

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

APPLICATION OF OXY USA INC. FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

CASE NO. 20632

APPLICATION

OXY USA Inc. ("OXY") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the W/2 of Section 31, Township 21 South, Range 32 East, and the W/2 of Section 6, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. In support of its application, OXY states:

1. OXY USA Inc. (OGRID No. 16696) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Party Trap 6-31 Fed Com No. 31H Well**, and the **Party Trap 6-31 Fed Com No. 32H Well**, both of which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 6 to a bottom-hole location in the NW/4 NW/4 (Unit D) of Section 31.

- The **Party Trap 6-31 Fed Com No. 33H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 6 to a bottom-hole location in the NE/4 NW/4 (Unit C) of Section 31.

3. The completed interval for the **Party Trap 6-31 Fed Com No. 32H Well** will remain within 330 feet of the E/2 W/2 of Sections 6 and 31 to allow inclusion of these proximity tracts in a standard 640-acre horizontal well spacing comprised of W/2 of Sections 6 and 31.

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

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 11, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed spacing unit;
- B. Approving three initial wells in the horizontal well spacing unit;
- C. Authorizing an extension of the time frame to drill and complete the initial wells;
- D. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;

- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. 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
- G. 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 compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Section 31, Township 21 South, Range 32 East, and the W/2 of Section 6, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to three initial proposed wells: (1) the **Party Trap 6-31 Fed Com No. 31H Well**, (2) the **Party Trap 6-31 Fed Com No. 32H Well**, both of which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 6 to a bottom-hole location in the NW/4 NW/4 (Unit D) of Section 31, and (3) the **Party Trap 6-31 Fed Com No. 33H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 6 to a bottom-hole location in the NE/4 NW/4 (Unit C) of Section 31. The completed interval for the **Party Trap 6-31 Fed Com No. 32H Well** will remain within 330 feet of the E/2 W/2 of Sections 6 and 31 to allow inclusion of these proximity tracts in a standard 640-acre horizontal well spacing comprised of W/2 of Sections 6 and 31. Also to be considered will be an extension of the timeframe to drill and complete the initial well, the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles northeast of Dexter, New Mexico.