

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

**APPLICATION OF OXY USA INC. FOR APPROVAL OF A 1,600-ACRE NON-STANDARD HORIZONTAL WELL SPACING UNIT IN THE WOLFCAMP FORMATION COMPRISED OF ACREAGE SUBJECT TO A FEDERAL COMMUNITIZATION AGREEMENT, EDDY COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

OXY USA Inc. (“Oxy” or “Applicant”) (OGRID No. 16696) through its undersigned attorneys, files this application with the Oil Conservation Division for an order approving a 1,600-acre, more or less, non-standard horizontal well spacing unit in the Wolfcamp formation [WC-015 G-08 S233135D; Wolfcamp Pool (98236)], underlying the S/2 of Section 17 and all of Sections 20 and 29, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico. In support of this application, Oxy states:

1. Oxy is the designated operator under a Joint Operating Agreement covering the subject area and seeks approval of this non-standard spacing unit to match a corresponding Communitization Agreement for the federal leases within this subject area.

2. Due to the nature and configuration of these federal leases, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard spacing units. See, e.g., 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, the BLM has stated it will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

3. Oxy has partially drilled, but not completed, or intends to drill the following wells in the Wolfcamp formation underlying the proposed non-standard spacing unit:

- PURE GOLD MDP1 29 17 FEDERAL COM #171H (30-015-45716)
- PURE GOLD MDP1 29 17 FEDERAL COM #172H (30-015-45717)
- PURE GOLD MDP1 29 17 FEDERAL COM #173H (30-015-45718)
- PURE GOLD MDP1 29 17 FEDERAL COM #174H (30-015-45740)
- PURE GOLD MDP1 29 17 FEDERAL COM #175H (30-015-45780)

4. Oxy seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.

5. To allow the existing and permitted wells to be dedicated to the desired Communitization Agreements, Oxy requires approval of a corresponding non-standard spacing unit in the Wolfcamp formation.

6. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership to minimize surface disturbance and to promote efficient well spacing. *See, e.g.*, 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC; 19.15.16.15.C(7) NMAC.

7. Approval of this application will allow Oxy to lower operating costs; efficiently locate surface facilities; reduce surface disturbance; consolidate roads, tanks and pipelines; and promote effective well spacing.


8. Notice of this application will be provided as required by Division rules.

9. Approval of this application is in the best interest 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 November 4, 2021, and that after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

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