

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

**APPLICATION OF CHEVRON MIDCONTINENT, L.P.
TO AMEND ORDER R-13949 TO APPROVE A 120-ACRE
NON-STANDARD SPACING UNIT AND NON-STANDARD
PROJECT AREA, LEA COUNTY, NEW MEXICO.**

CASE NO. 15236 (re-opened)

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APPLICATION

Chevron Midcontinent, L.P. ("Chevron") through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend Order R-13949 to approved a 120-acre non-standard spacing and proration unit and non-standard project area comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. In support of this application, Chevron states:

1. Division Order R-13949, entered by the Division on January 20, 2015, approved within the Bone Spring formation a non-standard spacing and proration unit comprised of the W/2 W/2 of Section 11, Township 24 South, Range 34 East, pooled the uncommitted interests within this unit, and dedicated this acreage to Chevron's Antelope Ridge 11-24-34 Federal Well No. 3H (30-025-42318).

2. Pursuant to Order R-13949, Chevron commenced drilling of the well from a surface location in the SW/4 SW/4 (Unit M) and proceeded in a northerly fashion in the W/2 W/2 of Section 11. However, unanticipated drilling problems required Chevron to place the bottom hole location 1274 feet from the north line and 991 feet

from the West line, thereby preventing Chevron from completing the well in the NW/4 NW/4 (Unit D) of Section 11.

3. Division rules define a "project area" for horizontal drilling as an area designated on a form C-102 that is "developed" by a horizontal well. NMRA 19.15.16.7(L). Division rules further provide that "a project area consisting of three 40-acre units within a single section and excluding the fourth spacing unit is not a standard project area." NMRA 19.15.16.7(M)(4).

4. Chevron does not have plans to drill a second well in the W/2 W/2 of Section 11 within the next year.

5. Amendment of Order R-13949 is necessary to conform the non-standard spacing and proration unit to the acreage developed by the existing well.

6. Pursuant to NMRA 19.15.16.7(M) and 19.15.16.15(E), approval of a non-standard 120-acre project area is necessary to properly dedicate the developed acreage to the well under a Form C-102.

7. Notice of this application has been provided to the uncommitted interest owners subject to Order R-13949, to the mineral owners in the NW/4 NW/4 of Section 11, and to the operators or lessees in the 40-acre tracts surrounding the non-standard spacing and proration unit created by Order R-13949.

WHEREFORE, Chevron requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 11, 2015, and, after notice and hearing as required by law, the Division amend Order R-13949 to approved a 120-acre non-standard spacing and proration unit and non-standard project area comprised of the

SW/4 NW/4 and the W/2 SW/4 of Section 11, Township 24 South, Range 34 East in Lea County, New Mexico.

Respectfully submitted,

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**ATTORNEYS FOR
CHEVRON MIDCONTINENT, L.P.**

Case No. 15236 (re-opened): Application of Chevron Midcontinent, L.P. to amend Order R-13949 to approve a 120-acre non-standard spacing unit and non-standard project area, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend Order R-13949 to approved a 120-acre non-standard spacing and proration unit and non-standard project area comprised of the SW/4 NW/4 and the W/2 SW/4 of Section 11, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The entire W/2 W/2 of Section 11 is currently designated to the **Antelope Ridge 11-24-34 #3H Well** (30-025-42318), which was horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) to a bottom hole location 1274 feet from the north line and 991 feet from the West line (Unit D) of Section 11. Due to drilling problems, Chevron was unable to complete the well in the NW/4 NW/4 (Unit D) of Section 11. Said area is located approximately 3 miles North of Ochoa, New Mexico.