

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

**APPLICATION OF OXY USA INC. FOR APPROVAL
OF A 720-ACRE NON-STANDARD PROJECT AREA
AND NON-STANDARD SPACING UNIT COMPRISED
OF ACREAGE SUBJECT TO A PROPOSED COMMUNITIZATION
AGREEMENT, EDDY COUNTY, NEW MEXICO.**

**RECEIVED OCD
JAN 18 P 4: 01**

CASE NO. 15955

OXY'S 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

Michael H. Feldewert
Jordan L. Kessler
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF THE CASE

OXY seeks an order approving an approximately 720-acre non-standard project area and/or non-standard spacing unit in the Bone Spring formation comprised of acreage subject to a proposed Communitization Agreement. OXY is the sole working interest owner in federal and state leases covering the W/2 of Section 25, the W/2 of Section 36, and the S/2 SW/4 of Section 24, Township 24 South, Range 29 East, NMPM Eddy County, New Mexico. The acreage has been placed in the Pierce Crossing Bone Spring, East Pool (Pool Code 96473), which is subject to the Division's statewide rule providing for 40-acre spacing units. OXY's drilling program for the subject acreage

will develop each of the 40-acre tracts comprising the proposed non-standard project area or non-standard spacing unit. The acreage will be developed by three 2 1/4-mile horizontal wells. Approval of a non-standard project area or non-standard spacing unit will allow OXY to most efficiently space the proposed wells and to consolidate surface facilities, thereby preventing waste.

APPLICANT'S PROPOSED EVIDENCE

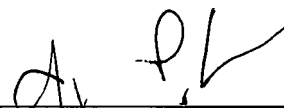
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jeremy Murphrey, Landman	Approx. 20 minutes	Approx. 15
Tony Troutman, Geologist	Approx. 15 minutes	Approx. 5
Trey Fournier, Engineer	Approx. 15 minutes	Approx. 3

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
Email: MFeldewert@hollandhart.com
Email: JLKessler@hollandhart.com

ATTORNEYS FOR OXY USA INC.