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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23498



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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23498

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- Exhibit C.5: Regional Stress Orientation Justification
- Exhibit C.6: Resume

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST E	BE SUPPORTED BY SIGNED AFFIDAVITS				
Case: 23498	APPLICANT'S RESPONSE				
Date: May 4, 2023					
Applicant	Chevron U.S.A. Inc.				
Designated Operator & OGRID (affiliation if applicable)	Chevron U.S.A. Inc. (4323)				
Applicant's Counsel:	Modrall Sperling				
Case Title:	APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO				
Entries of Appearance/Intervenors:	None				
Well Family	SD 18 19 Federal Com				
Formation/Pool					
Formation Name(s) or Vertical Extent:	Bone Spring				
Primary Product (Oil or Gas):	Oil				
Pooling this vertical extent:	Bone Spring				
Pool Name and Pool Code:	WC-025 G-06 S263319P; Bone Spring				
Well Location Setback Rules:	State-Wide Rules Apply				
Spacing Unit					
Type (Horizontal/Vertical)	Horizontal				
Size (Acres)	320				
Building Blocks:	40				
Orientation:	North-South				
Description: TRS/County	E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico				
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Standard Spacing Unit				
Other Situations					
Depth Severance: Y/N. If yes, description	N				
Proximity Tracts: If yes, description	N				
Proximity Defining Well: if yes, description					
Applicant's Ownership in Each Tract	N/A See Exhibit B-3.				
	December 5.				
Well(s) Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status standard or non-standard)	Add wells as needed				
Well #1: SD 18 19 Federal Com 425H (30-025-50089)	SHL: 425' FNL & 2041' FEL, Section 18, T-26-S R-33-E FTP: 100' FNL & 1210' FEL, Section 18, T-26-S R-33-E LTP: 100' FSL & 1210' FEL, Section 19, T-26-S R-33-E Orientation: North/South Completion Status: Non-Standard				
Well #1: SD 18 19 Federal Com 426H (30-025-50142) EXHIBIT	SHL: 425' FNL & 2016' FEL, Section 18, T-26-S R-33-E FTP: 100' FNL & 330' FEL, Section 18, T-26-S R-33-E LTP: 100' FSL & 330' FEL, Section 19, T-26-S R-33-E Orientation: North/South Completion Status: Standard CD-Hearing-5/4/23				

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Tracts	Exhibit B-3						
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit B-3						
General Location Map (including basin)	Exhibit C-1						
Well Bore Location Map	Exhibit C-1/3						
Structure Contour Map - Subsea Depth	Exhibit C-3						
Cross Section Location Map (including wells)	Exhibit C-3						
Cross Section (including Landing Zone)	Exhibit C-4						
Additional Information							
Special Provisions/Stipulations	Chevron has applied for adminstrative approval for 425H non-standard location.						
CERTIFICATION: I hereby certify that the information pro	ovided in this checklist is complete and accurate.						
Printed Name (Attorney or Party Representative):	Deana M. Bennett						
Signed Name (Attorney or Party Representative):	Near Monat						
Date:	2-May-23						

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

APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING,
AND NOTICE OF PARTIALLY OVERLAPPING UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 23498

SELF AFFIRMED DECLARATION OF KATIE HALLEY

Katie Halley hereby states and declares as follows:

- 1. I am over the age of 18, I am a land professional for Chevron U.S.A. Inc., and I have personal knowledge of the matters stated herein.
- 2. I have previously testified before the Oil Conservation Division ("Division") and my credentials as an expert petroleum landman were accepted as a matter of record.
- 3. My area of responsibility at Chevron includes the area of Lea County in New Mexico.
- 4. I am familiar with the application Chevron filed in this case, which is attached as **Exhibit B.1**.
 - 5. I am familiar with the status of the lands that are subject to the application.
- 6. I submit the following information pursuant to NMAC 19.15.4.12.A(1) in support of the above referenced compulsory pooling application.
- 7. The purpose of the application is to force pool only overriding royalty interests into the horizontal spacing unit described below, and in the wells to be drilled in the unit.
- 8. No opposition is expected because the overriding royalty interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests in the wells.

- 9. In this case, Chevron seeks an order from the Division pooling overriding royalty interests in the Bone Spring formation underlying a standard 320-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
- 10. The spacing unit will be dedicated to the SD 18 19 Federal Com 425H well and the SD 18 19 Federal Com 426H wells to be horizontally drilled.
 - 11. Attached as **Exhibit B.2** are the proposed C-102s for the wells.
- 12. The C-102s identify the proposed surface hole location, the first take point, and the bottom hole location. The C-102s also identifies the pool and pool code.
- 13. The wells will develop the WC-025 G-06 S263319P; BONE SPRING pool, pool code 97955.
 - 14. This pool is an oil pool with 40-acre building blocks.
- 15. This pool is governed by the state-wide horizontal well rules. The producing interval for the SD 18 19 Federal Com 426H well is standard and will comply with the Division's set back requirements. Chevron has submitted an application for administrative approval of for the location of the SD 18 19 Federal Com 425H well, which is non-standard.
 - 16. There are no depth severances within the proposed spacing unit.
- 17. **Exhibit B.3** includes a lease tract map outlining the unit being pooled. Chevron only needs to pool overriding interest owners because all of the working interest owners have signed a JOA. Exhibit 3 also includes the overriding interest owners being pooled.
- 18. There is an existing well within the proposed spacing unit, the SD EA 18 19 Fed Com P15 20H well, which is a one-mile well in Section 19.

