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

APPLICATION OF CHEVRON U.S.A. INC. FOR APPROVAL OF A 474.85 ACRE NON-STANDARD PROJECT AREA COMPRISED OF ACREAGE SUBJECT TO A PROPOSED COMMUNITIZATION AGREEMENT, LEA COUNTY, NEW MEXICO.

CASE NO. _15309_

APPLICATION

Chevron U.S.A. Inc., ("Chevron") through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving a 474.85 acre non-standard project area comprised of acreage subject to a proposed federal and state communitization agreement covering the acreage described below in Lea County, New Mexico. In support of its application, Chevron states:

1.   Chevron (OGRID No. 4323) is the only working interest owner in the Bone Spring formation underlying approximately 474.85 acres of federal and state lands comprised of the following acreage (the "subject acreage"):

TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M.

Section 29: E/2
Section 32: E/2

2.   The E/2 of Section 32 is an irregular section of state lands bordering the State of Texas that contains approximately 155-acres. The E/2 of Section 29 is subject to two federal leases.

3.   The subject acreage has been placed in WC-025 G 06 926331 19P; Bone Spring Pool (Pool Code 97955) and is subject to the Division's general statewide rules for oil development.

4. The Bureau of Land Management has informed Applicant that it desires a single Communitization Agreement covering the entire E/2 of Section 29 and the E/2 of irregular Section 32. The New Mexico State Land Office has informed Applicant that it will approve a single Communitization Agreement for the subject acreage, but that for administrative purposes wells drilled in the subject acreage must be dedicated to the entire E/2 of Section 29 and the E/2 of irregular Section 32.

5. Division Rule 19.15.16.7.L recognizes state exploratory units and participating areas within federal units as approved "project areas" for purposes of efficient horizontal well development. However, this rule currently does not expressly recognize communitized areas as "project areas" for horizontal well development.

6. In order to meet the Bureau of Land Management and New Mexico State Land Office requirements for development of the subject acreage, Application requires approval from the Division to treat the subject acreage as a single project area.

7. Approval of the proposed communitized area as a single project area will also allow Chevron to efficiently locate surface facilities and horizontal wells for the maximum recovery of hydrocarbons in a manner similar to that currently allowed for state exploratory units and participating areas within federal units.

8. Approval of the proposed communitized area as a single project area is consistent with the intent of a "project area" expressed in Rule 19.15.16.7.L(2).

9. Pursuant to Rule 19.15.16.15.E, Chevron will provide notice of this application to the affected persons in the 40-acre spacing units that adjoin the proposed project area.

10.   Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Chevron U.S.A. Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 28, 2015, and that after notice and hearing as required by law, the Commission enter its order granting this application.

Respectfully submitted,

HOLLAND & HART, LLP

By:_____
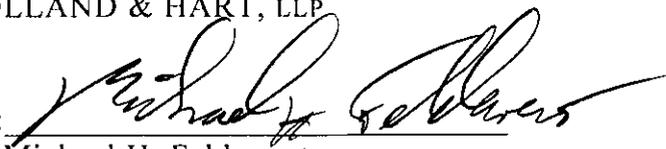
Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

ATTORNEYS FOR CHEVRON U.S.A. INC.

CASE _15309_: **Application Of Chevron U.S.A. Inc. For Approval Of A 474.85 Acre Non-Standard Project Area Comprised Of Acreage Subject To A Proposed Communitization Agreement, Lea, New Mexico.** Applicant in the above-styled cause seeks an order approving a 474.85 acre non-standard project area in the Bone Spring formation comprised of acreage subject to a proposed federal and state communitization agreement covering the E/2 of Section 29 and the E/2 of irregular Section 32, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico. This acreage has been placed in the WC-025 G 06 926331 19P; Bone Spring Pool (Pool Code 97955) and is subject to the Division's general statewide rules for oil development.. The subject acreage is located approximately 50 miles South of Jal, New Mexico.