

**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” or “Applicant”) (OGRID No. 4323), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M.S.A. 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation (WC-025 G-06 S263319P; Bone Spring Pool [Pool code 97955]) underlying a standard 320-acre horizontal spacing unit comprised of the E/2 E/2 of Sections 13 and 24, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico. In support of its application, Chevron states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **SD 24 13 FED P416 19H well** (API No. 30-025-47312), to be horizontally drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 14.
3. The completed interval for the well will comply with statewide setbacks for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant 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 Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 4, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed spacing unit;
- B. Approving the initial well in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

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