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- 19. Because Chevron seeks only to pool overrides, Chevron was not required to send proposal letters to them, or Authorization for Expenditures. In addition, because Chevron only seeks to pool overrides, Chevron does not request any overhead or administrative rates or the imposition of a risk charge.
- 20. I have conducted a diligent search of the public records in the county where the well will be located, and conducted phone directory and computer searches to locate contact information for parties entitled to notification.
 - 21. The parties Chevron is seeking to pool were notified of this hearing.
- 22. **Exhibit B.4** is an affidavit of notice prepared by counsel for Chevron that shows the parties who were notified of this hearing, the status of whether they received notice, and an affidavit of publication from the Hobbs News-Sun newspaper, showing that notice of this hearing was published on April 18, 2023.
- 23. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.
- 24. In my opinion, the granting of this application is in the interests of conservation and the prevention of waste.

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: April 27, 2023

Katie Halley

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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23498

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 NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. In support of this application, Chevron states:

- 1. Chevron is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
- 2. Chevron seeks to dedicate the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico to form a 320-acre, more or less, Bone Spring horizontal spacing unit.
- 3. Chevron plans to drill the following proposed wells to a depth sufficient to test the Bone Spring formation:
 - SD 18 19 Federal Com 425H well to be drilled from a surface location in NW/4 NE/4 of Section 18 (Unit B) to a bottom hole location in SE/4 SE/4 of Section 19 (Unit P).
 - SD 18 19 Federal Com 426H well to be drilled from a surface location in NW/4 NE/4 of Section 18 (Unit B) to a bottom hole location in SE/4 SE/4 of Section 19 (Unit P).



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- 4. The wells will be horizontally drilled.
- 5. The completed interval for the **SD 18 19 Federal Com 425H** well is expected to be less than 330 feet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval.
- 6. There is an existing well within the proposed spacing unit, the SD EA 18 19 Fed Com P15 20H well, which is a one-mile well in Section 19. This well was the subject of Case No. 16113.
- 7. Chevron sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
- 8. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Chevron requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico;
- B. Designating Chevron as the operator of the horizontal spacing 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. Imposing a 200% charge for the risk assumed by Chevron in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

By:/s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
Attorneys for Chevron U.S.A. Inc.

CASE NO. 23498: Application of Chevron U.S.A. Inc. for compulsory pooling, and notice of partially overlapping unit, Lea County, New Mexico. Chevron U.S.A. Inc. seeks an order from the Division pooling all uncommitted mineral interest owners within a 320-acre Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The unit will be dedicated to the SD 18 19 Federal Com 425H wells, to be horizontally drilled. The completed interval for the SD 18 19 Federal Com 425H well is expected to be less than 330 feet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chevron U.S.A Inc. as operator of the wells, a 200% charge for the risk involved in drilling and completing the wells. Said area is located approximately 25 miles west of Jal, New Mexico.

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

12 Dedicated Acres

320

13 Joint or Infill

INFILL

14 Consolidation Code

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate **District Office**

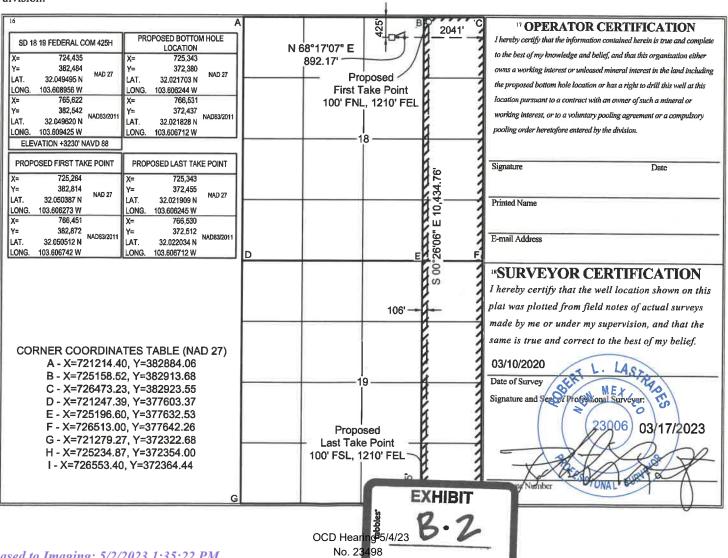
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		² Pool C	ode	³ Pool Name						
	30-025-50	0089	9795	5	WC-025 G-06 S263319P;BONE SPRING					
⁴ Proper	ty Code			5 P	roperty Name				6 Well Number	
332	808			SD 18 19	FEDERAL C	OM			425H	
⁷ OGR	ID No.			8 O	регаtот Name					⁹ Elevation
43	23			CHEVRON U.S.A. INC.					3230'	
				¹º Sur	face Locat	ion				<u>/</u> :
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/\	West line	County
В	18 26 SOUTH 3		33 EAST, N.M.P.M.		425'	NORTH	2041'	EA	ST	LEA
	¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	ot no. Section Township		Range	Lot Idn	Feet from the	North/South line	Feet from the	East/V	Vest line	County
P	19	26 SOUTH	33 EAST, N.M.P.M.		25'	SOUTH	1210'	EAS	ST	LEA

