

**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,
LEA COUNTY, NEW MEXICO**

CASE NO 15692

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

Michael H Feldewert
Jordan L Kessler
Holland & Hart LLP
Post Office Box 2208
Santa Fe New Mexico 87504-2208
(505) 988 4421
(505) 983 6043 Facsimile

STATEMENT OF THE CASE

Chevron seeks an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 13 and the E/2 E/2 of Section 24 Township 26 South Range 32 East, N M P M , Lea County, New Mexico (2) pooling all mineral interests in the Bone Spring formation underlying this acreage, and (3) approving an unorthodox location for the **SD WE 24 Fed P24 No 6H Well** Chevron proposes to dedicate the above referenced spacing and proration unit as the project area for two proposed wells the proposed **SD WE 24 Fed P24 No**

6H Well and the proposed **SD WE 24 Fed P24 No 7H Well**, which will be simultaneously drilled and completed. The two proposed horizontal wells will be pad drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 24 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 13.

This project area is located within the WC 025 G-06 S263319P BS Pool Code (97955). This pool is subject to Statewide Rules for oil wells set forth in 19 15 15 NMAC, which requires wells to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed **SD WE 24 Fed P24 No 6H Well** will be unorthodox because the completed interval for this well will be closer than 330 feet to the outer boundary. The completed interval for this well will commence 330 feet from the South line, 1,265 feet from the East line of Section 24 to a location 330 feet from the North line, 1,265 feet from the East line of Section 13. The completed interval therefore encroaches on the spacing and proration units to the West, Northwest, and Southwest. Chevron is the 100% working interest owner in the spacing and proration unit to the West. The completed interval for the proposed **SD WE 24 Fed P24 No 7H 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

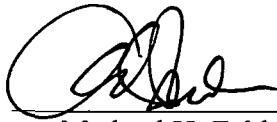
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Amber Delach Landman	Approx 10 minutes	Approx 5
Fred Verner Geologist	Approx 10 minutes	Approx 3

PROCEDURAL MATTERS

None

Respectfully submitted

HOLLAND & HART LLP


for Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe New Mexico 87504-2208
(505) 988 4421
(505) 983 6043 Facsimile

ATTORNEYS FOR CHEVRON USA INC