

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

APPLICATION OF CHEVRON U.S.A. INC. TO AMEND ORDER R-13862 TO
POOL ADDITIONAL MINERAL INTERESTS IN THE APPROVED SPACING
AND PRORATION UNIT, LEA COUNTY, NEW MEXICO.

CASE NO.15167

APPLICATION

CHEVRON U.S.A. INC., ("Chevron") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling additional mineral interests in the Bone Spring formation, North Red Hills-Bone Spring Pool (Pool Code 96434) underlying the 160-acre oil spacing and proration unit created under Division Order R-13862 consisting of the W/2 E/2 of Section 14, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Chevron states:

1. In Case No. 15167, the Division issued Order R-13862 on July 16, 2014, creating a 160-acre non-standard spacing and proration unit in the North Red Hills-Bone Spring Pool (Pool Code 96434) consisting of the W/2 E/2 of Section 14, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico and pooling the uncommitted mineral interest in this spacing and proration unit ("the Unit").

2. Under Order R-13862, the Unit is dedicated to Chevron's **Gramma Ridge 14-24-34 Well No. 1H**.

3. Since the entry of Order R-13862, Chevron has discovered additional mineral interests in the Unit that were not notified and pooled under Case No. 15167.

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4. Chevron has sought and been unable to obtain voluntary agreement for the development of these lands from all of these additional mineral interest owners, some of which are not locatable or currently have unmarketable title.

5. The pooling of these additional mineral interests under the terms of Division Order R-13862 will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Chevron to obtain it's just and fair share of the oil and gas underlying the Unit, these additional uncommitted mineral interests in the Unit should be pooled pursuant to the terms of Division Order R-13862.

WHEREFORE, Chevron U.S.A. Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 20, 2014, and, after notice and hearing as required by law, the Division amend Division Order R-13862 to compulsory pool all remaining uncommitted mineral interest owners in the Unit pursuant to the terms of that existing Order.

Respectfully submitted,

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CASE 15167 (re-opened): Application of Chevron U.S.A. Inc. To Amend Order

R-13862 To Compulsory Pool Additional Mineral Interests In The Approved Spacing And Proration Unit, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-13862 to include the pooling of additional mineral interests in the North Red Hills-Bone Spring Pool (Pool Code 96434) underlying the 160-acre oil spacing and proration unit created under Division Order R-13862 consisting of the W/2 E/2 of Section 14, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico. Said area is located approximately 1.5 miles north of Ochoa, New Mexico.