

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

**IN THE MATTER OF THE HEARINGS  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**APPLICATION OF NEARBURG EXPLORATION  
COMPANY, LLC FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO;**

**Case No. 14995**

**And**

**APPLICATION OF NEARBURG EXPLORATION  
COMPANY, LLC FOR A NON-STANDARD OIL  
SPACING AND PRORATION UNIT, UNORTHODOX  
OIL WELL LOCATION, AND COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.**

**Case No. 14996**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by OXY USA WTP, LP (OXY) as required by  
the Oil Conservation Division.

**APPEARANCES**

**INTEREST-OWNER**

OXY USA WTP, LP  
PO BOX 4294  
Houston, TX 77210-4294

**ATTORNEY**

Dalva L. Moellenberg  
Germaine R. Chappelle  
Gallagher & Kennedy, PA  
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Santa Fe, NM 87501-2758  
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## **STATEMENT OF THE CASE**

Nearburg Exploration Company, LLC (Nearburg) proposes the following:

In Case No. 14995, Nearburg applies for an order pooling all mineral interests from the surface to the top 200 feet of the Mississippian formation underlying the NW/4NW/4 of Section 20, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

In Case No. 14996, Nearburg applies for an order approving a non-standard oil spacing and proration unit comprised of the S/2NE/4 of Section 17, Township 17 South, Range 37 East, N.M.P.M., Lea County, New Mexico, approving an unorthodox oil well location, and pooling all mineral interests from the surface to the top 200 feet of Mississippian formation underlying the non-standard unit. In support for its request for a non-standard spacing and proration unit, Nearburg asserts that one well will drain reserves underlying the S/2NE/4 of Section 17.

In support of both requests, Nearburg's applications filed in Case Nos. 14995 and 14996 assert that its' attempts to obtain voluntary agreements from all mineral interest owners to participate in the drilling and completion of the above-described well locations were adequate and that they were ultimately unable to obtain voluntary agreements from all mineral interest owners to participate in the drilling and completion of the subject wells.

OXY received notice, dated April 30, 2013, of Nearburg's requests for participation in the subject wells on May 7, 2013. Nearburg filed the subject applications with the OCD a week later on May 14, 2013. Since receiving Nearburg's request for participation, OXY has diligently attempted to negotiate with Nearburg and has requested information from Nearburg needed to evaluate the proposed wells. OXY's geologic staff believe the area in which the subject wells are proposed to be located to contain reservoir risk. As a result, OXY has requested additional information from Nearburg to evaluate this risk. Nearburg and OXY are continuing

negotiations with respect to OXY's request for additional information and the terms of voluntary participation. OXY anticipates that ultimately voluntary completion can be agreed to with respect to the well described in Case No. 14995. Assuming agreement on voluntary participation is reached by OXY and Nearburg before the hearing scheduled for June 13, 2013 of Case No. 14995, OXY requests to be dismissed from that Case. If, however, agreement is not ultimately reached, OXY reserves the ability to request the hearing be continued to allow the parties to complete negotiations.

With respect to the well described in Case No. 14996, in the course of negotiations to participate, Nearburg has indicated that the drilling of the well described in Case No. 14996 is contingent on the success of the drilling and production of the well described in Case No. 14995. Depending on the outcome of the well in Case No. 14995, OXY requests that it be afforded the same opportunity to evaluate voluntary participation in the second well as Nearburg has disclosed it plans to take in deciding whether to drill the second well. As a result, depending on the outcome of the well in Case No. 14995, OXY may or may not want to participate voluntarily in the well described in Case No. 14996. As a result of Nearburg's representation that the drilling of the well described in Case No. 14996 is contingent on the success of the well described in Case No. 14995, OXY believes that Nearburg's request to force pool in Case No. 14996 is premature.

Nearburg asserts that one well will drain the reserves underlying the area described in Case No. 14996. Oxy needs additional time and information to evaluate Nearburg's assertion, particularly because Nearburg's proposal for a non-standard oil spacing and proration unit would act to reduce OXY's interest. OXY, therefore, requests additional time and information to

evaluate Nearburg's request for a non-standard oil spacing and proration unit and unorthodox oil well location in Case No. 14996.

For the above-stated reasons, OXY requests that the hearing for Case No. 14996 currently set for June 13, 2013 be continued.

#### **INTEREST-OWNER'S PROPOSED EVIDENCE**

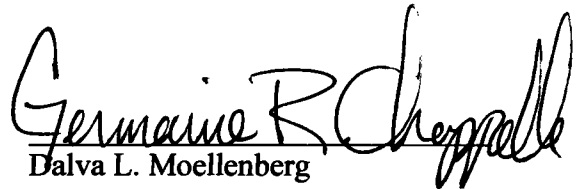
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Patrick Sparks, Land Negotiator	Approx. 20 minutes	Approx. 5
Jeff C. Thompson, Senior Geologic Advisor	Approx. 20 minutes	Approx. 5
Adam Himelfarb, Staff Geologist	Approx. 20 minutes	Approx. 5

#### **PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

GALLAGHER & KENNEDY, P.A.



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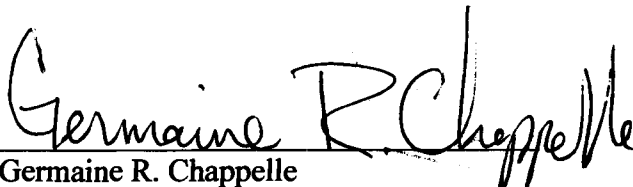
**Case No. 14996**

**CERTIFICATE OF SERVICE**

I hereby certify that the Pre-Hearing Statement of Interest-Owner was mailed to the below individuals on June 6, 2013:

James Bruce  
PO Box 1056  
Santa Fe, NM 87504

Dated: June 6, 2013

  
\_\_\_\_\_  
Germaine R. Chappelle