

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

**APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING,
LEA 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 pooling all uncommitted interests in a 638.84-acre, more or less, Bone Spring horizontal spacing unit underlying all of Section 1, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. 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 all of Section 1, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico to form a 638.84-acre, more or less, Bone Spring horizontal spacing unit (the "Unit").
3. Chevron seeks to dedicate the Unit to the following wells:
 - a. **MR 1 Federal 507H** (API 30-025-55516) well to be horizontally drilled with a proposed first take point in the NW/4 NW/4 (Unit D) of Section 1, and a proposed last take point in the SW/4 SW/4 (Unit M) of Section 1;
 - b. **MR 1 Federal 508H** (API 30-025-55517) well to be horizontally with a proposed first take point in the NE/4 NW/4 (Unit C) of Section 1, and a proposed last take point in the SE/4 SW/4 (Unit N) of Section 1;

- c. **MR 1 Federal 509H** (API 30-025-55518) well with a proposed first take point in the NW/4 NE/4 (Unit B) of Section 1, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 1; and
 - d. **MR 1 Federal 510H** (API 30-025-55519) well to be horizontally drilled with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 1, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 1.
- 4. The producing area for the wells is expected to be orthodox.
 - 5. Chevron applied administratively for a non-standard unit, which was approved under Order NSP-2302.
 - 6. 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.
 - 7. 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. Designating Chevron as 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 actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

E. 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
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, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests in a 638.84-acre, more or less, Bone Spring horizontal spacing unit underlying all of Section 1, Township 24 South, ranger 32 East, NMPM, Lea County, New Mexico. The spacing unit will be dedicated to the following wells: **MR 1 Federal 507H** (API 30-025-55516) well to be horizontally drilled with a proposed first take point in the NW/4 NW/4 (Unit D) of Section 1, and a proposed last take point in the SW/4 SW/4 (Unit M) of Section 1; **MR 1 Federal 508H** (API 30-025-55517) well to be horizontally with a proposed first take point in the NE/4 NW/4 (Unit C) of Section 1, and a proposed last take point in the SE/4 SW/4 (Unit N) of Section 1; **MR 1 Federal 509H** (API 30-025-55518) well with a proposed first take point in the NW/4 NE/4 (Unit B) of Section 1, and a proposed last take point in the SW/4 SE/4 (Unit O) of Section 1; and **MR 1 Federal 510H** (API 30-025-55519) well to be horizontally drilled with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 1, and a proposed last take point in the SE/4 SE/4 (Unit P) of Section 1. The producing area for the wells is expected to be orthodox. 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 25.5 miles east of Malaga, New Mexico.