

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

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APPLICATION OF CHEVRON U.S.A. INC.
FOR A NON-STANDARD SPACING AND PRORATION
UNIT, COMPULSORY POOLING, AND APPROVAL
OF AN UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 16113

APPLICATION OF CHEVRON U.S.A. INC.
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 16114

CHEVRON'S CONSOLIDATED PRE-HEARING STATEMENT

This consolidate pre-hearing statement is submitted by Chevron U.S.A. Inc. ("Chevron")
as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

ATTORNEY

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STATEMENT OF THE CASE

Under Case No. 16113, Chevron seeks an order (1) creating a 320-acre non-standard spacing and proration unit comprised of the E/2 E/2 of Section 18 and the E/2 E/2 of Section 19, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico; (2) pooling all mineral interests in the *Wolfcamp* formation underlying this acreage; (3) approving an unorthodox location for its proposed SD EA 18 19 Fed Com P15 No. 17H Well; and (4) providing an extension of the 120-day period to drill and complete the wells provided by the Division's standard pooling order. Chevron proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for three proposed initial wells: The **SD EA 18 19 Fed Com P15 No. 17H Well**, the **SD EA 18 19 Fed Com P15 No. 18H Well**, and the **SD EA 18 19 Fed Com P15 No. 19H Well**. These wells will be horizontally drilled simultaneously from a common surface location in the NE/4 NE/4 (Unit A) of Section 18 to a bottom hole location in SE/4 SE/4 (Unit P) of Section 19. The completed interval for the proposed **18H Well** and the **19H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the proposed **17H Well** will commence 330 feet from the north line, 1,150 feet from the east line of Section 18 to a location 330 feet from the south line, 1,150 feet from the east line of Section 18. The completed interval therefore encroaches on the spacing and proration units to the west, northwest, and southwest.

Under Case No. 16114, Chevron seeks an order (1) creating a 160-acre non-standard spacing and proration unit comprised of the E/2 E/2 of Section 18, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico; (2) pooling all mineral interests in the *Bone Spring* formation underlying this acreage. Chevron proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **SD EA 18 19 Fed Com P15 No. 20H Well**,

which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 18 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 18. The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Shalyce Holmes, Landman	Approx. 15 minutes	Approx 8.
Tim O'Toole, Geologist	Approx. 10 minutes	Approx 4.

PROCEDURAL MATTERS

Chevron intends to consolidate Case Nos. 16113 and 16114 for the hearing presentation.

Respectfully submitted,

HOLLAND & HART LLP



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