

**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,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

OXY USA Inc. (“Oxy” or “Applicant”) through its undersigned attorneys, files this application with the Oil Conservation Division for an order (a) approving a non-standard 1,920 acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying regular Sections 21, 28, and 33, Township 24 South, Range 29 East, 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. Oxy seeks approval of this non-standard horizontal well spacing unit to accommodate the proposed horizontal wells in this area of diverse ownership.
3. Approval of a non-standard spacing unit by the Division will also promote a corresponding Communalization Agreement for the federal and fee leases within the subject area, thereby allowing commingling and the corresponding reduction of the necessary surface facilities.
4. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the following proposed horizontal wells:
 - **Emerald CC 21 33 Federal Com #31H** to be horizontally drilled from a surface location 1,915 feet from the North Line of Section 21 and 1,304 feet

from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 330 feet from the West Line of Section 33.

- **Emerald CC 21 33 Federal Com #32H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,334 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 940 feet from the West Line of Section 33.
- **Emerald CC 21 33 Federal Com #111H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,364 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,550 feet from the West Line of Section 33.
- **Emerald CC 21 33 Federal Com #112H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,394 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 2,510 feet from the East Line of Section 33.
- **Emerald CC 21 33 Federal Com #113H** to be horizontally drilled from a surface location 422 feet from the North Line of Section 21 and 670 feet from the East Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,900 feet from the East Line of Section 33.
- **Emerald CC 21 33 Federal Com #114H** to be horizontally drilled from a surface location 392 feet from the North Line of Section 21 and 670 feet from the East Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,290 feet from the East Line of Section 33.

5. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the wells but has been unable to obtain voluntary agreements from all interest owners.
6. 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 March 26, 2026, 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 changes and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures;
- 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; and

F. Cash call required 30 days after expiration of the election period.

Respectfully submitted,

GALLAGHER & KENNEDY, P.A.

By: /s/ Dalva L. Moellenberg

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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, Eddy County, New Mexico.** Applicant seeks an order (a) approving a non-standard 1920-acre, more or less, horizontal well spacing unit in the Bone Spring Formation underlying regular Sections 21, 28, and 33, Township 24 South, Range 29 East, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. This spacing unit will be initially dedicated to the following proposed horizontal wells:

- **Emerald CC 21 33 Federal Com #31H** to be horizontally drilled from a surface location 1,915 feet from the North Line of Section 21 and 1,304 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 330 feet from the West Line of Section 33.
- **Emerald CC 21 33 Federal Com #32H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,334 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 940 feet from the West Line of Section 33.
- **Emerald CC 21 33 Federal Com #111H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,364 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,550 feet from the West Line of Section 33.
- **Emerald CC 21 33 Federal Com #112H** to be horizontally drilled from a surface location 1,916 feet from the North Line of Section 21 and 1,394 feet from the West Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 2,510 feet from the East Line of Section 33.
- **Emerald CC 21 33 Federal Com #113H** to be horizontally drilled from a surface location 422 feet from the North Line of Section 21 and 670 feet from the East Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,900 feet from the East Line of Section 33.
- **Emerald CC 21 33 Federal Com #114H** to be horizontally drilled from a surface location 392 feet from the North Line of Section 21 and 670 feet from the East Line of Section 21, and a bottom location located 20 feet from the South Line of Section 33 and 1,290 feet from the East Line of Section 33.

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 26 miles southeast of Carlsbad, New Mexico.