

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

**APPLICATION OF OCCIDENTAL  
PERMIAN LIMITED PARTNERSHIP  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Occidental Permian Limited Partnership (“OXY” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling the uncommitted interest owners in a standard 640-acre, more or less, horizontal well spacing unit in the Wolfcamp (oil) formation underlying the W/2 of Sections 20 and 29, Township 23 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 well spacing unit and has the right to drill thereon.
2. Applicant seeks to designate OXY USA Inc. (OGRID No. 16696) as the operator of the proposed horizontal well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Mercury 29\_20 Fed Com 31H, Mercury 29\_20 Fed Com 41H, and Mercury 29\_20 Fed Com 42H** wells, all to be horizontally drilled from surface locations in the SW/4 SE/4 (Unit O) of Section 29, with first take points in the SW/4 SW/4 (Unit M) Section 29, and last take points in the NW/4 NW/4 (Unit D) of Section 20; and **Mercury 29\_20 Fed Com 32H, Mercury 29\_20 Fed Com 33H, and Mercury 29\_20 Fed Com 44H** wells, all to be horizontally drilled from

surface locations in the SW/4 SE/4 (Unit O) of Section 29, with first take points in the SE/4 SW/4 (Unit N) Section 29, and last take points in the NE/4 NW/4 (Unit C) of Section 20.

4. The completed interval of the **Mercury 29\_20 Fed Com 32H** well 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 well spacing unit under 19.15.16.15.B(1)(b) NMAC.

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

6. The granting of this application 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 the March 5, 2026, hearing docket and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in the horizontal spacing unit;
- B. Designating OXY USA Inc. as 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,

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**ATTORNEYS FOR OCCIDENTAL PERMIAN LIMITED  
PARTNERSHIP & OXY USA INC.**

CASE \_\_\_\_\_: **Application of Occidental Permian Limited Partnership for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling the uncommitted interest owners in a standard 640-acre, more or less, horizontal well spacing unit in the Wolfcamp (oil) formation underlying the W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Mercury 29\_20 Fed Com 31H, Mercury 29\_20 Fed Com 41H, and Mercury 29\_20 Fed Com 42H** wells, all to be horizontally drilled from surface locations in the SW/4 SE/4 (Unit O) of Section 29, with first take points in the SW/4 SW/4 (Unit M) Section 29, and last take points in the NW/4 NW/4 (Unit D) of Section 20; and **Mercury 29\_20 Fed Com 32H, Mercury 29\_20 Fed Com 33H, and Mercury 29\_20 Fed Com 44H** wells, all to be horizontally drilled from surface locations in the SW/4 SE/4 (Unit O) of Section 29, with first take points in the SE/4 SW/4 (Unit N) Section 29, and last take points in the NE/4 NW/4 (Unit C) of Section 20. The completed interval of the **Mercury 29\_20 Fed Com 32H** well 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 well 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 and the allocation of the costs thereof, operating costs and charges for supervision, the designation of OXY USA Inc. as operator, and a 200% charge for risk involved in drilling and completing the wells. The subject area is located approximately 32 miles southeast of Carlsbad, New Mexico.