

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

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

CASE NO. _____

APPLICATION

Chevron U.S.A. Inc. (“Chevron”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 1913.91-acre, more or less, standard horizontal spacing unit comprised of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico.

In support of this application, Chevron states:

1. Chevron is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Chevron seeks to dedicate Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico to form a standard 1913.91-acre, more or less, Wolfcamp horizontal spacing unit (the “Unit”).
3. Chevron seeks to dedicate the following proposed wells to the Unit:
 - a. The **RB 7 19 Federal Com 501H; RB 7 19 Federal Com 502H; RB 7 19 Federal Com 503H; RB 7 19 Federal Com 504H; RB 7 19 Federal Com 701H; RB 7 19 Federal Com 702H; and RB 7 19 Federal Com 703H** wells to be drilled in the W/2 of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico; and
 - b. The **RB 7 19 Federal Com 505H; RB 7 19 Federal Com 506H; RB 7 19 Federal Com 507H; RB 7 19 Federal Com 508H; RB 7 19 Federal Com 704H; RB 7 19 Federal Com 705H; and RB 7 19 Federal Com 706H** wells

to be drilled in the E/2 of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico.

4. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

5. The completed interval for the RB WCA #4 well is expected to be less than 330 feet from the adjoining tracts, thereby allowing for the inclusion of the proximity tracts within the Unit under Rule 19.15.16.15(B)(1)(b) NMAC.

6. Chevron sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

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

8. In order to permit Chevron to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Chevron should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Chevron requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 3, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Designating Chevron as the operator of the Unit and the wells to be drilled thereon;
- C. Authorizing Chevron to recover its costs of drilling, equipping, and completing the wells;

- D. 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
- E. Imposing a 200% charge for the risk assumed by Chevron in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: /s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.

Deana M. Bennett

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

edebrine@modrall.com

deana.bennett@modrall.com

Attorneys for Chevron U.S.A. Inc.

CASE NO. _____: Application of Chevron U.S.A. Inc. for compulsory pooling, Eddy County, New Mexico. Chevron U.S.A. Inc. seeks an order from the Division pooling all uncommitted interests within a standard 1913.91-acre, more or less, Wolfcamp horizontal spacing unit comprised of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the RB 7 19 Federal Com 501H; RB 7 19 Federal Com 502H; RB 7 19 Federal Com 503H; RB 7 19 Federal Com 504H; RB 7 19 Federal Com 701H; RB 7 19 Federal Com 702H; RB 7 19 Federal Com 703H; RB 7 19 Federal Com 505H; RB 7 19 Federal Com 506H; RB 7 19 Federal Com 507H; RB 7 19 Federal Com 508H; RB 7 19 Federal Com 704H; RB 7 19 Federal Com 705H; and RB 7 19 Federal Com 706H wells to be horizontally drilled. The producing area for the wells is expected to be orthodox. The completed interval for the RB WCA #4 well is expected to be less than 330 feet from the adjoining tracts, thereby allowing for the inclusion of the proximity tracts within the Unit. Also to be considered will be the cost of drilling and completing the wells 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 the risk involved in drilling and completing the wells. The wells are located approximately 10.2 miles south of Malaga, New Mexico.