

**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” or “Applicant”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M.S.A. 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation, underlying a standard 640-acre horizontal spacing unit comprised of the W/2 of Sections 17 and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Chevron states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial wells:

(1) the **Grey Goose 20 17 Fed Com 45 #1H well**, and (2) the **Grey Goose 20 17 Fed Com 45 #2H well**, both are to be horizontally drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 20 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 17;

(3) the **Grey Goose 20 17 Fed Com 45 #3H well**, and (4) the **Grey Goose 20 17 Fed Com 45 #4H well**, both are to be horizontally drilled from a surface hole location in the SW/4

SW/4 (Unit M) of Section 20 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 17.

3. The completed interval for the well will comply with setbacks for wells in the Purple Sage; Wolfcamp (Gas) Pool.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant 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 Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

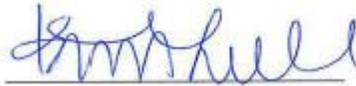
7. The pooling in this case is competing with Cimarex's White City wells in the Bone Spring formation pending before the Division in Case Nos. 22144 & 22317, and Cimarex's Southern Comfort wells in the Bone Spring and Wolfcamp formations pending before the Division in Case Nos. 22295-22297. Accordingly, Chevron requests these cases be set for a contested hearing to determine the appropriate operator of the proposed spacing units in the Bone Spring and Wolfcamp formations after Chevron has filed its pooling applications for the Bone Spring formation for the January 6, 2022 docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division at a contested hearing, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal wells spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



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