

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

**APPLICATION OF OXY USA INC. FOR
APPROVAL OF A 1,278.62-ACRE NON-STANDARD
SPACING UNIT IN THE BONE SPRING FORMATION
COMPRISED OF ACREAGE SUBJECT TO A
PROPOSED COMMUNITIZATION AGREEMENT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21540

OXY'S PRE-HEARING STATEMENT

OXY USA Inc. ("Oxy") (OGRID No. 16696) submits this Pre-Hearing Statement, pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

ATTORNEY

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APPLICANT'S STATEMENT OF CASES

Oxy is the designated operator under a Joint Operating Agreement covering federal leases in the Bone Spring formation and seeks approval of a 1,278.62-acre non-standard spacing unit to match the corresponding proposed Communitization Agreement for the acreage underlying Sections 3 and 10, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. There is a single pool within the Bone Spring formation underlying the proposed non-standard spacing unit: The Pierce Crossing; Bone Spring, East Pool (Pool Code 96473). Within the proposed non-

standard spacing unit, Oxy intends to drill or has drilled the following wells within the Pierce Crossing; Bone Spring, East Pool (Pool Code 96473):

- **Tails CC 10_3 Federal Com #21H well** (30-015-pending)
- **Tails CC 10_3 Federal Com #22H well** (30-015-pending)
- **Tails CC 10_3 Federal Com #24H well** (30-015-pending)
- **Tails CC 10_3 Federal Com #25H well** (30-015-pending)
- **Tails CC 10_3 Federal Com #26H well** (30-015-pending).

Oxy's drilling program for this area will develop the Bone Spring formation underlying each of the 40-acre tracts comprising the proposed non-standard project area. Oxy seeks to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Peter Van Liew, Landman	By Affidavit	Approx. 6
Tony Troutman, Geologist	By Affidavit	Approx. 4

PROCEDURAL MATTERS

If uncontested, Oxy will present this case by affidavit at hearing.

Respectfully submitted,

HOLLAND & HART LLP



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