

**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. 24875

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")

ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

In this case, OXY seeks an order (a) approving a non-standard 1,280-acre, more or less, horizontal well spacing unit in the Wolfcamp formation (WC-025 G-09 S223332A; UPR Wolfcamp [98177]) 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.

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 Wolfcamp formation.

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

- **Tuna Nut 24-13 Fed Com 61H** and **Tuna Nut 24-13 Fed Com 611H** wells, both to be horizontally drilled from a surface location in the SW/4 of Section 24, with first take points in the SW/4 SW/4 (Unit M) of Section 24 and last take points in the NW/4 NW/4 (Unit D) of Section 13;
- **Tuna Nut 24-13 Fed Com 62H** and **Tuna Nut 24-13 Fed Com 63H** wells, both to be horizontally drilled from a surface location in the SW/4 of Section 24, with

first take points in the SE/4 SW/4 (Unit N) of Section 24 and last take points in the NE/4 NW/4 (Unit C) of Section 13;

- **Tuna Nut 24-13 Fed Com 64H** and **Tuna Nut 24-13 Fed Com 612H** wells, both to be horizontally drilled from a surface location in the NE/4 of Section 25, with first take points in the SW/4 SE/4 (Unit O) of Section 24 and last take points in the NW/4 NE/4 (Unit B) of Section 13; and
- **Tuna Nut 24-13 Fed Com 65H** and **Tuna Nut 24-13 Fed Com 613H** wells, both to be horizontally drilled from a surface location in the NE/4 of Section 25, with first take points in the SE/4 SE/4 (Unit P) of Section 24 and last take points in the NE/4 NE/4 (Unit A) of Section 13.

The completed interval for each of the wells will comply with statewide setbacks for oil wells. 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. 6
Jarod Rountree, 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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State of New Mexico
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QUESTIONS

Action 395569

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 395569
	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>