

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

**APPLICATION OF OXY USA INC. FOR APPROVAL  
OF A NON-STANDARD HORIZONTAL WELL  
SPACING UNIT AND COMPULSORY POOLING,  
LEA 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 non-standard 1280-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying Sections 13 and 24, Township 22 South, Range 32 East, NMPM, Lea 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. Oxy is the designated operator under 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.
3. 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, the BLM has stated it 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.

4. 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 Wolfcamp formation.

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

- **Tuna Nut 24-13 Fed Com 61H** and **Tuna Nut 24-13 Fed Com 611H** to be horizontally drilled from a surface location in the SW4 of Section 24, with first take points in the SW4SW4 (Unit M) of Section 24 and last take points in the NW4NW4 (Unit D) of Section 13;
- **Tuna Nut 24-13 Fed Com 62H** and **Tuna Nut 24-13 Fed Com 63H** to be horizontally drilled from a surface location in the SW4 of Section 24, with first take points in the SE4SW4 (Unit N) of Section 24 and last take points in the NE4NW4 (Unit C) of Section 13;
- **Tuna Nut 24-13 Fed Com 64H** and **Tuna Nut 24-13 Fed Com 612H** to be horizontally drilled from a surface location in the NE4 of Section 25, with first take points in the SW4SE4 (Unit O) of Section 24 and last take points in the NW4NE4 (Unit B) of Section 13; and
- **Tuna Nut 24-13 Fed Com 65H** and **Tuna Nut 24-13 Fed Com 613H** to be horizontally drilled from a surface location in the NE4 of Section 25, with first take

points in the SE4SE4 (Unit P) of Section 24 and last take points in the NE4NE4 (Unit A) of Section 13.

6. 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.

7. The pooling of interests and approval of this non-standard horizontal well spacing unit will allow Applicant to efficiently locate surface facilities and reduce surface disturbance, lower operating costs, facilitate effective well spacing, allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, and will prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on October 31, 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 non-standard horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this non-standard 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 a Non-standard Horizontal Well Spacing Unit and Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order (a) approving a non-standard 1280-acre, more or less, horizontal well spacing unit in the Wolfcamp formation underlying Sections 13 and 24, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. This spacing unit will be initially dedicated to the following proposed wells:
- **Tuna Nut 24-13 Fed Com 61H and Tuna Nut 24-13 Fed Com 611H** to be horizontally drilled from a surface location in the SW4 of Section 24, with first take points in the SW4SW4 (Unit M) of Section 24 and last take points in the NW4NW4 (Unit D) of Section 13;
  - **Tuna Nut 24-13 Fed Com 62H and Tuna Nut 24-13 Fed Com 63H** to be horizontally drilled from a surface location in the SW4 of Section 24, with first take points in the SE4SW4 (Unit N) of Section 24 and last take points in the NE4NW4 (Unit C) of Section 13;
  - **Tuna Nut 24-13 Fed Com 64H and Tuna Nut 24-13 Fed Com 612H** to be horizontally drilled from a surface location in the NE4 of Section 25, with first take points in the SW4SE4 (Unit O) of Section 24 and last take points in the NW4NE4 (Unit B) of Section 13; and
  - **Tuna Nut 24-13 Fed Com 65H and Tuna Nut 24-13 Fed Com 613H** to be horizontally drilled from a surface location in the NE4 of Section 25, with first take points in the SE4SE4 (Unit P) of Section 24 and last take points in the NE4NE4 (Unit A) of Section 13.
- Also, to be considered will be the necessity of the non-standard spacing unit, 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 30 miles northwest of Jal, New Mexico.