



OXY USA WTP Limited Partnership

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294

October 23, 2019

VIA CERTIFIED MAIL

New Mexico Oil Conservation Division
Attn: William V. Jones, P.E.
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

OCT 29 2019 PM02:15

**Re: Turkey Track Development
Turkey Track 8-7 State Com #201H
N2 N2 of Section 7 & N2 N2 of Section 8
Township 19 South, Range 29 East
Eddy County, New Mexico**

Dear Mr. Jones:

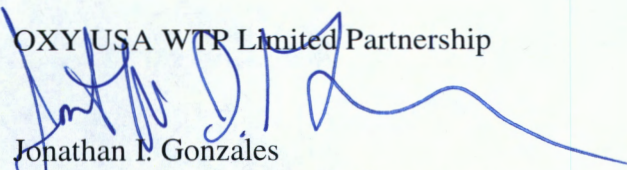
OXY USA WTP Limited Partnership ("OXY") has mailed itemized schedules of the actual wells costs for the Turkey Track 8-7 State #201H (30-015-45681) to each known pooled working interest owner (including non-consenting working owners), pursuant to Compulsory Pooling Order No. R-20693, *as amended* (N2 N2). (See attached – *FP Actual Well Costs Letter and Pooling Orders*).

Please accept this letter and enclosures as satisfying the requirement of Order Paragraph No. 11 of the above-mentioned Compulsory Pooling Orders.

Let me know if you have any questions or need anything further.

Very truly yours,

OXY USA WTP Limited Partnership


Jonathan I. Gonzales

Email: jonathan_gonzales@oxy.com

Dir: 713-366-5576

Enclosure(s)



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P.O. Box 4294, Houston, Texas 77210-4294

October 23, 2019

VIA CERTIFIED MAIL

NON-CONSENTING POOLED WORKING INTEREST PARTIES
(See attached list)

Re: Turkey Track Development
Turkey Track 8-7 State Com #201H
N2 N2 of Section 7 & N2 N2 of Section 8
Eddy County, New Mexico


Dear WI Party:

OXY USA WTP Limited Partnership ("OXY") has been granted Compulsory Pooling Order No. R-20693 (N2 N2), covering the acreage described above as to the Bone Spring formation. Copies of this order were previously provided to you. Per Ordering Paragraph 11 of the Order, OXY hereby furnishes the itemized schedule of actual well costs.

If you have any questions or would like to discuss this further, please don't hesitate to call or e-mail.

Very truly yours,

OXY USA WTP Limited Partnership


Jonathan I. Gonzales
Land Negotiator
Email: jonathan_gonzales@oxy.com
Dir: 713-366-5576

Enclosure(s)

cc (via e-mail): William V. Jones, District 4 Supervisor
New Mexico Oil Conservation Division
E-mail: WilliamV.Jones@state.nm.us

POOLED WORKING INTEREST PARTIES

| | |
|---|--|
| HFB Investment Company LP 415 W. Wall Street, Suite 1705 Midland TX 79701 | Herbert F. Boles, Trustee u/w/o Norma J. Boles, deceased 415 W. Wall St, Suite 1705 Midland, TX 79701 |
|---|--|

