

**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” or “Applicant”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the top of the Wolfcamp formation, underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. In support of its application, Chevron states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **SND 14 23 Fed Com #429H** and **SND 14 23 Fed Com #430H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 23; and the **SND 14 23 Fed Com #431H** and **SND 14 23 Fed Com #432H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 23.
3. The completed interval of the **SND 14 23 Fed Com #430H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

4. An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Chevron seeks to pool only a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the top of the Wolfcamp formation, the stratigraphic equivalent of the top of the Second Bone Spring formation, as seen at 10,025 feet beneath the surface, to the stratigraphic equivalent of the top of the Wolfcamp formation, as seen at 11,713 feet beneath the surface, as shown in that certain Gamma Ray dated August 14th, 2018, in the Striker 2 SWD #001 (API # 30-015-44416), located in Section 23 East, Township 24 South, Range 31 East, Eddy County, New Mexico. Chevron will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 1, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests within the defined portion of the Bone Spring formation;
- B. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping 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% penalty for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR CHEVRON U.S.A. INC.

CASE _____: **Application of Chevron U.S.A. Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the top of the Wolfcamp formation, underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 14 and 23, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Chevron seeks to pool only a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the top of the Wolfcamp formation, the stratigraphic equivalent of the top of the Second Bone Spring formation, as seen at 10,025 feet beneath the surface, to the stratigraphic equivalent of the top of the Wolfcamp formation, as seen at 11,713 feet beneath the surface, as shown in that certain Gamma Ray dated August 14th, 2018, in the Striker 2 SWD #001 (API # 30-015-44416), located in Section 23 East, Township 24 South, Range 31 East, Eddy County, New Mexico. Said unit will be initially dedicated to the proposed **SND 14 23 Fed Com #429H** and **SND 14 23 Fed Com #430H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 23; and the **SND 14 23 Fed Com #431H** and **SND 14 23 Fed Com #432H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 14 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 23. The completed interval of the **SND 14 23 Fed Com #430H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located approximately 21 miles southeast of Loving, New Mexico.