

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

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

CASE NO. 16405

CHEVRON'S PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Chevron USA Inc.
1400 Smith Street
Houston, Texas 77002

ATTORNEY

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STATEMENT OF THE CASE

Chevron seeks an order (1) creating, if necessary, a non-standard 640-acre spacing unit comprised of the E/2 of Section 3 and the E/2 of Section 10, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Chevron proposes to dedicate the above-referenced spacing

and proration unit as the project area for three proposed wells: the proposed **CB Hays 10 3 Fed Com 005 1H Well**, the proposed **CB Hays 10 3 Fed Com 005 2H Well**, and the proposed **CB Hays 10 3 Fed Com 005 3H Well**, which will be simultaneously drilled and completed. The three proposed horizontal wells will be pad drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 3 for the **CB Hays 10 3 Fed Com 005 1H Well** and in the NE/4 NE/4 (Unit A) of Section 3 for the **CB Hays 10 3 Fed Com 005 2H Well** and the **CB Hays 10 3 Fed Com 005 3H Well**. The completed interval for each well will remain within the 330-foot offset required by the Special Rules for the Purple Sage Wolfcamp Gas Pool (Pool Code 98220).

APPLICANT'S PROPOSED EVIDENCE

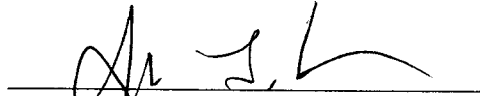
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Irvin Gutierrez Landman	Approx. 10 minutes	Approx 5.
Rachel Storniolo Geologist	Approx. 10 minutes	Approx 4.

PROCEDURAL MATTERS

At hearing, Chevron will dismiss the portion of the application requesting a non-standard spacing unit.

Respectfully submitted,

HOLLAND & HART LLP

A handwritten signature in black ink, appearing to read 'M. H. Feldewert', is written over a horizontal line.

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