

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

**APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
LEA 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 NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Upper Bone Spring pool (WC-025 G-05 S233417N; UP BONE SPRING [98133]), underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 22 and 27, Township 23 South, Range 34 East, NMPM, Lea 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 initially dedicate the above-referenced horizontal spacing unit to the proposed **ZN 27 22 Fed State Com 201H** and the **ZN 27 22 Fed State Com 202H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 22; and the **ZN 27 22 Fed State Com 203H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 22.
3. The completed interval of the **ZN 27 22 Fed State Com 202H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

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

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on June 1, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. 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
- E. Imposing a 200% penalty 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,

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ATTORNEYS FOR CHEVRON U.S.A. INC.

CASE _____: **Application of Chevron U.S.A. Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Upper Bone Spring pool (WC-025 G-05 S233417N; UP BONE SPRING [98133]), underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 22 and 27, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. Said unit will be initially dedicated to the proposed **ZN 27 22 Fed State Com 201H** and the **ZN 27 22 Fed State Com 202H** wells, both to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 22; and the **ZN 27 22 Fed State Com 203H** well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 34 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 22. The completed interval of the **ZN 27 22 Fed State Com 202H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of Applicant as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located approximately 18.5 miles northwest of Jal, New Mexico.