

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

**APPLICATION OF CHEVRON U S A INC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT, AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

2011  
APR 25 PM 2:55  
11/11/11  
**CASE NO 15692**

**AMENDED APPLICATION**

Chevron U S A Inc (Chevron") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N M Stat Ann § 70 2-17 for an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 13 and the E/2 E/2 of Section 24, Township 26 South Range 32 East, N M P M , Lea County New Mexico (2) pooling all mineral interests in the Bone Spring formation underlying this acreage and (3) approving an unorthodox location for the **SD WE 24 Fed P24 No 6H Well** In support of its application Chevron states

1 Chevron is a working interest owner in proposed non standard unit and has the right to drill thereon

2 Chevron proposes to dedicate the above referenced spacing and proration unit as the project area for two proposed wells the proposed **SD WE 24 Fed P24 No 6H Well** and the proposed **SD WE 24 Fed P24 No 7H Well**, which will be simultaneously drilled and completed The two proposed horizontal wells will be pad drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 24 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 13

3 This project area is located within the WC 025 G 06 S263319P, BS Pool Code 97955) This pool is subject to Statewide Rules for oil wells set forth in 19 15 15 NMAC, which requires wells to be located no closer than 330 feet to the outer boundary of the spacing unit Rules 19 15 15 13 B and 19 15 4 12 A(2) allows the Director to grant an exception to the well location requirements

4 The proposed **SD WE 24 Fed P24 No 6H Well** will be unorthodox because the completed interval for this well will be closer than 330 feet to the outer boundary The completed interval for this well will commence 330 feet from the South line, 1,265 feet from the East line of Section 24 to a location 330 feet from the North line, 1 265 feet from the East line of Section 13 The completed interval therefore encroaches on the spacing and proration units to the West, Northwest and Southwest Chevron is the 100% working interest owner in the spacing and proration unit to the West

5 The completed interval for the proposed **SD WE 24 Fed P24 No 7H Well** will remain within the 330 foot standard offset required by the Statewide Rules set forth in 19 15 15 NMAC

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

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

8 In order to permit Chevron to obtain it's just and fair share of the oil and gas underlying the subject lands all interests in this non standard spacing unit should

be pooled and Chevron should be designated the operator of this proposed horizontal wells and spacing unit

WHEREFORE, Chevron requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on May 25 2017, and, after notice and hearing as required by law the Division enter an order

- A Creating a 320 acre non standard spacing and proration unit in the Bone Spring formation comprised of the E/2 E/2 of Section 13 and the E/2 E/2 of Section 24, Township 26 South Range 32 East, N M P M Lea County, New Mexico,
- B Pooling all mineral interests in the non standard spacing and proration unit,
- C Approving Chevron s request for an unorthodox location
- D Designating Chevron U S A Inc operator of this non standard spacing unit and the horizontal wells to be drilled thereon
- E Authorizing Chevron to recover its costs of drilling, equipping and completing the wells
- F 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
- G Imposing a 200% penalty for the risk assumed by Chevron in drilling, completing and equipping the wells against any working interest owner who does not voluntarily participate in the drilling of the well

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](mailto:mfeldewert@hollandhart.com)

[jkessler@hollandhart.com](mailto:jkessler@hollandhart.com)

**ATTORNEYS FOR CHEVRON U S A INC**

CASE 15692

**Amended Application of Chevron U S A Inc for a non-standard spacing and proration unit, compulsory pooling, and approval of an unorthodox location, Lea County, New Mexico**

Applicant in the above styled cause seeks an order (1) creating a non standard 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 13 and the E/2 E/2 of Section 24 Township 26 South, Range 32 East, N M P M Eddy County New Mexico, (2) pooling all mineral interests in the Bone Spring formation underlying this acreage, and (3) approving an unorthodox location Said non-standard unit is to be dedicated to applicant s two proposed wells the **SD WE 24 Fed P24 No 6H Well** and the **SD WE 24 Fed P24 No 7 H Well** These two horizontal wells will be pad drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 24 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 13 The completed interval for the **SD WE 24 Fed P24 No 6H Well** will be unorthodox because it will commence 330 feet from the South line 1 265 feet from the East line of Section 24 to a location 330 feet from the North line 1,265 feet from the East line of Section 13, thereby encroaching on the spacing and proration units to the West Northwest, and Southwest The completed interval for the **SD WE 24 Fed P24 No 7H Well** will be at a standard 330 foot offset Also to be considered will be the cost of drilling and completing said welsl and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chevron U S A Inc as operator of the wells and a 200% charge for risk involved in drilling said well Said area is located approximately 35 miles west of Jal, New Mexico