

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

**APPLICATION OF OXY USA INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 20186

APPLICATION

OXY USA Inc., (“OXY”), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in all formations from the surface to the base of the Morrow formation in the following spacing units located in the N/2 of Section 4, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not limited to the Loving; Morrow, North Gas Pool (80694) and the North Loving Strawn Gas Pool (80710). In support of this application OXY states:

1. OXY USA Inc. (OGRID No. 16696) is a working interest owner in the N/2 of said Section 4 and has a right to drill thereon.
2. OXY previously drilled the **Loving Fed Com Well No. 1 Well** pursuant to a joint operating agreement. Said well is located at a standard gas well location 1980 feet from the North line and 2235 feet from the West line (Unit F) of Section 4, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The well was initially completed in the Atoka formation (N. Loving Atoka Pool) and was dedicated to the 320-acre spacing unit comprised of the N/2 of Section 4.
3. The joint operating agreement has since expired. OXY now proposes a dual recompletion of the **Loving Fed Com Well No. 1 Well** in the following formations/pools and

spacing units:

- at a depth sufficient to test the Morrow formation (Loving; Morrow, North Gas Pool (80694)), in a spacing unit comprised of the N/2 of Section 4; and
- at a depth sufficient to test the Strawn formation (North Loving Strawn (Gas Pool (80710))), in a spacing unit comprised of the N/2 of Section 4.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit.

5. Pooling of uncommitted interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit OXY to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests should be pooled, OXY USA Inc. should be designated the operator of the well to be recompleted.

WHEREFORE, OXY requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 10, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests from the surface to the base of the Morrow formation;
- B. Designating OXY USA Inc. operator of said spacing units and well;
- C. Authorizing OXY to recover its costs of drilling, equipping, completing, and recompleting the well,
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. Imposing a 200% penalty for the risk assumed by OXY in drilling and completing

the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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ATTORNEYS FOR OXY USA INC.

CASE _____:

Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in all formations from the surface to the base of the Morrow formation in the following spacing units located in the N/2 of Section 4, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Loving; Morrow, North Gas Pool (80694) and the North Loving Strawn Gas Pool (80710). Applicant proposes a dual recompletion in the 320-acre spacing units in the Morrow and Strawn formations through the **Loving Fed Com Well No. 1 Well**, located at a standard gas well location 1980 feet from the North line and 2235 feet from the West line (Unit F). Also, to be considered will be the cost of drilling and re-completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 11 miles north of Loving, New Mexico.