

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**CASE NO. 15845 Re-Opened
Previously issued Order No. R-14459**

ORDER NO. R-20858

**APPLICATION OF CHEVRON U.S.A. INC. FOR APPROVAL OF AN EXPANSION OF
THE CICADA UNIT, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing September 5, 2019 at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 13th day of September 2019, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The Cicada Unit was approved by the Division on October 6, 2017 through Order No. R-14459 issued in Case No. 15845. The Unit consisted of 5760 acres (more or less) of the following Federal and State lands situated in Eddy County, New Mexico:

Township 25 South, Range 27 East, NMPM

Section 23: All
Section 26: All
Section 35: All

Township 26 South, Range 27 East, NMPM

Section 1: All

Section 2: All
Section 10: All
Section 11: W/2
Section 12: All
Section 14: W/2
Section 15: All

(3) The applicant, Chevron U.S.A. Inc. (OGRID 4323) seeks approval to expand the Unit by the addition of the following lands, resulting in a total of 6400 Unit acres:

Township 26 South, Range 27 East, NMPM

Section 11: E/2
Section 14: E/2

(4) The Applicant presented testimony and exhibits as follows.

a. The Cicada Unit is a Federal "Resource Development Unit" and is confined to the Wolfcamp formation and limited to horizontal wells. All pre-existing or future vertical wells are excluded from the agreement.

b. The "Unitized Interval" includes all oil and gas from the stratigraphic equivalent of the top of the Wolfcamp formation encountered at a true vertical depth of 9092 feet down to the stratigraphic equivalent of the bottom of the Wolfcamp formation at a true vertical depth of 11235 feet as encountered in the Hay Hollow Unit Well No. 2 (API No. 30-015-21549) in Unit F, Section 12, Township 26 South, Range 27 East, N.M.P.M.

c. The Agreement has provisions for expansion or contraction.

d. The Unit is now being expanded by the addition of one federal tract (lease) and as expanded includes six federal tracts and six State tracts.

e. Chevron has received preliminary approval of the expansion to the Unit from the Bureau of Land Management (BLM) and the Commissioner of Public Lands ("SLO").

f. The Oil Conservation Division is recognized in the agreement as another agency, in addition to the BLM and the SLO, necessary for approval of the agreement and the conservation provisions.

g. Notice was provided of this application to the working interest owners, royalty owners, and overriding royalty owners within the Unit area.

(5) No other party appeared at the hearing or otherwise opposed this application.

(6) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(7) The approval of the proposed amended unit agreement will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The Unit Agreement for the Cicada Development Unit executed by Chevron U.S.A. Inc. is hereby approved for all oil and gas in the Unitized Interval underlying the following-described 6400 acres (more or less) of Federal and State lands situated in Eddy County, New Mexico:

Township 25 South, Range 27 East, NMPM

Section 23: All
Section 26: All
Section 35: All

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Township 26 South, Range 27 East, NMPM

Section 1: All
Section 2: All
Section 10: All
Section 11: All
Section 12: All
Section 14: All
Section 15: All

(2) The plan contained in the Cicada Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the BLM and the SLO. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in blue ink, appearing to read "ASD".

ADRIENNE SANDOVAL
Director