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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 21920

CHEVRON'S PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Chevron U.S.A. Inc. ("Chevron") as required

by the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A. Inc. 1400 Smith Street Houston, Texas 77002

ATTORNEY

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STATEMENT OF THE CASE

Chevron seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre horizontal spacing unit within the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) comprised of the W/2 of Sections 14 and 23, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. Chevron proposes to dedicate the above-referenced spacing unit to the following initial wells:

(1) the **CB Mothma 23 14 Fee 10 #401H** well; and (2) the **CB Mothma 23 14 Fee 10 #402H well**, both of which will be horizontally drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23 to a bottom hole location in the NE/4 NW/4 (Unit C) of said Section 14.

Pursuant to the Special Rules for the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220), the completed interval for each of these proposed initial wells will comply with the 330-foot setback requirement.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Kelly Rau, Landman	Affidavit	Approx. 5
Karl Bloor, Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

Chevron intends to present this case by affidavits if uncontested at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

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