

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

**APPLICATION OF CHEVRON USA INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**CASES NO. 21240, 21241, 21242, 21243,
21244, 21245, 21246, 21247**

PRE-HEARING ORDER

This Pre-Hearing Order follows a status conference on May 28, 2020, and the submission of a motion for bifurcation and proposed pre-hearing order by Chevron, and response to the motion by EOG Resources.

Having considered the motion and response, and having reviewed the OCD hearing schedule with the Division clerk, the undersigned hearing examiner will bifurcate the Northern Units from the Southern Units, as requested. The Northern Units will be heard in an earlier setting, but the dates requested in Chevron's June 8 motion are no longer available as a result of a lengthy docket on June 25, the entry of a pre-hearing order issued on June 3 in other matters setting a hearing on June 26, and the entry of still another pre-hearing order setting contested matters on July 24, so the hearings in these matters will be scheduled as set out below, which is as soon as practicable for Division staff and contractors.

1. The applications in these matters are for compulsory pool acreages in the Bone Spring and Wolfcamp formations in Sections 3, 10, 15 and 22, Township 22 South, Range 33 East, Lea County, New Mexico.
2. Chevron filed the compulsory pooling applications on March 31, 2020.
3. Case Nos. 21240, 21241, 21244 and 21245 concern lands located in Sections 3 and 10, Township 22 South, Range 33 East, N.M.P.M. (Northern Units).
4. Case Nos. 21242, 21243, 21246, and 21247 concern lands located in Sections 15 and 22, Township 22 South, Range 33 East, N.M.P.M. (Southern Units).
5. Entries of Appearance have been filed by EOG Resources, Inc. (EOG), Antelope Energy Company, LLC (Antelope), Michael L. and Patricia S. Stewart (Stewarts), Helms Oil & Gas, LLC (Helms), JAFT Investments, LLC (JAFT), and Patrick K. and Shelly R. Worrell (Worrells).
6. EOG is an interest owner in the application lands at issue in all of the above-captioned cases. Antelope and the Stewarts et al. are interest owners in the Southern Units only.
7. The Northern Units, Case Nos. 21240, 21241, 21244 and 21245, will be heard first, with the hearing commencing on July 9 at the end of the hearing docket for that day (for affidavit matters and status conferences only), no earlier than 8:30 a.m., and continuing as necessary through July 10, 2020.

8. The Southern Units, Case Nos. 21242, 21243, 21246, and 21247, will be heard after the completion of the hearing on the Northern Units, and will be continued to August 6-7 if necessary.
9. The hearing will be recorded and transcribed by a court reporter.
10. The hearing will be conducted using the Webex meeting platform; sign-in information will be sent to the parties closer to the date of the hearing. The Hearing Officer may modify the format of the hearing consistent with available resources and public distancing directives in place at the time of the hearing.
11. The parties shall file with the pre-hearing statement required by NMAC 19.15.4.13.B the following additional information, all of which is due by 5 p.m. on July 2:
 - a. a list of material facts not in dispute;
 - b. a list of disputed material facts and issues;
 - c. identification of the witnesses and their qualifications; and
 - d. a full narrative of the direct testimony and exhibits for each witness.
12. Any evidentiary objections to the filed direct testimony or any exhibit shall be filed by 5 p.m. on July 8, and will be addressed at the commencement of the hearing.
13. All witnesses filing direct testimony shall attend the hearing and will be subject to cross examination by counsel for the parties and the Division Examiners.
14. As part of the testimony and exhibits each party desires to present regarding the applications, each party should address the following issues if pertinent:
 - a. A description and comparison of the geology of the competing well locations and the potential of the competing prospects to efficiently recover the oil and gas reserves underlying the property;
 - b. A description and comparison of the acreage used and stranded by the competing prospects;
 - c. A description and comparison of the risk associated with the competing proposals to explore and develop the property;
 - d. A description of the ability of each applicant to prudently operate the property and to prevent waste;
 - e. A description of the negotiations by each applicant prior to filing the application;

- f. A description of each applicant's well cost estimates (AFEs) and other operational costs; and
 - g. A description of the mineral interest owned by each applicant.
15. The OCD's Guidelines for Presentation of Cases by Witnesses, paragraphs 1 through 6, are applicable.
16. Each party will have an opportunity to cross-examine an individual witness directly following oral testimony of that witness, with redirect (if any) to follow cross-examination, before a party moves to the direct testimony of a new witness as part of its case-in-chief.
17. The hearing on the Northern Units will proceed in the following manner:
- a. Opening statements by Chevron, and then EOG;
 - b. Case-in-Chief by Chevron;
 - c. Case-in-Chief by EOG;
 - d. Rebuttal by Chevron, and then EOG;
 - e. Closing Statement of Chevron, and then EOG, unless the hearing examiner requests closing statements and/or proposed findings of fact and conclusions of law in writing following the hearing.
- The hearing on the Southern Units will proceed similarly; a subsequent pre-hearing order specific to the Southern Units may be entered as necessary.
18. A courtesy copy of all documents filed with the Division Hearings staff shall be sent to the Hearing Officer via e-mail.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


**FELICIA L. ORTH
HEARING EXAMINER**

Date: 6/12/20