

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

**APPLICATION OF CHEVRON U.S.A. INC. FOR AUTHORITY TO VERTICALLY  
EXPAND THE UNITIZED INTERVAL OF THE CICADA UNIT TO INCLUDE THE  
BONE SPRING FORMATION AND TO COMMINGLE PRODUCTION AT THE  
SURFACE, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15845 (re-opened)**

**APPLICATION**

Chevron U.S.A. Inc. (“Chevron”), through its undersigned attorneys, files this application with the Oil Conservation Division for an order authorizing Chevron to (a) vertically expand the unitized interval of the Cicada Unit to include the Bone Spring formation, and (b) to commingle production at the surface from the Bone Spring and Wolfcamp formations underlying the Cicada Unit. In support of this application, Chevron states:

1. The Cicada Unit is comprised of 6400 acres of the following Federal and State lands situated in Eddy County, New Mexico:

**Township 25 South, Range 27 East, NMPM**

Section 23: All  
Section 26: All  
Section 35: All

**Township 26 South, Range 27 East, NMPM**

Section 1: All  
Section 2: All  
Section 10: All  
Section 11: All  
Section 12: All  
Section 14: All  
Section 15: All

2. The Cicada Unit was initially approved on October 6, 2017, by Division Order R-14459 issued in Case 15845 and subsequently expanded to its current acreage configuration by Order R-20858 issued in Case 15845.

3. The Cicada Unit is a Federal "Resource Development Unit" and is limited to horizontal wells. All pre-existing or future vertical wells are excluded from the agreement.

4. The unitized interval currently includes all oil and gas from the stratigraphic equivalent of the top of the Wolfcamp formation encountered at a true vertical depth of 9,092 feet down to the stratigraphic equivalent of the bottom of the Wolfcamp formation at a true vertical depth of 11,235 feet as encountered in the Hay Hollow Unit Well No. 2 (API No. 30-015-21549) in Unit F, Section 12, Township 26 South, Range 27 East, N.M.P.M.3.

5. Chevron is the designated operator of the Cicada Unit and owns all the working interest in the Wolfcamp and Bone Spring formations underlying the Unit Area. Chevron seeks to expand the unitized interval to include the Bone Spring formation.

6. The expanded unitized interval will be the stratigraphic equivalent of the top of the Bone Spring formation at a true vertical depth of 6,064 feet down to the stratigraphic equivalent of the base of the Wolfcamp formation at a true vertical depth of 11,235 feet as encountered in the Hay Hollow Unit 2 well in Section 12, Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico (API 30-015-21549).

7. Chevron has met with the New Mexico State Land Office and the Bureau of Land Management and received preliminary approval to vertically expand the unitized interval to include the Bone Spring formation.

8. Applicant also seeks approval to surface commingle production from the Bone Spring and Wolfcamp formations underlying the Cicada Unit.

9. There are no ownership differences between the Bone Spring formation and the Wolfcamp formation underlying the Cicada Unit.

10. The API gravity of the oil and BTU content of the produced gas from the Wolfcamp and Bone Spring formations underlying the Cicada Unit are similar and should not present a problem with surface commingling.

11. The Bone Spring formation underlying the Cicada Unit is currently subject to the following three pools: North Hay Hollow: Bone Spring Pool (30216); Delaware River: Bone Spring Pool (16800); and Welch: Bone Spring Pool (64101). The Wolfcamp formation underlying the Cicada Unit is subject to the Purple Sage Wolfcamp (Gas) Pool (98220).

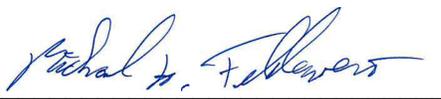
12. The Division's district office has indicated that no change is needed to the existing Bone Spring pools underlying the Cicada Unit.

13. Approving surface pool commingling will allow the efficient use of common facilities for the production, storage, and measurement of production from the unit area; lessen the impact on the surface; and is otherwise in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Chevron U.S.A. Inc. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on July 7, 2022, and that after notice and hearing this Application be approved.

Respectfully submitted,

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