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

15 Order No.



District I

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II

811 S. First St., Artesia, NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170 District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code ³ Pool Name			
30-025-50142		97955	97955 WC-025 G-06 S263319P;BONE S		
⁴ Property Code	d.	⁵ Pr	operty Name	6 Well Number	
332808		SD 18 19	FEDERAL COM	426H	
⁷ OGRID No.		8 O _F	perator Name	9 Elevation	
4323		CHEVR	3230'		

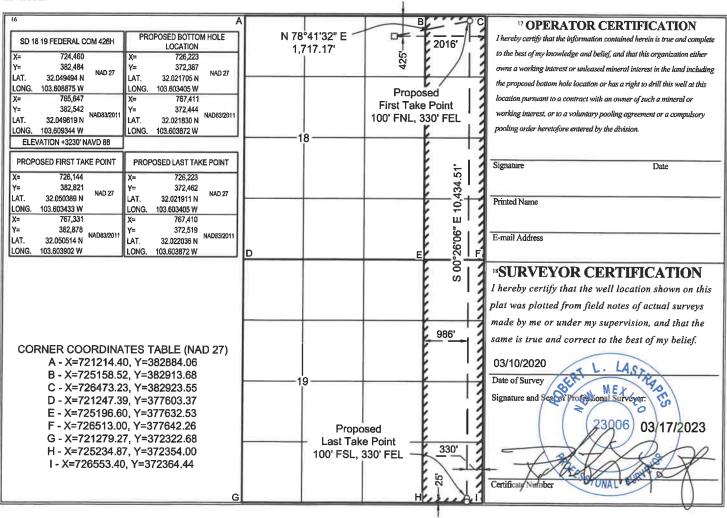
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
В	18	26 SOUTH	33 EAST, N.M.P.M.		425'	NORTH	2016'	EAST	LEA

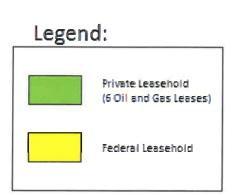
"Bottom Hole Location If Different From Surface

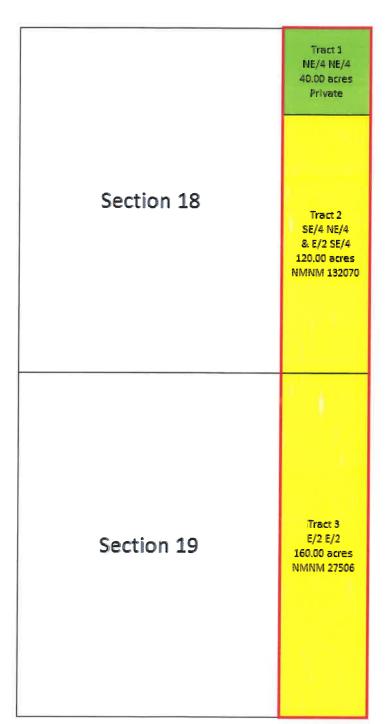
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	26 SOUTH	33 EAST, N.M.P.M.		25'	SOUTH	330'	EAST	LEA
12 Dedicated A	cres 13 Joi	nt or Infill	14 Consolidation Code 15	Order No.			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
320	DI	EFINING							

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



CHEVRON CASE NO. 23498 SD 18 19 FEDERAL COM 425H, 426H T26S-R33E – E/2 E/2 Sections 18 & 19 Lea County, New Mexico





Seeking to compulsory pool overriding royalty interest in Tracts 1, 2, 3



WORKING INTEREST OWNERSHIP

Tract 1: NE/4 NE/4 of Section 18, 1-26-5, R-33-E, as to the Bone Spring forma	tion
Lease: Charlotte W. Schuman Trust	

