

**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") (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 the Wolfcamp formation underlying a 1594.84-acre, more or less, standard horizontal spacing unit comprised of Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 7 (collectively all of irregular Section 7); Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 18 (collectively all of irregular Section 18); and Lots 1 and 2 (the W/2NW/4 equivalent), the E/2NW/4, and the NE/4 of irregular Section 19 (collectively the N/2 of irregular Section 19), Township 25 South, Range 29 East, NMPM, Eddy 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 Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 7 (collectively all of irregular Section 7); Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 18 (collectively all of irregular Section 18); and Lots 1 and 2 (the W/2NW/4 equivalent), the E/2NW/4, and the NE/4 of irregular Section 19 (collectively the N/2 of irregular Section 19), Township 25 South, Range 29 East, NMPM,

Eddy County, New Mexico to form a standard 1594.84-acre, more or less, Wolfcamp horizontal spacing unit in the Purple Sage Wolfcamp Gas Pool (Code 98220).

3. Chevron seeks to dedicate the spacing unit to the following wells:
 - a. **RB 19 7 Federal Com 1H** and **RB 19 7 Federal Com 2H** wells to be horizontally drilled at proposed first take points in the SW/4 NW/4 (Unit E) (Lot 2) of Section 19, to proposed last take points in the NW/4 NW/4 (Unit D) (Lot 1) of Section 7;
 - b. **RB 19 7 Federal Com 3H**, **RB 19 7 Federal Com 4H**, and **RB 19 7 Federal Com 5H** wells to be horizontally drilled at proposed first take points in the SE/4 NW/4 (Unit F) of Section 19, to proposed last take points in the NE/4 NW/4 (Unit C) of Section 7;
 - c. **RB 19 7 Federal Com 6H**, **RB 19 7 Federal Com 7H**, and **RB 19 7 Federal Com 8H** wells to be horizontally drilled at proposed first take points in the SW/4 NE/4 (Unit G) of Section 19, to proposed last take points in the NW/4 NE/4 (Unit B) of Section 7; and
 - d. **RB 19 7 Federal Com 9H** and **RB 19 7 Federal Com 10H** wells to be horizontally drilled at proposed first take points in the SE/4 NE/4 (Unit H) of Section 19, to proposed last take points in the NE/4 NE/4 (Unit A) of Section 7.
4. These wells will be located within the Purple Sage Wolfcamp Gas Pool (Code 98220), which is subject to special pool rules that establish 330-foot setback requirements.
5. The wells will comply with the Division's setback requirements for this pool.
6. The producing area for the wells is expected to be orthodox.

7. The completed intervals for the **RB 19 7 Federal Com 5H and the RB 19 7 Federal Com 6H** wells are 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 to the extent necessary.

8. Chevron sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing 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 Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

10. In order to permit Chevron to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Chevron should be designated operator of the proposed wells and spacing unit.

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

A. Pooling all uncommitted interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 7 (collectively all of irregular Section 7); Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 18 (collectively all of irregular Section 18); and Lots 1 and 2 (the W/2NW/4 equivalent), the E/2NW/4, and the NE/4 of irregular Section 19 (collectively the N/2 of irregular Section 19), Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Designating Chevron as operator of this 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

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Application of Chevron U.S.A. Inc. for Compulsory Pooling, Eddy County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 1594.84-acre, more or less, Wolfcamp horizontal spacing unit comprised of Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 7 (collectively all of irregular Section 7); Lots 1-4 (the W/2W/2 equivalent), the E/2W/2, and the E/2 of irregular Section 18 (collectively all of irregular Section 18); and Lots 1 and 2 (the W/2NW/4 equivalent), the E/2NW/4, and the NE/4 of irregular Section 19 (collectively the N/2 of irregular Section 19), Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico, in the Purple Sage Wolfcamp Gas Pool (Code 98220). This spacing unit will be dedicated to the following wells: **RB 19 7 Federal Com 1H** and **RB 19 7 Federal Com 2H** wells to be horizontally drilled at proposed first take points in the SW/4 NW/4 (Unit E) (Lot 2) of Section 19, to proposed last take points in the NW/4 NW/4 (Unit D) (Lot 1) of Section 7; **RB 19 7 Federal Com 3H, RB 19 7 Federal Com 4H, and RB 19 7 Federal Com 5H** wells to be horizontally drilled at proposed first take points in the SE/4 NW/4 (Unit F) of Section 19, to proposed last take points in the NE/4 NW/4 (Unit C) of Section 7; **RB 19 7 Federal Com 6H, RB 19 7 Federal Com 7H, and RB 19 7 Federal Com 8H** wells to be horizontally drilled at proposed first take points in the SW/4 NE/4 (Unit G) of Section 19, to proposed last take points in the NW/4 NE/4 (Unit B) of Section 7; and **RB 19 7 Federal Com 9H and RB 19 7 Federal Com 10H** wells to be horizontally drilled at proposed first take points in the SE/4 NE/4 (Unit H) of Section 19, to proposed last take points in the NE/4 NE/4 (Unit A) of Section 7. The wells will comply with the Division's setback requirements for the Purple Sage Wolfcamp pool. The completed intervals for the **RB 19 7 Federal Com 5H and the RB 19 7 Federal Com 6H** wells are 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 to the extent necessary. 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 7.9 miles southeast of Malaga, New Mexico.