

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

**APPLICATION OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**CASE NOS. 21242, 21243, 21246,
& 21247**

CHEVRON'S AMENDED PRE-HEARING STATEMENT

Chevron U.S.A. Inc. ("Chevron" or "Applicant") (OGRID No. 4323) provides this amended pre-hearing statement for the above-referenced cases as required by the rules of the New Mexico Oil Conservation Division ("Division").

APPEARANCES

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STATEMENT OF THE CASES

Case No. 21242

In **Case No. 21242**, Applicant seeks an order pooling all uncommitted interests in the Bone Spring formation (Lower Avalon: Red Tank; Bone Spring East and TBS: WC-025 G-06 S213326D; Bone Spring) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15 and E/2 of Section 22, Township 22 South, Range 33 East, Lea County, New Mexico, N.M.P.M. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following four proposed initial wells, all of which will be horizontally drilled from a common surface location in the SW/4SE/4 (Unit O) of Section 10. The bottom hole location of the **DL 15 22 Ogopogo Fed Com 222H** well will be in the SW/4SE/4 (Unit O) of Section 22. The bottom hole location of the **DL 15 22 Ogopogo Fed Com 223H** well, the **DL 15 22 Ogopogo Fed Com 224H** well and the **DL 15 22 Ogopogo Fed Com 512H** well will be in the SE/4SE/4 (Unit P) of Section 22. The completed intervals of these wells will comply with statewide setbacks.

As part of a final order of the Division, Chevron requests that the Division, among other things, authorize Chevron to recover its costs of drilling, equipping and completing the initial wells, approve the actual operating costs associated with the initial wells, grant an extension of the

120-day period for drilling and completing the initial wells, and impose a 200% charge for the risk assumed by Chevron in drilling and completing the initial wells against any working interest owner who does not voluntarily participate in the drilling and completion of the initial wells.

Case No. 21243

In **Case No. 21243**, Applicant seeks an order pooling all uncommitted interests in the Wolfcamp formation (WCA: WC-025 G-10 S213328O) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 15 and E/2 of Section 22, Township 22 South, Range 33 East, Lea County, New Mexico, N.M.P.M. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following three proposed initial wells, all of which will be horizontally drilled from a common surface location in the SW/4SE/4 (Unit O) of Section 10. The bottom hole location of the **DL 15 22 Ogopogo Fed Com 622H** well will be in the SW/4SE/4 of Section 22, and the bottom hole locations of the **DL 15 22 Ogopogo Fed Com 623H** well and the **DL 15 22 Ogopogo Fed Com 624H** well will be in the SE/4SE/4 (Unit P) of Section 22. The completed intervals of all wells will comply with statewide setbacks.

As part of a final order of the Division, Chevron requests that the Division, among other things, authorize Chevron to recover its costs of drilling, equipping and completing the initial wells, approve the actual operating costs associated with the initial wells, grant an extension of the 120-day period for drilling and completing the initial wells, and impose a 200% charge for the risk assumed by Chevron in drilling and completing the initial wells against any working interest owner who does not voluntarily participate in the drilling and completion of the initial wells.

Case No. 21246

In **Case No. 21246**, Applicant seeks an order seeks an order (1) pooling all uncommitted interests in the Bone Spring formation (Lower Avalon: Red Tank; Bone Spring East and TBS: WC-025 G-06 S213326D; Bone Spring) underlying a standard 640-acre, more or less, horizontal

spacing unit comprised of the W/2 of Section 15 and W/2 of Section 22, Township 22 South, Range 33 East, Lea County, New Mexico, N.M.P.M.; and (2) approving a non-standard location for one of the initial wells, the **DL 15 22 Ogopogo Fed Com 511H** well. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following five proposed initial wells:

- **DL 15 22 Narwhal Fed Com 219H** well to be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 10 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 22.
- **DL 15 22 Narwhal Fed Com 220H** well to be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 10 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 22.
- **DL 15 22 Narwhal Fed Com 221H** well to be drilled from a surface hole location in the SE/4SW/4 (Unit N) of Section 10 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 22.
- **DL 15 22 Narwhal Fed Com 510H** well to be drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 10 to a bottom hole location in the SW/4SW/4 (Unit M) of Section 22.
- **DL 15 22 Ogopogo Fed Com 511H** well to be drilled from a surface hole location in the SW/4SE/4 (Unit O) of Section 10 to a bottom hole location in the SE/4SW/4 (Unit N) of Section 22. The completed interval of this well will be at an unorthodox location 78 feet from the east boundary of the proposed spacing unit, thereby encroaching on the acreage to the east of the proposed spacing unit. The last take points of the completed interval to the north and south will be orthodox.