Leaser Charlotte W. Schallan Hast	
Chevron U.S.A. Inc.	100.000000%
Total	100.000000%
Lease: Daniel P. Schuman	
Chevron U.S.A. Inc.	100.000000%
Total	100.000000%
Lease: Marc Schuman	
Chevron U.S.A. Inc.	100.000000%
Total	100.000000%
Lease: Commerce First Royalties, LP	
Chevron U.S.A. Inc.	100.000000%
Total	100.000000%
Lease: Estate of J. Harold Schuman	
Chevron U.S.A. Inc.	100.000000%
Total	100.000000%
Lease: AE&J Royalties, LLC	
COG Operating LLC	81.000000%
SRR Permian LLC	8.925000
Muleshoe Crude, LP	6.250000
Sagebrush Interest, LLC	2.250000
Covenant Natural Resources LP	0.832781
Chief Capital (O&G) II LLC	0.742219
Total	100.000000%
SE/4 NE/4 & E/2 SE/4 of Section 18, T-26-S, R-33-E, as to the Bo	ne Spring formation
The state of the s	

Tract 2: 9 Lease: Federal Oil and Gas Lease NMNM 132070

Chevron U.S.A. Inc. 100.000000% Total 100.000000%

Tract 3: E/2 E/2 of Section 18, T-26-S, R-33-E, being 160 acres, more or less

Lease: Federal Oil and Gas Lease NMNM 27506

Chevron U.S.A. Inc.	100.00000%
Total	100.000000%

UNIT RECAPITULATION

Unit Description: E/2 E/2 Section 18 & 19, T-26-S, R-33-E, as to the Bone Spring formation **Working Interest Owners:**

Chevron U.S.A. Inc. (Operator)	93.750000%
COG Operating LLC	5.062500%
SRR Permian LLC	0.557812%
Muleshoe Crude, LP	0.390625%
Sagebrush Interest, LLC	0.140625%
Covenant Natural Resources LP	0.052049%
Chief Capital (O&G) II LLC	0.046389%
Total	100.000000%

OVERRIDING ROYALTY INTEREST OWNERS TO BE POOLED

Sandi Miller	
Miller Family Mineral Interest LLC	
Hazelwood Partners LP	
Edna Brown Hibbitts	
Scot C. Miller	
William Porter Hibbitts Irrevocable Gift Trust	
Edna Hibbitts Wright Irrevocable Gift Trust	
John McCartney Hibbitts Irrevocable Gift Trust	

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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23498

SELF-AFFIRMED DECLARATION OF DEANA M. BENNETT

Deana M. Bennett, attorney in fact and authorized representative of Chevron U.S.A. Inc., the Applicant herein, declares as follows:

- 1) The above-referenced Application was provided under notice letter, dated April 12, 2023, and attached hereto, as Exhibit A.
- 2) Exhibit B is the mailing list, which show the notice letters were delivered to the USPS for mailing on April 12, 2023.
- 3) Exhibit C is the certified mailing tracking information, which is automatically complied by CertifiedPro, the software Modrall uses to track the mailings. This spreadsheet shows the names and addresses of the parties to whom notice was sent and the status of the mailing.
- 4) Exhibit D is the Affidavit of Publication from the Hobbs News-Sun, confirming that notice of the May 4, 2023 hearing was published on April 18, 2023.
- 5) I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 2, 2023

Deana M. Bennett





April 12, 2023

Deana M. Bennett 505.848.1834 dmb@modrall.com

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Re: APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO

CASE NO. 23498

TO: AFFECTED PARTIES

This letter is to advise you that Chevron U.S.A. Inc. ("Chevron") has filed the enclosed application.

In Case No. 23498, Chevron seeks an order from the Division pooling all uncommitted mineral interest owners within a 320-acre Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The unit will be dedicated to the SD 18 19 Federal Com 425H and SD 18 19 Federal Com 426H wells, to be horizontally drilled. The completed interval for the SD 18 19 Federal Com 425H well is expected to be less than 330 feet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chevron U.S.A Inc. as operator of the wells, a 200% charge for the risk involved in drilling and completing the wells. Said area is located approximately 25 miles west of Jal, New Mexico.

The hearing will be conducted remotely on May 4, 2023 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: https://www.emnrd.nm.gov/ocd/hearing-info/. This hearing is subject to continuance by the Division to a subsequent docket date.

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com



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the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division at least four business days in advance of a scheduled hearing before the Division or the Commission, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date, with a copy delivered to the undersigned.

Sincerely,

Deana M. Bennett

Attorney for Applicant

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

APPLICATION OF CHEVRON U.S.A.
INC. FOR COMPULSORY POOLING,
AND NOTICE OF PARTIALLY OVERLAPPING UNIT,
LEA COUNTY, NEW MEXICO.

CASE NO. 23498

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 NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. In support of this application, Chevron states:

- 1. Chevron is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
- 2. Chevron seeks to dedicate the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico to form a 320-acre, more or less, Bone Spring horizontal spacing unit.
- 3. Chevron plans to drill the following proposed wells to a depth sufficient to test the Bone Spring formation:
 - SD 18 19 Federal Com 425H well to be drilled from a surface location in NW/4 NE/4 of Section 18 (Unit B) to a bottom hole location in SE/4 SE/4 of Section 19 (Unit P).
 - SD 18 19 Federal Com 426H well to be drilled from a surface location in NW/4 NE/4 of Section 18 (Unit B) to a bottom hole location in SE/4 SE/4 of Section 19 (Unit P).

