

**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, 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 a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the base of the Bone Spring formation, underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of Lots 3 and 4, S/2 NW/4 and SW/4 (W/2 equivalent) of Section 5, Township 24 South, Range 29 East, and the W/2 of Section 32, Township 23 South, Range 29 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 initially dedicate the above-referenced horizontal well spacing unit to the proposed **CB SE 5 32 Federal Com 3 201H** and the **CB SE 5 32 Federal Com 3 202H** wells, to be horizontally drilled from a common surface location in the NW/4 of Section 8, Township 24 South, Range 29 East, with first take points, respectively, in the SW/4 SW/4 (Unit M) and the SE/4 SW/4 (Unit N) of Section 5 and last take points in the NW/4 NW/4 (Unit D) and the NE/4 NW/4 (Unit C) of Section 32.

3. The completed interval of the proposed **CB SE 5 32 Federal Com 3 202H** well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit under 19.15.16.15.B(1)(b) NMAC.

4. An ownership depth severance exists in the Bone Spring formation within the proposed horizontal well spacing unit. Accordingly, Chevron seeks to pool only a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the base of the Bone Spring formation, the stratigraphic equivalent of 100 feet below the First Bone Spring formation, as seen at 4,566 feet subsea true vertical depth beneath the surface, to the stratigraphic equivalent of the top of the base of the Bone Spring formation, as seen at 6,811 feet subsea true vertical depth beneath the surface, as shown in that certain Gamma Ray well log in the Cochiti '32C' State 1 (API # 30-015-31910), located in Section 32, Township 23 South, Range 29 East, Eddy County, New Mexico. Chevron will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

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

6. 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 January 4, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests within the defined portion of the Bone Spring formation;

- C. Designating Applicant as the operator of this spacing unit and the 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, 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,

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ATTORNEYS FOR CHEVRON U.S.A. INC.

CASE _____: **Application of Chevron U.S.A. Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted mineral owners in a portion of the Bone Spring formation, from beneath the base of the First Bone Spring to the base of the Bone Spring formation, underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of Lots 3 and 4, S/2 NW/4 and SW/4 (W/2 equivalent) of Section 5, Township 24 South, Range 29 East, and the W/2 of Section 32, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the proposed **CB SE 5 32 Federal Com 3 201H** and the **CB SE 5 32 Federal Com 3 202H** wells, to be horizontally drilled from a common surface location in the NW/4 of Section 8, Township 24 South, Range 29 East, with first take points, respectively, in the SW/4 SW/4 (Unit M) and the SE/4 SW/4 (Unit N) of Section 5 and last take points in the NW/4 NW/4 (Unit D) and the NE/4 NW/4 (Unit C) of Section 32. The completed interval of the proposed **CB SE 5 32 Federal Com 3 202H** well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed 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, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles northeast of Malaga, New Mexico.