With the exception of the **DL 15 22 Ogopogo Fed Com 511H** well the completed intervals of these wells will comply with statewide setbacks.

As part of a final order of the Division, Chevron requests that the Division, among other things, authorize Chevron to recover its costs of drilling, equipping and completing the initial wells, approve the actual operating costs associated with the initial wells, grant an extension of the 120-day period for drilling and completing the initial wells, and impose a 200% charge for the risk assumed by Chevron in drilling and completing the initial wells against any working interest owner who does not voluntarily participate in the drilling and completion of the initial wells. Chevron further requests the Division approve the unorthodox location of the **DL 15 22 Ogopogo Fed Com 511H** well.

Case No. 21247

In **Case No. 21247**, Applicant seeks an order pooling all uncommitted interests in the Wolfcamp formation (WCA: WC-025 G-10 S213328O) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Section 15 and W/2 of Section 22, Township 22 South, Range 33 East, Lea County, New Mexico, N.M.P.M. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following three proposed initial wells, all of which will be horizontally drilled from a common surface location in the SE/4SW/4 (Unit N) of Section 10, Township 22 South, Range 33 East, Lea County, New Mexico. The bottom hole locations of the **DL 15 22 Narwhal Fed Com 619H** well and the **DL 15 22 Narwhal Fed Com 620H** well will be in the SW/4SW/4 (Unit M) of Section 22, and the bottom hole location of the **DL 15 22 Narwhal Fed Com 621H** well will be in the SE/4SW/4 (Unit N) of Section 22. The completed intervals of all wells will comply with statewide setbacks.

As part of a final order of the Division, Chevron requests that the Division, among other things, authorize Chevron to recover its costs of drilling, equipping and completing the initial wells, approve the actual operating costs associated with the initial wells, grant an extension of the 120-day period for drilling and completing the initial wells, and impose a 200% charge for the risk assumed by Chevron in drilling and completing the initial wells against any working interest owner who does not voluntarily participate in the drilling and completion of the initial wells.

Under the current rules of the Division, all of the proposed spacing and proration units are standard horizontal spacing and proration units. The completed intervals for all of the proposed wells will be orthodox with the exception of the **DL 15 22 Ogopogo Fed Com 511H** well in Case No. 21246. Chevron has properly noticed all interest owners and affected parties of the respective applications pursuant to NMAC 19.15.4.12.A.(1). Chevron has made a good faith effort but has been unable to obtain voluntary agreement for the development of the respective lands from all

interest owners within the horizontal spacing units. Chevron will present evidence and testimony demonstrating that the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

PROPOSED EVIDENCE

Chevron U.S.A. Inc.

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Shalyce Holmes Land C.V. - Exhibit L-22	Pre-filed Testimony, Exhibit L TBD	Approx. 21
Sarah Wright Geologist C.V. - Exhibit G-12	Pre-filed Testimony, Exhibit G TBD	Approx. 11
Gerardo Jimenez Reservoir Engineer C.V. – Exhibit E-7	Pre-filed Testimony, Exhibit E TBD	Approx. 6
Megan DeWitt Facilities Engineer (Rebuttal Witness) C.V. – Exhibit R	TBD	

Chevron reserves the right to call additional rebuttal witnesses.

EOG Resources, Inc.

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
None anticipated		

Antelope Energy Company, LLC

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
None anticipated		

Stewarts, Helms, JAFT and Worrells

WITNESS

ESTIMATED TIME

EXHIBITS


None anticipated

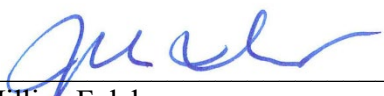
PROCEDURAL MATTERS

The above-referenced cases will be consolidated for hearing. The hearing will proceed pursuant to the Amended Pre-Hearing Order dated June 19, 2020. Chevron has acquired all of the working interest of Helms Oil & Gas LLC (“Helms”) and Patrick K. and Shelly R. Worrell (“Worrells”). Chevron does not anticipate opposition by any of the parties entering an appearance in the referenced cases. If at the time of hearing there is no opposition by any party, Chevron will present these cases by affidavit.

Respectfully submitted,

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ATTORNEYS FOR CHEVRON U.S.A. INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the Division and counsel of record by electronic mail on September 3, 2020.

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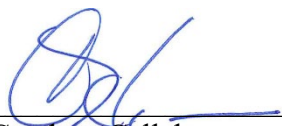
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