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- 4. The wells will be horizontally drilled.
- 5. The completed interval for the **SD 18 19 Federal Com 425H** well is expected to be less than 330 feet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval.
- 6. There is an existing well within the proposed spacing unit, the SD EA 18 19 Fed Com P15 20H well, which is a one-mile well in Section 19. This well was the subject of Case No. 16113.
- 7. Chevron sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
- 8. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Chevron requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico;
- B. Designating Chevron as the operator of the horizontal spacing 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. Imposing a 200% charge for the risk assumed by Chevron in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

By:/s/ Earl E. DeBrine, Jr.

Earl E. DeBrine, Jr.
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
edebrine@modrall.com
deana.bennett@modrall.com
Attorneys for Chevron U.S.A. Inc.

CASE NO. 23498: Application of Chevron U.S.A. Inc. for compulsory pooling, and notice of partially overlapping unit, Lea County, New Mexico. Chevron U.S.A. Inc. seeks an order from the Division pooling all uncommitted mineral interest owners within a 320-acre Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 18 and 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The unit will be dedicated to the SD 18 19 Federal Com 425H wells, to be horizontally drilled. The completed interval for the SD 18 19 Federal Com 425H well is expected to be less than 330 feet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chevron U.S.A Inc. as operator of the wells, a 200% charge for the risk involved in drilling and completing the wells. Said area is located approximately 25 miles west of Jal, New Mexico.

PS Form 3877

Type of Mailing: CERTIFIED MAIL 04/12/2023

Firm Mailing Book ID: 244363

g: 5/2	Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
/2023 1:	1	9314 8699 0430 0106 5869 45	EDNA BROWN HIBBITTS C/O O P NEWBERRY III 2101 OAKLAWN DR. MIDLAND TX 79705	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
 2/2023 1:35:22 PM	2	9314 8699 0430 0106 5869 52	EDNA HIBBITTS WRIGHT IRR GIFT TRST AGMT EDNA HIBBITTS WRIGHT TRSTE 976 GRANDON AVE BEXLEY OH 43209	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	3	9314 8699 0430 0106 5869 69	HAZELWOOD PARTNERS LP 120 HAZELWOOD DR FORT WORTH TX 76107	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	4	9314 8699 0430 0106 5869 76	JOHN MCCARTNEY HIBBITTS IRR GIFT TRSTJE, AGMT JOHN MCCARTNEY HIBBITTS TRSTE 4212 STANFORD AVE DALLAS TX 75225	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	5	9314 8699 0430 0106 5869 83	MILLER FAMILY MINERAL INTEREST LLC 2 2 C/O KARIN HUDGINS & DAVID MILLER 8311 SNOQUALMIE DR PASCO WA 99301	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	6	9314 8699 0430 0106 5869 90	SANDI MILLER 17 RIVERSIDE DR ROSWELL NM 88201	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	7	9314 8699 0430 0106 5870 03	SCOT C MILLER 10048 OAK KNOLL TERRACE COLORADO SPRINGS CO 80920	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	8	9314 8699 0430 0106 5870 10	WILLIAM PORTER HIBBITTS IRR GIFT TRST AGMT WILLIAM PORTER HIBBITTS TRSTE 1390 BRENTWOOD ROAD YARDLEY PA 19067	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
	9	9314 8699 0430 0106 5870 27	United States of America Bureau of Land Management 301 Dinosaur Trail Santa Fe NM Santa Fe NM 87508	\$1.50	\$4.15	\$2.10	\$0.00	83420.0050.425H Notice
			Totals:	\$13.50	\$37.35	\$18.90	\$0.00	
_					Grand	Total:	\$69.75	EXHIBIT

List Number of Pieces Listed by Sender

Total Number of Pieces Received at Post Office

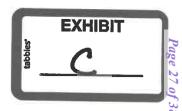
Postmaster:

Dated:

Name of receiving employee



Transaction Report Details - CertifiedPro.net Firm Mail Book ID= 244363 Generated: 5/1/2023 12:44:27 PM										
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Affidavit of Publication

STATE OF NEW MEXICO **COUNTY OF LEA**

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 18, 2023 and ending with the issue dated April 18, 2023.

Publisher

Sworn and subscribed to before me this 18th day of April 2023.

