

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

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

Case No. 16132

**PRE-HEARING STATEMENT OF
CHEVRON U.S.A. INC.**

Chevron U.S.A. Inc. ("Chevron") submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

PARTIES

Applicant Chevron U.S.A. Inc.

Tap Rock Resources, LLC

EOG Resources, Inc.

ATTORNEYS

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STATEMENT OF THE CASE

Chevron's application seeks an order (i) approving a 480-acre, non-standard spacing and proration unit in the E/2 of Section 14 and the SE/4 of Section 11, Township 24 South, Range 31 East in Eddy County, and (ii) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. Chevron proposes to dedicate the non-standard spacing and proration unit as the project area for the following three (3) wells:

1. The SND 11 14 Fed Com 003 #4H well, which will be horizontally drilled from a surface location in Unit G in Section 11 to a bottom hole location in Unit O in Section 14;
2. The SND 11 14 Fed Com 003 #5H well, which will be horizontally drilled from a surface located in Unit G in Section 11 to a bottom hole location in Unit P in Section 14; and
3. The SND 11 14 Fed Com 003 #6H well, which will be horizontally drilled from a surface location in Unit G in Section 11 to a bottom hole location in Unit P in Section 14.

The completed interval for all of the wells will be orthodox.

PROPOSED EVIDENCE

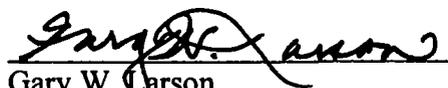
| <u>WITNESS</u> | <u>ESTIMATED TIME</u> | <u>EXHIBITS</u> |
|----------------------------|------------------------------|------------------------|
| Chris Cooper (Landman) | 15 minutes | Approx. 8 |
| Tim O'Toole (Geologist) | 15 minutes | Approx. 5 |
| Sean Cheben (Engineer) | 15 minutes | Approx. 2 |

Chevron reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Because this case involves the same acreage and the same Chevron witnesses as Case No. 16133, Chevron requests that Case Nos. 16132 and 16133 be consolidated for hearing.

HINKLE SHANOR LLP



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Counsel for Chevron U.S.A. Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of May, 2018 I served a true and correct copy of the foregoing *Pre-Hearing Statement of Chevron U.S.A. Inc.* via email to:

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