

**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 960-acre, more or less, standard Bone Spring horizontal spacing unit measured from the stratigraphic equivalent of the middle of the Second Bone Spring Lower Carbonate interval, approximately -4,548 feet true vertical depth subsea (TVDSS) to the base of the Bone Spring Formation, encountered at -5,590 feet TVDSS, as shown in that certain Gamma Ray Log dated March 14, 2010 for the Cluster State Com 1H (API # 30-015-37547), underlying the E/2 of Sections 9, 16, and 21, Township 26 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 working interest ownership in the proposed Unit and proposes to drill and operate wells thereon.

2. Chevron seeks to dedicate the E/2 of Sections 9, 16, and 21, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico to form a standard 960-acre, more or less, standard Bone Spring horizontal spacing unit measured from the stratigraphic equivalent of the middle of the Second Bone Spring Lower Carbonate interval, approximately -4,548 feet true vertical depth subsea (TVDSS) to the base of the Bone Spring Formation, encountered at -5,590

feet TVDSS, as shown in that certain Gamma Ray Log dated March 14, 2010 for the Cluster State Com 1H (API # 30-015-37547) (the "Unit").

3. Chevron seeks to dedicate the Unit to the following wells:
 - a. **Hibiki 9 16 21 Federal Com 281H** well to be horizontally drilled with a proposed first take point in the NW/4 NE/4 (Unit B) of Section 9, to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 21; and
 - b. **Hibiki 9 16 21 Federal Com 282H** well to be horizontally drilled with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 9, to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 21.
4. The producing area for the wells is expected to be orthodox.
5. The completed interval of the **Hibiki 9 16 21 Federal Com 282H** 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 320-acre spacing unit dedicated to the Four Roses 9 Federal 214H well (API 30-015-55608), Four Roses 9 Federal 215H well (API 30-015-55593), located in the E/2 of Section 9, Township 26 South, Range 27 East and operated by Chevron U.S.A. Inc.;
 - b. A 160-acre spacing unit dedicated to the Cluster State Com 1H well (API 30-015-37547) and Cluster State Com 2H well (API 30-015-40400) located in the N/2N/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC;
 - c. A 160-acre spacing unit dedicated to the Cluster State Com 3H well (API 30-015-40374) located in the S/2N/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC;
 - d. A 160-acre spacing unit dedicated to the Cluster State Com 4H well (API 30-015-40481) located in the N/2S/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC;
 - e. A 160-acre spacing unit dedicated to the Cluster State Com 5H well (API 30-015-40740) located in the S/2S/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC;

- f. A 160-acre spacing unit dedicated to the Angels Envy 21 Federal 216H well (API 30-015-55508) located in the S/2N/2 of Section 21, Township 26 South, Range 27 East and operated by Chevron U.S.A. Inc.; and
- g. A 320-acre spacing unit dedicated to the Angels Envy 21 Federal 217H well (API 30-015-55513), Angels Envy 21 Federal 218H well (API 30-015-55514), and Angels Envy 21 Federal 219H well (API 30-015-55515).

7. These existing wells are completed in the Second Bone Spring Upper Sand interval, being described as the interval between -4,130 feet TVDSS and -4,375 feet TVDSS, as described on the Gamma Ray Log dated March 14, 2010 for the Cluster State Com 1H (API# 30-015-37547). 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 August 6, 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 960-acre, more or less, standard horizontal Bone Spring spacing unit, measured from approximately 4,548 feet true vertical depth subsea (TVDSS) to the stratigraphic equivalent of the base of the Bone Spring Formation, encountered at -5,590 feet TVDSS, as shown in that certain Gamma Ray Log dated March 14, 2010 for the Cluster State Com 1H (API # 30-015-37547), underlying the E/2 of Sections 9, 16, and 21, Township 26 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: **Hibiki 9 16 21 Federal Com 281H** well to be horizontally drilled with a proposed first take point in the NW/4 NE/4 (Unit B) of Section 9, to a proposed bottom hole location in the SW/4 SE/4 (Unit O) of Section 21; and **Hibiki 9 16 21 Federal Com 282H** well to be horizontally drilled with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 9, to a proposed bottom hole location in the SE/4 SE/4 (Unit P) of Section 21. The producing area for the wells is expected to be orthodox. The completed interval of the **Hibiki 9 16 21 Federal Com 282H** 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. This proposed spacing unit will partially overlap the following spacing units: A 320-acre spacing unit dedicated to the Four Roses 9 Federal 214H well (API 30-015-55608), Four Roses 9 Federal 215H well (API 30-015-55593), located in the E/2 of Section 9, Township 26 South, Range 27 East and operated by Chevron U.S.A. Inc.; a 160-acre spacing unit dedicated to the Cluster State Com 1H well (API 30-015-37547) and Cluster State Com 2H well (API 30-015-40400) located in the N/2N/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC; a 160-acre spacing unit dedicated to the Custer State Com 3H well (API 30-015-40374) located in the S/2N/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC; a 160-acre spacing unit dedicated to the Cluster State Com 4H well (API 30-015-40481) located in the N/2S/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC; a 160-acre spacing unit dedicated to the Cluster State Com 5H well (API 30-015-40740) located in the S/2S/2 of Section 16, Township 26 South, Range 27 East and operated by COG Operating LLC; a 160-acre spacing unit dedicated to the Angels Envy 21 Federal 216H well (API 30-015-55508) located in the S/2N/2 of Section 21, Township 26 South, Range 27 East and operated by Chevron U.S.A. Inc.; and a 320-acre spacing unit dedicated to the Angels Envy 21 Federal 217H well (API 30-015-55513), Angels Envy 21 Federal 218H well (API 30-015-55514), and Angels Envy 21 Federal 219H well (API 30-015-55515). 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 13.6 miles southwest of Malaga, New Mexico.