

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

**APPLICATION OF OXY USA INC. FOR
APPROVAL OF AN OVERLAPPING
HORIZONTAL WELL SPACING UNIT AND
COMPULSORY POOLING, 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 (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 E/2 of Sections 12 and 13, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. In support of this application, Oxy states:

1. OXY is a working interest owner in the subject acreage and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced overlapping horizontal well spacing unit to the proposed:
 - **Top Spot 12_13 Fed Com 24H** to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 13, with a first take point in the SW/4 SE/4 (Unit O) of Section 13, and the last take point in the NW/4 NE/4 (Unit B) of Section 12; and
 - **Top Spot 12_13 Fed Com 25H** to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 13, with a first take point in the SW/4 SE/4

(Unit O) of Section 13, and the last take point in the NW/4 NE/4 (Unit B) of Section 12.

3. This horizontal well spacing unit will overlap the following existing Bone Spring spacing unit:

- 320-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 12, dedicated to OXY's Federal 12 #14H (API: 30-015-40821).

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

5. The pooling of interests and approval of this overlapping spacing unit 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 matter be set for hearing on May 2, 2024, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this overlapping horizontal well 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,

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ATTORNEYS FOR OXY USA INC.

CASE _____: **Application of OXY USA Inc. for Approval of an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order (a) approving a standard 320-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying the W/2 E/2 of Sections 12 and 13, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. This spacing unit will be initially dedicated to the **Top Spot 12_13 Fed Com 24H** to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 13, with a first take point in the SW/4 SE/4 (Unit O) of Section 13, and the last take point in the NW/4 NE/4 (Unit B) of Section 12; and **Top Spot 12_13 Fed Com 25H** to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 13, with a first take point in the SW/4 SE/4 (Unit O) of Section 13, and the last take point in the NW/4 NE/4 (Unit B) of Section 12. This horizontal well spacing unit will overlap the following existing Bone Spring spacing unit:

- 320-acre horizontal well spacing unit comprised of the S/2 S/2 of Section 12, dedicated to OXY's Federal 12 #14H (API: 30-015-40821).

Also, to be considered will be the cost of drilling and completing the wells 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 wells. Said area is approximately 23 miles northeast of Loving, New Mexico.