

**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 320-acre, more or less, horizontal well spacing unit in the Wolfcamp (oil) formation underlying the E/2 of Section 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 Federal 34H** u-turn well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 29, with a first take point in the SW/4 SE/4 (Unit O) of Section 29, and a last take point in the SE/4 SE/4 (Unit P) of Section 29; **Mercury 29 Federal 45H** and **Mercury 29 Federal 46H** wells, both 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 SE/4 (Unit O) of Section 29, and last take points in the NW/4 NE/4 (Unit B) of Section 29; and **Mercury 29 Federal 48H**

well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 29, with a first take point in the SE/4 SE/4 (Unit P) Section 29, and a last take point in the NE/4 NE/4 (Unit A) of Section 29.

4. The completed interval of the **Mercury 29 Federal 46H** 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 320-acre, more or less, horizontal well spacing unit in the Wolfcamp (oil) formation underlying the E/2 of Section 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 Federal 34H** u-turn well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 29, with a first take point in the SW/4 SE/4 (Unit O) of Section 29, and a last take point in the SE/4 SE/4 (Unit P) of Section 29; **Mercury 29 Federal 45H** and **Mercury 29 Federal 46H** wells, both 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 SE/4 (Unit O) of Section 29, and last take points in the NW/4 NE/4 (Unit B) of Section 29; and **Mercury 29 Federal 48H** well, to be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 29, with a first take point in the SE/4 SE/4 (Unit P) Section 29, and a last take point in the NE/4 NE/4 (Unit A) of Section 29. The completed interval of the **Mercury 29 Federal 46H** 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.