

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

**APPLICATION OF CHEVRON U.S.A. INC.
TO AMEND ORDER NO. R-20859,
LEA COUNTY, NEW MEXICO**

**CASE NO. 21843
ORDER NO. R-20859-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 6, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On September 13, 2019, OCD issued Order R-20859 (“Order”) to Chevron U.S.A. Inc. (“Operator”) to pool the uncommitted oil and gas interests within a specified spacing unit (“Unit”).
2. The Order required the Operator to commence drilling on at least one well prior to the end of the month of the Order in the following year. Operator stated that the drilling of the DL 9 16 Loch Ness Fed Com 16H well was commenced on February 1, 2020 and then drilled to planned total depth. Two other wells were also drilled within the Unit.
3. The Order then required the Operator to commence completion operations within one year after the commencement of drilling operations:
 - (6) In the event the operator does not commence completion operations on at least one of the Well(s) within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtain a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.
4. The deadline for commencing completion operations was February 1, 2021. Operator did not commence completion operations on any wells within the Unit by February 1, 2021.
5. Operator filed an Application on April 2, 2021 to “retroactively” extend the deadline for completing the wells until February 1, 2022.


6. The request to extend the deadline for commencing completion of the wells is more than two months after the deadline.

CONCLUSIONS OF LAW

1. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
2. Under the terms of the Order, if the Operator fails to either commence completion operations, or request an extension of the deadline, within one year from the commencement of drilling operations then “the compulsory pooling provisions of this order shall be of no effect”.
3. Because the Operator failed to either commence completion operations or request an extension of the deadline within one year from the commencement of drilling operations, the compulsory pooling provisions of this order are no longer in effect and OCD cannot retroactively extend the deadline.

IT IS HEREBY ORDERED THAT the Application to retroactively extend the deadlines in Order R-20859 is denied. The Operator is not prohibited from applying again to compulsory pool all uncommitted interests in the Unit.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AES/bb

Date: 5/17/2021