

**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”) (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 639.58-acre, more or less, standard horizontal spacing unit comprised of Lots 1 and 2 (the N/2NE/4 equivalent), S/2NE/4, and SE/4 of irregular Section 4 (collectively the E/2 equivalent of irregular Section 4), and the E/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. 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 Lots 1 and 2 (the N/2NE/4 equivalent), S/2NE/4, and SE/4 of irregular Section 4 (collectively the E/2 equivalent of irregular Section 4), and the E/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico to form a standard 639.58-acre, more or less, Bone Spring horizontal spacing unit.
3. Chevron seeks to dedicate the spacing unit to the following wells:
 - **ZN 4 9 Fed Com 413H** well to be horizontally drilled with a proposed first take point in the NW/4NE/4 (Lot 2) of Section 4, to a proposed last take point in the SW/4 SE/4 (Unit O) of Section 9; and

- **ZN 4 9 Fed Com 414H** and **ZN 4 9 Fed Com 415H** wells to be horizontally drilled at a proposed first take point in the NE/4NE/4 (Lot 1) of Section 4, to a proposed last take point in the SE4/SE/4 (Unit P) of Section 9.

4. To the extent non-standard location approval is necessary, Chevron will apply administratively for such approval.

5. The completed interval for the **ZN 4 9 Fed Com 414H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.

6. 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.

7. 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.

8. 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. Pooling all uncommitted interests in the Bone Spring formation underlying a horizontal spacing unit comprised of Lots 1 and 2 (the N/2NE/4 equivalent), S/2NE/4, and SE/4 of irregular Section 4 (collectively the E/2 equivalent of irregular Section 4), and the E/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico;

- B. Designating Chevron as operator of this 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. 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.

Respectfully submitted,

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

By: /s/ Deana M. Bennett

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CASE NO. _____: Application of Chevron U.S.A. Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a 639.58-acre, more or less, Bone Spring horizontal spacing unit comprised of Lots 1 and 2 (the N/2NE/4 equivalent), S/2NE/4, and SE/4 of irregular Section 4 (collectively the E/2 equivalent of irregular Section 4), and the E/2 of Section 9, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **ZN 4 9 Fed Com 413H** well to be horizontally drilled with a proposed first take point in the NW/4NE/4 (Lot 2) of Section 4, to a proposed last take point in the SW/4 SE/4 (Unit O) of Section 9; and **ZN 4 9 Fed Com 414H** and **ZN 4 9 Fed Com 415H** wells to be horizontally drilled at a proposed first take point in the NE/4NE/4 (Lot 1) of Section 4, to a proposed last take point in the SE4/SE/4 (Unit P) of Section 9. To the extent non-standard location approval is necessary, Chevron will apply administratively for such approval. The completed interval for the **ZN 4 9 Fed Com 414H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC. 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 18.5 miles northwest of Jal, New Mexico.