

**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. 22259**

**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**

Michael H. Feldewert  
Adam G. Rankin  
Kaitlyn A. Luck  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421  
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**OTHER PARTIES**

None

**APPLICANT'S STATEMENT OF CASE**

Oxy seeks 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. The proposed spacing unit will be dedicated to the

following wells Oxy has partially drilled, but not completed, or intends to drill 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)

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. 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 areas are developed using standard spacing units. *See, e.g.*, 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing units are approved by the Division, the BLM has stated it will issue corresponding Communitization Agreements for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

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. 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. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership, including communitized areas, 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. Approval of this application will allow Oxy to lower operating costs; efficiently locate surface facilities; reduce surface disturbance; consolidate roads, tanks and pipelines; promote effective well spacing; and prevent waste and protect correlative rights.

**APPLICANT'S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Matthew Cole, Landman	Affidavit	Approx. 5
Tony Troutman, Geologist	Affidavit	Approx. 3
Winslow Horne, Engineer	Affidavit	Approx. 2

**PROCEDURAL MATTERS**

If uncontested, Oxy intends to present this case by affidavit.

Respectfully submitted,

HOLLAND & HART LLP




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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
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QUESTIONS  
  
Action 58496

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 58496
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.