

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

**APPLICATION OF CHEVRON U.S.A.
INC. FOR APPROVAL OF A NON-STANDARD UNIT
COMPULSORY POOLING,
AND, TO THE EXTENT NECESSARY,
APPROVAL OF AN OVERLAPPING SPACING UNIT,
LEA 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 pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a non-standard unit, (2) pooling all uncommitted interests in the Bone Spring formation underlying a 480-acre, more or less, non-standard horizontal spacing unit comprised of the E/2NW/4 of Section 33, the E/2W/2 of Section 28, and the E/2SW/4 and SE/4 of Section 21, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, and (3) to the extent necessary, approving an overlapping spacing unit. In support of this application, Chevron states:

1. Chevron has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Chevron seeks to dedicate the E/2NW/4 of Section 33, the E/2W/2 of Section 28, and the E/2SW/4 and SE/4 of Section 21, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico to form a non-standard 480-acre, more or less, Bone Spring horizontal spacing unit, in the Antelope Ridge; Bone Spring, SW pool (Pool Code 97621).
3. Chevron seeks to dedicate the spacing unit to the following wells:

- **ZN 33 21 Fed Com 402H** well to be horizontally drilled at a proposed first take point in the SE/4 NW/4 (Unit F) of Section 33, to a proposed last take point in the NE/4 SW/4 (Unit K) of Section 21; and
- **ZN 33 21 Fed Com 403H** “j-hook” well to be horizontally drilled at a proposed first take point in the SE/4 NW/4 (Unit F) of Section 33, to a proposed last take point in the SE4/SE/4 (Unit P) of Section 21.

4. To the extent certain portions of the wells may be at non-standard locations, Chevron will apply for administrative approval of the non-standard locations.

5. Chevron seeks approval of the 480-acre non-standard spacing unit because to allow Chevron to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.

6. This proposed unit will partially overlap with the following existing spacing unit: A 160-acre spacing unit dedicated to the Wildcat 21 LI Fed Com 1H well (API No. 30-025-41261) located in the N/2S/2 of Section 21, Township 23 South, Range 34 East and operated by Mewbourne Oil Company. Chevron has already provided notice of the overlapping spacing unit to Mewbourne Oil Company, the operator of the existing well, and to the working interest owners in the existing well. Chevron is only seeking approval of the overlapping spacing unit to the extent necessary.

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 all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. Approval of a non-standard spacing unit will allow Chevron to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands and reduce surface disturbance.

10. 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 operator of the proposed wells and spacing unit.

WHEREFORE, Chevron requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 9, 2026 and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard spacing unit;
- B. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2NW/4 of Section 33, the E/2W/2 of Section 28, and the E/2SW/4 and SE/4 of Section 21, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico;
- C. Designating Chevron as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Chevron to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells; and
- G. Approving, to the extent necessary, the proposed overlapping spacing unit.

Respectfully submitted,

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

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CASE NO. _____: Application of Chevron U.S.A. Inc. for Approval of a Non-Standard Spacing Unit, Compulsory Pooling, and, to the Extent Necessary, Approval of an Overlapping Spacing Unit, Lea County, New Mexico. Applicant seeks an order from the Division approving a non-standard 480-acre, more or less, Bone Spring horizontal spacing unit and pooling all uncommitted mineral interests in the E/2NW/4 of Section 33, the E/2W/2 of Section 28, and the E/2SW/4 and SE/4 of Section 21, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, in the Antelope Ridge; Bone Spring, SW pool (Pool Code 97621). This spacing unit will be dedicated to the **ZN 33 21 Fed Com 402H** well to be horizontally drilled at a proposed first take point in the SE/4 NW/4 (Unit F) of Section 33, to a proposed last take point in the NE/4 SW/4 (Unit K) of Section 21; and the **ZN 33 21 Fed Com 403H** “j-hook” well to be horizontally drilled at a proposed first take point in the SE/4 NW/4 (Unit F) of Section 33, to a proposed last take point in the SE4/SE/4 (Unit P) of Section 21. To the extent certain portions of the wells may be at non-standard locations, Chevron will apply for administrative approval of the non-standard locations. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. This proposed unit will partially overlap with the following existing spacing unit: A 160-acre spacing unit dedicated to the Wildcat 21 LI Fed Com 1H well (API No. 30-025-41261) located in the N/2S/2 of Section 21, Township 23 South, Range 34 East and operated by Mewbourne Oil Company. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Chevron U.S.A. Inc. as operator of the wells, and a 200% charge for risk involved in drilling said wells. The unit is located approximately 19 miles northwest of Jal, New Mexico.