

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

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

Case Nos. 22343 & 22344

APPLICATIONS OF CIMAREX ENERGY CO. FOR HORIZONTAL SPACING UNITS AND FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case Nos. 22519 & 22520

CHEVRON'S PRE-HEARING STATEMENT

Chevron U.S.A. Inc. ("Chevron") (OGRID No. 4323) submits this pre-hearing statement, as required by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANTS

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

Cimarex Energy Co.

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505)-982-2043
jamesbruc@aol.com

OTHER PARTIES

MRC Permian Company and
MRC Permian LKE Company, LLC

Kyle Perkins
MRC Permian Company
Vice President and Assistant General Counsel
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
(972) 371-5202
kperkins@matadorresources.com

STATEMENT OF THE CASE

In these consolidated cases Chevron seeks to pool standard horizontal well spacing units for two-mile laterals in the Purple Sage; Wolfcamp (Gas) Pool [98220] underlying Sections 17 and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, as follows:

- Under **Case 22343**, Chevron seeks to pool the E/2 of Sections 17 and 20 to be initially dedicated to the proposed (a) **Glenfiddich 20 17 Fed Com 46 #1H** and **#2H** wells to be horizontally drilled from a common surface hole location in the SE/4 SE/4 (Unit P) of Section 20 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 17, and (b) the **Glenfiddich 20 17 Fed Com 46 #3H** and **#4H** wells to be horizontally drilled from the same common surface hole location in the SE/4 SE/4 (Unit P) of Section 20 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 17.
- Under **Case 22344**, Chevron seeks to pool the W/2 of Sections 17 and 20 to be initially dedicated to the proposed (a) **Grey Goose 20 17 Fed Com 45 #1H** and **#2H** wells to be horizontally drilled from a common surface hole location in the SW/4 SW/4 (Unit M) of Section 20 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 17, and (b) the **Grey Goose 20 17 Fed Com 45 #3H** and **#4H** wells to be horizontally drilled from the same surface hole location in the SW/4 SW/4 (Unit M) of Section 20 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 17.

Cimarex Cases 22519 and 22520 seek to create competing Wolfcamp spacing units that combine Section 8 with Sections 17 and 20, thereby overlapping the spacing units initially proposed by Chevron in the E/2 and the W/2 of Sections 17 and 20.

Chevrons believes that the following facts are undisputed and material to the issues presented in these consolidated cases:

1. The Cimarex competing pooling cases overlap those presented by Chevron in Sections 17 and 20, where Chevron owns over 64% of the working interest and Cimarex only owns around 26% of the working interest.

2. Chevron seek to develop the Upper Wolfcamp A sands/shales underlying Sections 17 and 20 with a an 8-well per section staggered “wine rack” pattern that will be drilled and then sequentially completed to increase the completion efficiency of these wells.

3. Cimarex has proposed to develop the Upper Wolfcamp A sands/shales underlying Sections 17 and 20 with only 4 wells per section at the same depth.

4. There are no faults, pinch outs, or other geologic impediments to efficiently and effectively developing the targeted Upper Wolfcamp A intervals with 2-mile horizontal wells oriented south to north from Section 20.

5. Sections 17 and 20 are part of Chevron’s Northwest Hayhurst Development Area, a six-section area where Chevron owns most of the working interest.

6. Chevron’s Northwest Hayhurst Development Area will utilize a centralized facility for Bone Spring and Wolfcamp development that will tie into the nearby Hayhurst New Mexico Solar Project approved by the New Mexico State Land Office for the purpose of electrifying facilities and reducing the necessary air emissions for oil and gas development.

PROPOSED EVIDENCE

Chevron has filed affidavits for the following witnesses and intend to call them at the hearing in these consolidated matters:

Chris Cooper, Petroleum Landman

Karl Bloor, Petroleum Geologist

Bradley Hulme, Petroleum Engineer

Andrew Tabije, Petroleum Facilities Engineer

PROCEDURAL MATTERS

Pursuant to the Amended Prehearing Order entered in these matters, Chevron has filed with this prehearing statement affidavits containing the direct testimony for each witness, the exhibits referenced in those affidavits, and the notice affidavits and exhibits.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com

ATTORNEYS FOR CHEVRON U.S.A. INC.

CERTIFICATE OF SERVICE

I hereby certify that on February 10, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
505-982-2043
jamesbruc@aol.com

Attorney for Cimarex Energy Co.

Kyle Perkins
MRC Permian Company
Vice President and Assistant General Counsel
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
TEL: (972) 371-5202
kperkins@matadorresources.com

***Attorney for MRC Permian Company and
MRC Permian LKE Company, LLC***



Michael H. Feldewert

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 80632

QUESTIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 80632
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>