

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

**APPLICATION OF CHEVRON U.S.A.  
INC. FOR APPROVAL OF NON-STANDARD UNIT,  
COMPULSORY POOLING, AND NOTICE OF  
OVERLAPPING SPACING UNIT,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Chevron U.S.A. Inc. (“Chevron”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17 and Rule 19.15.16.15(B)(5) NMAC for an order (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 1913.91-acre, more or less, Bone Spring horizontal spacing unit comprised of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico. Chevron also hereby provides notice that the spacing unit proposed in this application will partially overlap an existing spacing unit in Section 19, Township 25 South, Range 29 East, N.M.P.M, Eddy 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 Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico to form a 1913.91-acre, more or less, Bone Spring horizontal spacing unit (the “Unit”).
3. Chevron seeks to dedicate the following proposed wells to the Unit:
  - a. The **RB 7 19 Federal Com 201H; RB 7 19 Federal Com 202H; RB 7 19 Federal Com 203H; RB 7 19 Federal Com 301H; and RB 7 19 Federal Com**

**302H wells** to be drilled in the in the W/2 of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico; and

b. The **RB 7 19 Federal Com 204H; RB 7 19 Federal Com 205H; RB 7 19 Federal Com 303H; RB 7 19 Federal Com 304H wells** to be drilled in the E/2 of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M, Eddy County, New Mexico.

4. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

5. Chevron also provides notice that the Unit will partially overlap the spacing unit for the Showstopper 19 Federal #003H, Showstopper 19 Federal Com #004H, Showstopper 19 Federal Com #005H, and Showstopper 19 Federal #006H wells, located in Section 19, Township 25 South, Range 29 East, Eddy County, New Mexico, and producing from the Willow Lake; Bone Spring, Southeast Pool (Code 96217).

6. Chevron sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

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

8. Approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights.

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

WHEREFORE, Chevron requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 3, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5);
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Pooling all uncommitted interests in the Unit;
- D. Designating Chevron as the operator of the Unit and the wells to be drilled thereon;
- E. Authorizing Chevron to recover its costs of drilling, equipping, and completing the wells;
- F. 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
- G. 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.

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**CASE NO. \_\_\_\_\_: Application of Chevron U.S.A. Inc. for compulsory pooling, approval of a non-standard spacing unit, and notice of overlapping unit, Eddy County, New Mexico.** Chevron U.S.A. Inc. seeks an order from the Division (1) approving a non-standard spacing unit, and (2) pooling all uncommitted mineral interests within a 1913.91-acre, more or less, Bone Spring horizontal spacing unit comprised of Sections 7, 18, and 19, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the RB 7 19 Federal Com 201H; RB 7 19 Federal Com 202H; RB 7 19 Federal Com 203H; RB 7 19 Federal Com 301H; RB 7 19 Federal Com 302H; RB 7 19 Federal Com 204H; RB 7 19 Federal Com 205H; RB 7 19 Federal Com 303H; RB 7 19 Federal Com 304H wells to be horizontally drilled. The producing area for the wells is expected to be orthodox. The Unit will partially overlap with a unit dedicated to certain Showstopper wells, located in Section 19, Township 25 South, Range 29 East, Eddy County, New Mexico. 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, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 10.2 miles south of Malaga, New Mexico.