| Task Groups | Element Number | Element Name | Well Name | Sum Actual Cost |
|-------------|----------------|--|-----------------------------|-----------------|
| Drilling | 1000 | Employee Wages | TURKEY TRACK 8_7 STATE 201H | \$63,119 |
| Drilling | 2001 | Contractor Electrical and Instrumentation | TURKEY TRACK 8_7 STATE 201H | \$2,135 |
| Drilling | 2002 | Contractor Field Operator | TURKEY TRACK 8_7 STATE 201H | \$9,384 |
| Drilling | 2009 | Contr Welding | TURKEY TRACK 8_7 STATE 201H | \$2,723 |
| Drilling | 2017 | Contractor Drilling/WO/Completion Rig Superv | TURKEY TRACK 8_7 STATE 201H | \$62,966 |
| Drilling | 2019 | Contractor HES | TURKEY TRACK 8_7 STATE 201H | \$1,182 |
| Drilling | 2025 | Contractor Surveyor | TURKEY TRACK 8_7 STATE 201H | \$1,264 |
| Drilling | 2032 | Contractor Oth Business Serv | TURKEY TRACK 8_7 STATE 201H | \$20,102 |
| Drilling | 2034 | Contr Other | TURKEY TRACK 8_7 STATE 201H | \$44,573 |
| Drilling | 3002 | Services Misc Heavy Equipment | TURKEY TRACK 8_7 STATE 201H | \$1,320 |
| Drilling | 3003 | Services Fluid Hauling TO SITE | TURKEY TRACK 8_7 STATE 201H | \$46,719 |
| Drilling | 3005 | Services Inspection | TURKEY TRACK 8_7 STATE 201H | \$61,627 |
| Drilling | 3006 | Services Construction | TURKEY TRACK 8_7 STATE 201H | \$7,895 |
| Drilling | 3009 | Services Wellhead | TURKEY TRACK 8_7 STATE 201H | \$27,863 |
| Drilling | 3011 | Services Locations | TURKEY TRACK 8_7 STATE 201H | \$84,356 |
| Drilling | 3014 | Services Directional Well Drilling/LoggingDrillg | TURKEY TRACK 8_7 STATE 201H | \$434,240 |
| Drilling | 3016 | Services Mud Logging | TURKEY TRACK 8_7 STATE 201H | \$9,720 |
| Drilling | 3019 | Services Wireline/Slickline | TURKEY TRACK 8_7 STATE 201H | \$6,696 |
| Drilling | 3020 | Services Rig Costs | TURKEY TRACK 8_7 STATE 201H | \$655,808 |
| Drilling | 3021 | Services Rig Move | TURKEY TRACK 8_7 STATE 201H | \$40,399 |
| Drilling | 3022 | Services Downhole Fluids | TURKEY TRACK 8_7 STATE 201H | \$62,445 |
| Drilling | 3023 | Services Cementing | TURKEY TRACK 8_7 STATE 201H | \$200,808 |
| Drilling | 3025 | Services Downhole Other | TURKEY TRACK 8_7 STATE 201H | \$20,328 |
| Drilling | 3030 | Services Building Maint/Repair | TURKEY TRACK 8_7 STATE 201H | \$900 |
| Drilling | 3031 | Services HES | TURKEY TRACK 8_7 STATE 201H | \$11,220 |
| Drilling | 3034 | Services Seismic | TURKEY TRACK 8_7 STATE 201H | \$8,675 |
| Drilling | 4005 | Rental Down hole Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$46,619 |
| Drilling | 4007 | Rental HES Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$6,600 |
| Drilling | 4013 | Rental Surface Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$168,441 |
| Drilling | 5012 | Material Pipeline Equipment | TURKEY TRACK 8_7 STATE 201H | \$4,973 |
| Drilling | 5014 | Material Pipe Fittings | TURKEY TRACK 8_7 STATE 201H | \$2,596 |
| Drilling | 5020 | Material Structural | TURKEY TRACK 8_7 STATE 201H | \$222 |
| Drilling | 5023 | Material Wellhead Equipment | TURKEY TRACK 8_7 STATE 201H | \$60,731 |
| Drilling | 5028 | Material Casing Liners and Accessories | TURKEY TRACK 8_7 STATE 201H | \$480,261 |
| Drilling | 5029 | Material Tubing and Accs | TURKEY TRACK 8_7 STATE 201H | \$877 |
| Drilling | 5032 | Material HES | TURKEY TRACK 8_7 STATE 201H | \$2,325 |
| Drilling | 5500 | Material Consumables | TURKEY TRACK 8_7 STATE 201H | \$29,138 |
| Drilling | 5502 | Material Drilling Fluids | TURKEY TRACK 8_7 STATE 201H | \$86,221 |
| Drilling | 5503 | Material Drilling Tools / Bits/Reamers/Scrapers | TURKEY TRACK 8_7 STATE 201H | \$73,790 |
| Drilling | 5505 | Material Fuel / Off/road Diesel | TURKEY TRACK 8_7 STATE 201H | \$276,038 |
| Drilling | 5510 | Material Office Supplies | TURKEY TRACK 8_7 STATE 201H | \$1,118 |
| Drilling | 7004 | Utilities Water/Sewers/Trash | TURKEY TRACK 8_7 STATE 201H | \$160 |
| Drilling | 8000 | Freight Shipping | TURKEY TRACK 8_7 STATE 201H | \$56,744 |
| Drilling | 8103 | Taxes Sales Tax | TURKEY TRACK 8_7 STATE 201H | \$141,211 |
| Drilling | 8107 | Taxes Other | TURKEY TRACK 8_7 STATE 201H | \$39,888 |
| Drilling | 8350 | JI OH Drilling/Development | TURKEY TRACK 8_7 STATE 201H | \$0 |
| Drilling | 8919 | Environmental Cleanup/Reclamation | TURKEY TRACK 8_7 STATE 201H | \$64,293 |
