

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

**APPLICATION OF CHEVRON U.S.A. INC. FOR APPROVAL OF
AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23533

CHEVRON’S PRE-HEARING STATEMENT

Chevron U.S.A. Inc. (“Chevron” or “Applicant”), the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A. Inc.
 (“Chevron”)

ATTORNEY

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APPLICANT’S STATEMENT OF THE CASE

Chevron seeks an order an order (i) approving a 640-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation comprised of the E/2 of Sections 26 and 35 within Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (ii) pooling all uncommitted interests in this overlapping horizontal well spacing unit. The above-referenced unit will be initially dedicated to the proposed CB Tano 26 35 Fee 11 101H and 102H wells, which will be horizontally drilled from a common surface hole location in the NE/4 NE/4

(Unit A) of Section 26 to bottom hole locations in the SW/4 SE/4 (Unit O) and the SE/4 SE/4 (Unit P) of Section 35. The completed interval of the CB Tano 26 35 Fee 11 102H well 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. This 640-acre horizontal well spacing unit will overlap two existing 160-acre horizontal well spacing units in the Bone Spring formation currently operated by Mewbourne Oil Company, as follows:

- A 160-acre horizontal well spacing unit comprised of the W/2 E/2 of Section 35, T23S-R28E, NMPM, Eddy County, and dedicated to the Layla 35 OB 001H (API 30-015-40968); and
- A 160-acre horizontal well spacing unit comprised of the E/2 E/2 of Section 35, T23S-R28E, NMPM, Eddy County, and dedicated to the Layla 35 PA 001H (API 30-015-40967).

Chevron has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject acreage.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Douglas Crawford, Landman	Self-Affirmed Statement	Approx. 8
Efren Mendez, Jr., Geologist	Self-Affirmed Statement	Approx. 4

PROCEDURAL MATTERS

Chevron intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

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State of New Mexico
Energy, Minerals and Natural Resources
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QUESTIONS

Action 220657

QUESTIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 220657
	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>