

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

**APPLICATION OF OXY USA INC.
FOR APPROVAL OF AN
OVERLAPPING 960-ACRE NON-
STANDARD HORIZONTAL WELL
SPACING UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.**

CASE NO. 23917

OXY'S PRE-HEARING STATEMENT

OXY USA Inc. ("Applicant" or "OXY"), the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.
("OXY")

COG Operating LLC and
COG Production LLC
("COG")

ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

In this case, OXY seeks an order (a) approving an overlapping 960-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation underlying Section 35 and the S/2 Section 26, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage.

OXY is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the federal leases within the subject area. Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management ("BLM") will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well 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, then OXY understands that BLM 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.

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 proposed wells to be dedicated to a Communitization Agreement, OXY requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

OXY seeks to initially dedicate the proposed non-standard horizontal well spacing unit and the corresponding Communitization Agreement to the following proposed wells:

- **Evil Olive 26 35 Fed Com 4H**, to be drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 26 to a bottomhole location in the SE/4 SE/4 (Unit P) of Section 35; and
- **Evil Olive 26 35 Fed Com 71H**, to be drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 26 to a bottomhole location in the SW/4 SW/4 (Unit M) of Section 35.

This 960-acre non-standard horizontal well spacing unit will overlap an existing 240-acre standard horizontal well spacing unit comprised of the E/2 SE/4 of Section 26 and the E/2 E/2 of Section 35, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, which is operated by COG Operating LLC and dedicated to the Tankless Federal Com #2H well (API: 30-015-44434) within the Livingston Ridge; Bone Spring (Pool Code 39350).

OXY has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject acreage.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Amber Delach, Landman	Self-Affirmed Statement	Approx. 5
James Laning, Geologist	Self-Affirmed Statement	Approx. 5

PROCEDURAL MATTERS

OXY intends to present this case by self-affirmed statement at hearing if unopposed.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

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ATTORNEYS FOR OXY USA INC.

CERTIFICATE OF SERVICE

I hereby certify that on January 11, 2024, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
Energy, Minerals and Natural Resources
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QUESTIONS

Action 302958

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 302958
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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