Notary

My commission expires August 09, 2025

(Seal)

PAULA GUELL Notary Public - State of New Mexico **Commission # 1135156** My Comm. Expires Aug 9, 2025

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE April 18, 2023

April 18, 2023

CASE NO. 23498: Notice to all affected parties, as well as heirs and devisees of: Edna Brown Hibbitts of O P Newberry III; Edna Hibbitts Wright IRR Gift Trust Agreement Edna Hibbitts Wright Trustee; Hazelwood Partners LP; John McCartney Hibbitts IRR Gift Trust Agreement John McCartney Hibbitts Trustee; Miller Family Mineral Interest LLC c/o Karin Hudgkins and David Miller Co-Managers, Sandi Miller; Scot C. Miller; William Porter Hibbitts IRR Gift Trust Agreement William Porter Hibbitts Trustee; United States of America, of Application of Chevron U.S.A. Inc. for compulsory pooling, and notice of partially overlapping unit, Lea County, New Mexico. The State of New Mexico through its Oil Conservation Division hereby gives notice that the Division will conduct a public hearing at 8:15 a.m. on May 4, 2023 to consider this application. Information about accessing the electronic hearing is posted at "OCD NOTICES" at https://www.emnrd.mm.gov/ocd/hearing-info/. This hearing is subject to continuance by the Division to a subsequent docket date. Applicant seeks an order from the Division pooling all uncommitted mineral interest owners within a 320-acre Bone Spring horizontal spacing unit underlying the E/2E/2 of Sections 18 and 19, Township 28 South, Range 33 East, N.M.P.M., Lea County, New Mexico. The unit will be dedicated to the SD 18 19 Federal Com 425H and SD 18 19 Federal Com 426H wells, to be horizontally drilled. The completed Federal Com 425H and SD 18 19 Federal Com 426H wells, to be horizontally drilled. The completed interval for the SD 18 19 Federal Com 425H well is expected to be less than 330 feet from the adjoining expected to be less than 330 leet from the adjoining tracts. Chevron intends to submit a non-standard location application for administrative approval. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chevron U.S.A inc. as operator of the wells, a 200% charge for the risk involved in drilling and completing the wells. Said area is located approximately 25 miles. wells. Said area is located approximately 25 miles west of Jal, New Mexico.

01104570

00277673

DOLORES SERNA MODRALL, SPERLING, ROEHL, HARRIS & P. O. BOX 2168 ALBUQUERQUE, NM 87103-2168



26

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

APPLICATION OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, AND NOTICE OF PARTIALLY OVERLAPPING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23498

SELF AFFIRMED DECLARATION OF KIMBERLE DAVIS

Kimberle Davis hereby states and declares as follows:

- 1. I am over the age of 18, I am a geologist for Chevron U.S.A. Inc. ("Chevron"), and have personal knowledge of the matters stated herein.
- 2. I have not previously testified before the Oil Conservation Division ("Division"). My resumed is attached as **Exhibit C.6**.
- 3. My area of responsibility at Chevron includes the area of Lea County in New Mexico.
 - 4. I am familiar with the application Chevron filed in this case.
- 5. **Exhibit C.1** is a locator map showing the approximate location of the proposed unit.
 - 6. **Exhibit C.2** is a wellbore schematic showing Chevron's development plan.
- 7. **Exhibit C.3** is structure map of the Upper Bone Spring. The proposed spacing unit is identified by a white box. The wells are the red lines labeled "425H" and "426H" respectively. The contour interval used this exhibit is 25 feet.
- 8. **Exhibit C.3** also identifies two wells in the vicinity of the proposed wells, shown by a line of cross-section running from A to A'.



- 9. **Exhibit C.4** is a stratigraphic cross section hung on the top of Bone Springs Upper. The well logs on the cross-section give a representative sample of the Bone Spring formation in the area. The target zones are identified by SBU TGT2 and SBU TGT1 the producing interval.
- 10. Exhibit C.5 provides an overview of the stress orientation in the area based on the2018 Snee-Zoback paper.
- 11. The preferred well orientation in this area is North-South. This is because the S_{Hmax} is at approximately 85 degrees.
 - 12. I conclude from the maps that:
 - a. The horizontal spacing unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter quarter section in the proposed unit will contribute more or less equally to production.
- 13. The attachments to this declaration were prepared by me, or compiled from company business records, or were prepared at my direction.
- 14. In my opinion, the granting of Chevron's application is in the interests of conservation and the prevention of waste.

[Signature page follows]

I attest under penalty of perjury under the laws of the State of New Mexico that the information provided herein is correct and complete to the best of my knowledge and belief.

Dated: May 1, 2023

Kimberle Davis

Exhibit C.1 – Location of Development Area



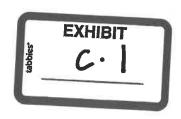


Exhibit C.2 – Gun Barrel Diagram

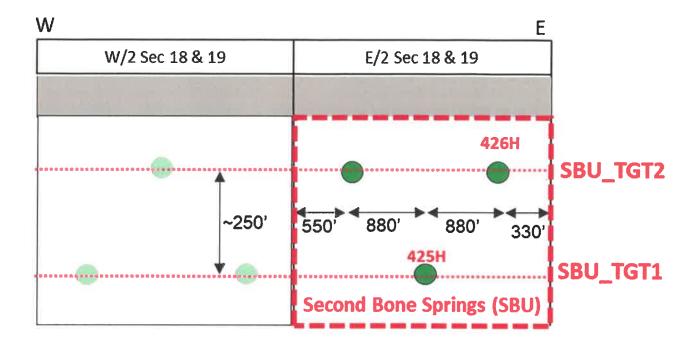




Exhibit C.3 – Second Bone Upper (SBU) Structure Map

 SBU formation is dipping to the East-Southeast; planned wells will be drilled from North to South and in the proposed area the depth range initiates at -7250 ft TVDSS and finishes at approximately -7310 ft TVDSS.

