

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

**APPLICATION OF OXY USA INC. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Oxy USA Inc. (OGRID 16696), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 639.88-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 6 and 7 all within Township 24 South, Range 29 East (NMPM), Eddy County New Mexico. In support of its application, Oxy states:

1. Applicant is a working interest owner in the horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells which have been drilled thereon:

- **Height CC 6 7 Federal Com Well No. 34H (API No. 30-015-45562)**, which has been drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 6 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 7;
- **Height CC 6 7 Federal Com Well No. 35H (API No. 30-015-45563)**, which has been drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 6 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 7; and

- **Height CC 6 7 Federal Com Well No. 36H (API No. 30-015-45564)**, which has been drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 6 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 7.

3. The completed intervals for the wells comply with setback requirements under the special rules for the Purple Sage Wolfcamp Pool.

4. Applicant previously pooled this acreage under Order No. R-20318. Subsequently, OXY believed that all interest owners had voluntarily committed their interests to the spacing unit and requested the Division rescind the order. OXY has since determined that additional record title owners must be pooled for purposes of obtaining a federal communitization agreement, thereby necessitating a new pooling order.

5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

6. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

7. To allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this matter be set for hearing on December 1, 2022, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit and approving the initial wells thereon;

- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR OXY USA INC.

Application of Oxy USA Inc. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 639.88-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 6 and 7 all within Township 24 South, Range 29 East (NMPM), Eddy County New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the following proposed wells which have been drilled thereon:

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The completed intervals for the wells comply with setback requirements under the special rules for the Purple Sage Wolfcamp Pool. Also, to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is approximately 3 miles northeast of Malaga, New Mexico.