

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

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

CASE NO. _____

APPLICATION

OXY USA Inc. (“Applicant” or “OXY”) (OGRID No. 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 (oil) formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 26 and 35, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. In support of its application, OXY states:

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

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the **Llama Mall 26 35 Fed Com #32H** and **Llama Mall 26 35 Fed Com #311H** both to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 26, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 35;
- the **Llama Mall 26 35 Fed Com #33H** to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 26, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 35; and

- the **Llama Mall 26 35 Fed Com #312H** to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 35.

3. The completed interval of the **Llama Mall 26 35 Fed Com #32H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC.

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

5. The pooling of interests will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

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

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Applicant operator of this horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP



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ATTORNEYS FOR OXY USA INC.

Application of OXY USA Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp (oil) formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 26 and 35, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. The above-referenced unit will be dedicated to the proposed initial:

- the **Llama Mall 26 35 Fed Com #32H** and **Llama Mall 26 35 Fed Com #311H** both to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 26, to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 35;
- the **Llama Mall 26 35 Fed Com #33H** to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 26, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 35; and
- the **Llama Mall 26 35 Fed Com #312H** to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26, to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 35.

The completed interval of the **Llama Mall 26 35 Fed Com #32H** is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal spacing unit under 19.15.16.15.B(1)(b) NMAC. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is located approximately 28 miles southwest of Eunice, New Mexico.