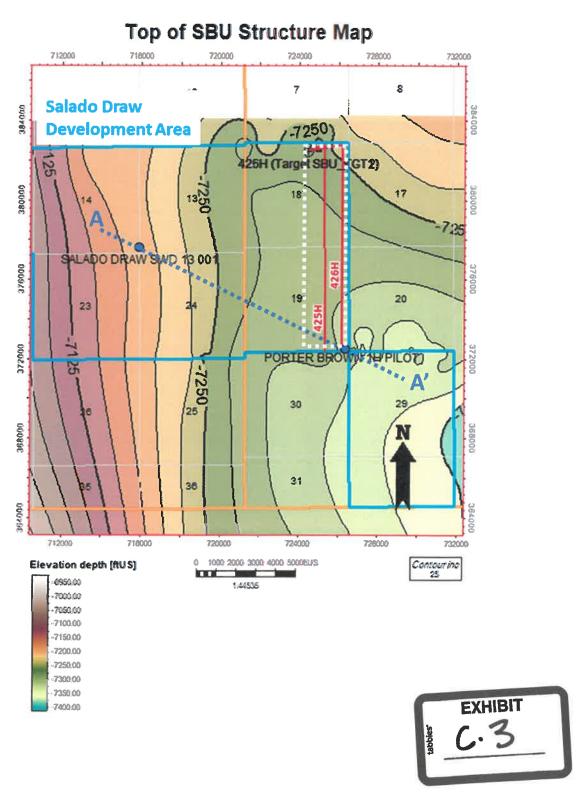
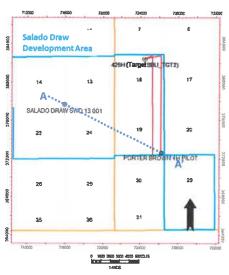


Exhibit C.4 – Cross-Section



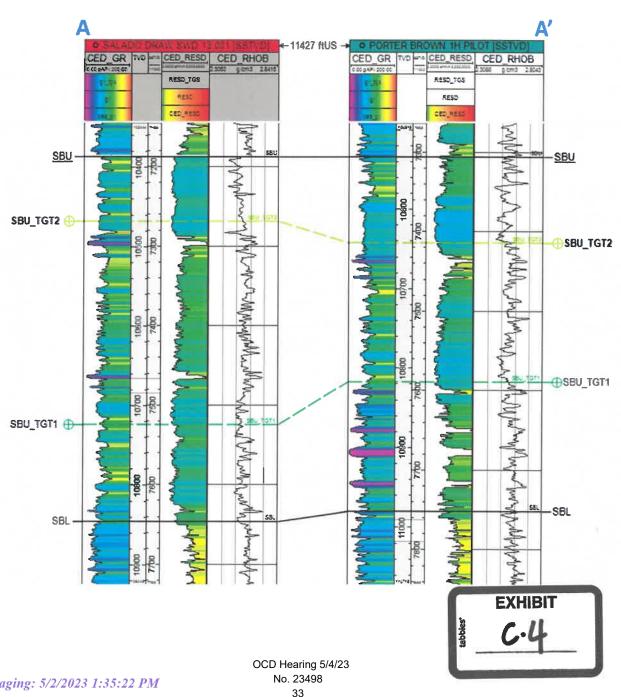
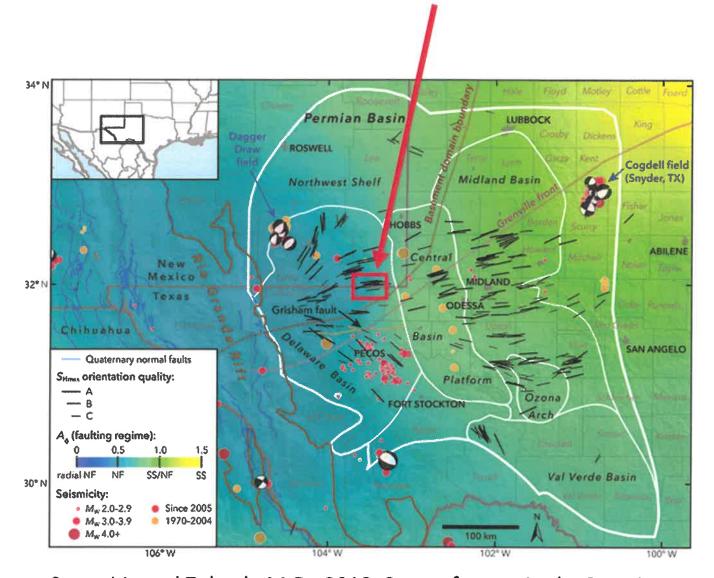


