

**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 PURPLE SAGE-WOLFCAMP
GAS POOL, AND CREATION OF A WILDCAT WOLFCAMP
OIL POOL, LEA AND EDDY COUNTIES, NEW MEXICO.**

CASE NO. 15797

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA Inc. ("OXY") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

ATTORNEY

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STATEMENT OF THE CASE

OXY seeks an order (1) approving its Mesa Verde Unit; (2) contracting the Purple Sage-Wolfcamp Gas Pool (98220) from the interior boundary of the spacing unit; and (3) creation of a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the Unit Area. 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

OXY is the designated operator under the Unit Agreement and the unitized interval is the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of 11,882 feet down to the stratigraphic equivalent of the top of the Pennsylvanian formation at a measured depth of 13,400 feet as encountered in the Jack Tank 8 Federal 2 well in Section 8, Township 24 South, Range 32 East, N.M.P.M. (API # 30-025-32192).

A portion of the Unit Area is currently subject to the Purple Sage-Wolfcamp Gas Pool (98220). The remainder of the Unit Area not within a pool, so is treated as Wildcat Wolfcamp oil.

The Purple Sage-Wolfcamp Gas Pool (98220) is subject to the Special Rules set forth in Order No. R-14262, including 320-acre spacing for all wells. Wildcat Wolfcamp oil pools are subject to Statewide Rule 19.15.15.9 which require 40-acre spacing for oil wells. 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 Purple Sage-Wolfcamp Gas Pool (98220) from within the Unit Area, and to create a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the boundaries of the Unit Area.

APPLICANT'S PROPOSED EVIDENCE

WITNESS

ESTIMATED TIME

EXHIBITS

Name and Expertise

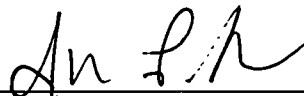
Stacy Rojas, Landman	Approx. 10 minutes	Approx. 5
Amanda Ulincy, Geologist	Approx. 10 minutes	Approx. 4

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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