

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

APPLICATION OF OXY USA INC.
FOR APPROVAL OF THE MESA VERDE UNIT,
CONTRACTION OF THE COTTON DRAW;
BONE SPRING EAST POOL, AND EXPANSION
OF THE MESA VERDE; BONE SPRING POOL,
LEA AND EDDY COUNTIES, NEW MEXICO.

CASE NO. 15798

APPLICATION

OXY USA Inc. ("OXY") files this application for an order (1) approving its Mesa Verde Unit; (2) contracting the Cotton Draw; Bone Spring, East Pool (96556) from the interior boundary of the spacing unit; and (3) expanding the Mesa Verde; Bone Spring Pool (96229) to cover the Bone Spring formation within the Unit Area. In support of its application, OXY states:

1. The proposed Unit Area consists of approximately 3,461.80 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY

Section 13: All

TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY

Section 7: E/2 NE/4, SE/4

Section 8: All

Section 9: W/2

Section 16: W/2

Section 17: All

Section 18: All

2. OXY is the designated operator under the Unit Agreement and the unitized interval is the stratigraphic equivalent of the top of the Bone Spring formation at a measured depth of 8,445 feet down to the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of

11,830 as encountered in the Heavy Metal 14 Federal 1 well in Section 14, Township 24 South, Range 31 East, N.M.P.M. (API # 30-015-29603).

3. The Unit Agreement has support from the other working interest owners, and OXY anticipates reaching a mutually agreeable unit operating agreement prior to hearing..

4. OXY has met with the Bureau of Land Management and the New Mexico State Land Office and has received preliminary approval of the Unit Agreement.

5. The entire Unit Area will be developed and operated as a single Participating Area.

6. The Unit Area is currently subject to two pools identified by the Division District Office for Lea County, as follows:

Mesa Verde; Bone Spring (Pool Code 96229)
Cotton Draw; Bone Spring, East (Pool Code 96556)

7. Both pools are subject to Statewide Rule 19.15.15.9 which requires wells to be located no closer than 330 feet to the outer boundary of a spacing unit, or in this case the outer boundary of the Unit Area.

8. In order to allow for the most efficient horizontal well development pattern, to effectively drain the reserves in the unitized formation underlying the Unit Area, and to maximize administrative reporting and efficiency, OXY proposes to contract the Cotton Draw; Bone Spring, East Pool from within the Unit Area, and to expand the Mesa Verde; Bone Spring Pool to cover the Bone Spring formation within the boundaries of the Unit Area.

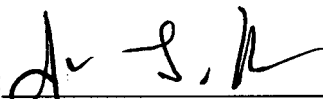
9. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

10. Approval of the expansion and contraction of pools is also in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, OXY requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 17, 2017, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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ATTORNEYS FOR OXY USA INC.

CASE 15798 Application Of OXY USA Inc. For Approval Of The Mesa Verde Unit, Contraction Of The Cotton Draw; Bone Spring, East Pool, And Expansion Of The Mesa Verde; Bone Spring Pool, Lea And Eddy Counties, New Mexico. Applicant seeks an order (1) approving its Mesa Verde Unit; (2) contracting the Cotton Draw; Bone Spring, East Pool (96556) from the interior boundary of the spacing unit; and (3) expanding the Mesa Verde; Bone Spring Pool (96229) to cover the Bone Spring formation within the Unit Area. The Mesa Verde Unit consists of approximately 3,461.80 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY

Section 13: All

TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY

Section 7: E/2 NE/4, SE/4
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 18: All

the unitized interval is the stratigraphic equivalent of the top of the Bone Spring formation at a measured depth of 8,445 feet down to the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of 11,830 as encountered in the Heavy Metal 14 Federal 1 well in Section 14, Township 24 South, Range 31 East, N.M.P.M. (API # 30-015-29603). The subject acreage is located approximately 22 miles west of Malaga, New Mexico.