, Chevron states:

1. Chevron (OGRID No. 4323) is the only working interest owner in portions of the following acreage containing approximately 949.56 acres of federal and state lands (Wildcat Bone Spring Upper Shale (97955)) (the “subject acreage”)

TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M.

Section 29: All
Section 32: All

3. Applicant expects to receive preliminary approval of the Communitization Agreement from the Bureau of Land Management and the New Mexico State Land Office prior to the hearing on this matter.

4. Division Rule 19.15.16.7.L recognizes state exploratory units and participating areas within federal units as approved “project areas” for purposes of efficient horizontal well development. However, this rule currently does not expressly recognize communitized areas as “project areas” for horizontal well development.

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5. Approval of the proposed communitized area as a "project area" will allow Chevron to locate and efficiently orient its proposed horizontal wells for the maximum recovery of hydrocarbons in a manner similar to that currently allowed for state exploratory units and participating areas within federal units.

6. Approving the communitized area as a single project area is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2).

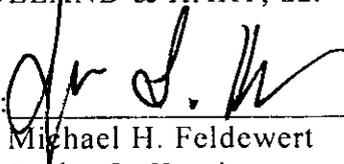
7. Pursuant to Rule 19.15.16.15.E, Chevron will provide notice of this application to the affected persons in the spacing units that adjoin the proposed project area.

8. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Chevron U.S.A. Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 18, 2014, and that after notice and hearing as required by law, the Commission enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert

Jordan L. Kessler

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

ATTORNEYS FOR CHEVRON U.S.A. INC.

CASE 1525: **Application Of Chevron U.S.A. Inc. For Approval Of A 949.56 Acre Non-Standard Project Area Comprised Of Acreage Subject To A Communitization Agreement; Lea, New Mexico.**
Applicant in the above-styled cause seeks an order approving a 949.56 acre non-standard project area comprised of acreage subject to a communitization agreement covering all of Sections 29 and 32, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico. The subject acreage is located approximately 50 miles South of Jal, New Mexico.