Exhibit C.5 – State of Stress Map

Approximate location of Salado Draw Development Area



Snee, J.L. and Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implication for induced seismicity: The Leading Edge, 37, no. 2



KIMBERLE DAVIS

(505) 906 -1427 Kdavis11@chevron.com

EMPLOYMENT

CHEVRON

Development Geologist, MCBU New Mexico DRP Team, Midland, Texas July 2022 – Current

 Well planning & execution preparation for 4 development areas in Lea County, NM: Cotton Draw, Dagger Lake, Salado Draw, Zion

CHEVRON

Operations Geologist, Gulf of Mexico Wells, Houston, Texas & Covington, Louisiana

November 2020 – June 2022 (Chevron operated wells)

December 2017 - March 2020 (Chevron operated wells)

December 2015 – April 2016 (Jointed operated wells)

- Prepared pressure and fracture gradient models for operated (COOP) wells through drilling operations.
- Assessed drilling hazards, seismic interpretations, geological uncertainties, earth models, rock properties and reservoir depletion.
- Reviewed/summarized drilling operations and lessons learned reports.

CHEVRON

Operations Petrophysicist, Gulf of Mexico Wells, Houston, Texas March 2020 – October 2020

• Prepared formation evaluation plans and followed wells real-time through drilling operations and interpreted and QC logs and provided tool support.

CHEVRON

IT Operations Analyst, Gulf of Mexico Geology & Geophysics Technical Support Team, Covington, Louisiana April 2016 – December 2017

- Application support for real-time web-based data and drilling apps.
- Assisted in Petrel evaluation and production rollout; tested, coordinated, and standardized data framework and transferred field interpretation data.

CHEVRON

Earth Science Intern, Global Upstream Drilling & Completions Technical Support Team, Houston, Texas May 2014 – August 2014

- Obtained conceptual and software knowledge of pore pressure workflow to estimate abnormal shale pore pressure zones for four offshore exploratory wells.
- Utilized wireline well data such as porosity, density, and sonic data to determine model constants: normal compaction trends, effective stress, and overburden gradients.

SALISH KOOTENAI TRIBAL COLLEGE

Mentor, National Center for Earth-Surface Dynamics Research Experience for Undergraduate on Sustainable Land and Water Resource Program, Pablo, Montana
June 2013 – August 2013

 Assisted undergraduate students with sample collections, field measurements, presentations and final research projects reports.



 Provided tutoring for math, science, and computer software; trained students to understand and practice professional development, team building, goal setting and support to develop their personal skills to become successful students and future scientists.

INDIAN HEALTH SERVICE - NAVAJO AREA

Environmental Engineer, Office of Environmental Health & Engineering, Crownpoint, New Mexico July 2010 – July 2012

Managed projects and construction services for sanitation facilities; provided pre-construction
planning, permitting and right-of-way, project cost estimates, prepared construction and as-built plan
sets, completed construction inspection, attending community meetings, applying for infrastructure
funding grants, and provided technical support to the community and construction crews.

NAVAJO NATION

Senior Hydrologist, Department of Water Resources, Water Management, Fort Defiance, Arizona October 2007 – July 2010

- Assisted with water management topics, water infrastructure development and sustainable strategies for community expansion and future water demands.
- Prepared scopes of work and request for proposals for water planning documents, reviewed design
 plans and attended design and construction meetings for water infrastructures, and represented the
 Nation on various water committees.
- Implemented the Ganado Watershed Restoration Project in Ganado, Arizona and supervised and trained summer student crews for 8 weeks of watershed restoration projects.

ALASKA NATIVE TRIBAL HEALTH CONSORTIUM

Engineer I, Division of Environmental Health & Engineering, Anchorage, Alaska June 2001 – July 2005

- Provided project management, design, and construction services for sanitation facilities in rural Western Alaska communities.
- Completed design of facility components, engineering design calculations, project cost estimations, oversight and inspection of construction activities, prepared construction and record drawing plan sets, researched technical specifications of materials and equipment, assisted in applying for infrastructure funding grants, and provided technical support to field staff, facility owners and managers and community members.

EDUCATION

PURDUE UNIVERSITY, West Lafayette, Indiana Master of Science Degree in Earth Science - Dec 2015

PURDUE UNIVERSITY, West Lafayette, Indiana Master of Science Degree in Civil Engineering - May 2007

NEW MEXICO STATE UNIVERSITY, Las Cruces, New Mexico Bachelor of Science Degree in Civil Engineering - May 2001

HONORS/AWARD/LEADERSHIP

ENGINEERING INTERN CERTIFICATION

New Mexico Board of Professional Engineers & Surveyors, July 2001