

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

**APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING, AND,
TO THE EXTENT NECESSARY, APPROVAL
OF AN OVERLAPPING SPACING UNIT,
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 pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) pooling all uncommitted interests in a 640-acre, more or less, standard Bone Spring horizontal spacing unit measured from the top of the Second Bone Spring Lower interval, being the stratigraphic equivalent of 4466' TVDSS, to the base of the Bone Spring formation, being the stratigraphic equivalent of 5644' TVDSS, as described on the Gamma Ray Neutron/Density Log for the Beggs 21 State Com 1 (API 30-015- 35708), underlying the W/2 of Sections 16 and 21, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) approving, to the extent necessary, an overlapping spacing unit. In support of this application, Chevron states:

1. Chevron has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Chevron seeks to dedicate the W/2 of Section 16 and 21, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico to form a standard 640-acre, more or less, standard Bone Spring horizontal spacing unit measured from the top of the Second Bone Spring Lower interval, being the stratigraphic equivalent of 4466' TVDSS, to the base of the Bone Spring

formation, being the stratigraphic equivalent of 5644' TVDSS, as described on the Gamma Ray Neutron/Density Log for the Beggs 21 State Com 1 (API 30-015- 35708) (the "Unit").

3. Chevron seeks to dedicate the Unit to the following wells:
 - a. **Weller 21 16 Federal Com 273H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to a proposed bottom hole location in the NW/4 NW/4 (Unit D) of Section 16; and
 - b. **Weller 21 16 Federal Com 274H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to proposed a bottom hole location in the NE/4 NW/4 (Unit C) of Section 16
4. The producing area for the wells is expected to be orthodox.
5. The completed interval of the **Weller 21 16 Federal Com 274H** 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. This proposed Unit will partially overlap the following spacing units:
 - a. A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 1H well (API 30-015-41120) located in the E/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
 - b. A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 3H well (API 30-015-42491) located in the W/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
 - c. A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 6H well (API 30-015-42976) located in the E/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron; and
 - d. A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 5H well (API 30-015-42975) located in the W/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron.
7. These existing one-mile wells are completed in the Second Bone Spring Upper interval, being described as the interval between 3985' TVDSS and 4466' TVDSS, as described

on the Gamma Ray Neutron/Density Log for the Beggs 21 State Com 1 (API 30-015- 35708). Chevron does not seek to pool depths associated with these existing wells.

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

9. The pooling of all interests in the Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights and will allow Chevron to obtain its just and fair share of the oil and gas underlying the subject lands.

WHEREFORE, Chevron requests this application be set for hearing before an Examiner of the Oil Conservation Division on January 8, 2026 and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Designating Chevron as operator of the Unit and the wells to be drilled thereon;
- D. Authorizing Chevron to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

By: /s/ Deana M. Bennett

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CASE NO. _____: Application of Chevron U.S.A. Inc. for Compulsory Pooling, And, to the Extent Necessary, Approval of an Overlapping Spacing Unit, Eddy County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted interests in a 640-acre, more or less, standard horizontal Bone Spring spacing unit, measured from the top of the Second Bone Spring Lower interval, being the stratigraphic equivalent of 4466' TVDSS, to the base of the Bone Spring formation, being the stratigraphic equivalent of 5644' TVDSS, as described on the Gamma Ray Neutron/Density Log for the Beggs 21 State Com 1 (API 30-015- 35708), underlying the W/2 of Sections 16 and 21, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and approving, to the extent necessary, an overlapping spacing unit. The spacing unit will be dedicated to the following wells: **Weller 21 16 Federal Com 273H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to a proposed bottom hole location in the NW/4 NW/4 (Unit D) of Section 16; and **Weller 21 16 Federal Com 274H** well to be horizontally drilled from a proposed surface hole location in the NE/4 SW/4 (Unit K) of Section 21, to proposed a bottom hole location in the NE/4 NW/4 (Unit C) of Section 16. The producing area for the wells is expected to be orthodox. The completed interval for the **Weller 21 16 Federal Com 274H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. This proposed spacing unit will partially overlap the following spacing units:

- A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 1H well (API 30-015-41120) located in the E/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
- A 160-acre spacing unit dedicated to the Hayhurst 16 25 27 State 3H well (API 30-015-42491) located in the W/2W/2 of Section 16, Township 25 South, Range 27 East and operated by Chevron;
- A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 6H well (API 30-015-42976) located in the E/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron; and
- A 160-acre spacing unit dedicated to the White City 21 25 27 Fed Com 5H well (API 30-015-42975) located in the W/2W/2 of Section 21, Township 25 South, Range 27 East and operated by Chevron.

Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the 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 wells. The unit is located approximately 10 miles southwest of Malaga, New Mexico.