| Drilling | 8921 | Waste Handling and Disposal | TURKEY TRACK 8_7 STATE 201H | \$40,829 |
| Drilling | 8925 | Vehicle Diesel | TURKEY TRACK 8_7 STATE 201H | \$14,798 |
| Drilling | 8945 | Loss and Loss Expenses Paid | TURKEY TRACK 8_7 STATE 201H | \$29,500 |
| Drilling | | Accrual | TURKEY TRACK 8_7 STATE 201H | \$0 |
| Completion | 2009 | Contr Welding | TURKEY TRACK 8_7 STATE 201H | \$297 |
| Completion | 2012 | Contractor Construction | TURKEY TRACK 8_7 STATE 201H | \$11,399 |
| Completion | 2017 | Contractor Drilling/WO/Completion Rig Superv | TURKEY TRACK 8_7 STATE 201H | \$19,238 |
| Completion | 2019 | Contractor HES | TURKEY TRACK 8_7 STATE 201H | \$414 |
| Completion | 2032 | Contractor Oth Business Serv | TURKEY TRACK 8_7 STATE 201H | \$3,781 |
| Completion | 3002 | Services Misc Heavy Equipment | TURKEY TRACK 8_7 STATE 201H | \$5,508 |
| Completion | 3003 | Services Fluid Hauling TO SITE | TURKEY TRACK 8_7 STATE 201H | \$291,234 |
| Completion | 3006 | Services Construction | TURKEY TRACK 8_7 STATE 201H | \$7,155 |
| Completion | 3009 | Services Wellhead | TURKEY TRACK 8_7 STATE 201H | \$150 |
| Completion | 3011 | Services Locations | TURKEY TRACK 8_7 STATE 201H | \$3,538 |
| Completion | 3012 | Services Cased Hole Logging | TURKEY TRACK 8_7 STATE 201H | \$339,322 |
| Completion | 3013 | Services Coiled Tubing | TURKEY TRACK 8_7 STATE 201H | \$792,155 |
| Completion | 3015 | Services Fishing | TURKEY TRACK 8_7 STATE 201H | \$134,635 |
| Completion | 3019 | Services Wireline/Slickline | TURKEY TRACK 8_7 STATE 201H | \$3,715 |
| Completion | 3022 | Services Downhole Fluids | TURKEY TRACK 8_7 STATE 201H | \$67,954 |
| Completion | 3024 | Services Stimulation | TURKEY TRACK 8_7 STATE 201H | \$1,310,741 |
| Completion | 3025 | Services Downhole Other | TURKEY TRACK 8_7 STATE 201H | \$116,984 |
| Completion | 3026 | Services Formation Test | TURKEY TRACK 8_7 STATE 201H | \$176,873 |
| Completion | 3031 | Services HES | TURKEY TRACK 8_7 STATE 201H | \$4,585 |
| Completion | 3035 | Services Disposal | TURKEY TRACK 8_7 STATE 201H | \$64,527 |
| Completion | 4005 | Rental Down hole Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$3,321 |
| Completion | 4007 | Rental HES Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$9,400 |
| Completion | 4013 | Rental Surface Equipment and Tools | TURKEY TRACK 8_7 STATE 201H | \$44,547 |
| Completion | 5013 | Material Linepipe | TURKEY TRACK 8_7 STATE 201H | \$378 |
| Completion | 5014 | Material Pipe Fittings | TURKEY TRACK 8_7 STATE 201H | \$482 |
| Completion | 5015 | Material Valves | TURKEY TRACK 8_7 STATE 201H | \$1,673 |
| Completion | 5020 | Material Structural | TURKEY TRACK 8_7 STATE 201H | \$25 |
| Completion | 5023 | Material Wellhead Equipment | TURKEY TRACK 8_7 STATE 201H | \$2,497 |
| Completion | 5025 | Material Bottom Hole Pump | TURKEY TRACK 8_7 STATE 201H | \$237 |
| Completion | 5029 | Material Tubing and Accs | TURKEY TRACK 8_7 STATE 201H | (\$4,407) |
| Completion | 5500 | Material Consumables | TURKEY TRACK 8_7 STATE 201H | \$3,292 |
| Completion | 5503 | Material Drilling Tools / Bits/Reamers/Scrapers | TURKEY TRACK 8_7 STATE 201H | \$60,250 |
| Completion | 5507 | Material Lube Oil/Grease | TURKEY TRACK 8_7 STATE 201H | \$20 |
| Completion | 5513 | Material Sand | TURKEY TRACK 8_7 STATE 201H | \$539,115 |
| Completion | 6001 | Chemicals Water Soluble | TURKEY TRACK 8_7 STATE 201H | \$70,001 |
| Completion | 6003 | Chemicals Treat Bacteria | TURKEY TRACK 8_7 STATE 201H | \$27,250 |
| Completion | 6014 | Chemicals Other | TURKEY TRACK 8_7 STATE 201H | \$700 |
| Completion | 8000 | Freight Shipping | TURKEY TRACK 8_7 STATE 201H | \$18,538 |

| | | | |
|-----------------------------|--|-----------------------------|-------------|
| Completion | 8103 Taxes Sales Tax | TURKEY TRACK 8_7 STATE 201H | \$162,381 |
| Completion | 8107 Taxes Other | TURKEY TRACK 8_7 STATE 201H | \$16,807 |
| Completion | 8350 JI OH Drilling/Development | TURKEY TRACK 8_7 STATE 201H | \$0 |
| Completion | 8919 Environmental Cleanup/Reclamation | TURKEY TRACK 8_7 STATE 201H | \$315 |
| Completion | 8921 Waste Handling and Disposal | TURKEY TRACK 8_7 STATE 201H | \$1,488 |
| Completion | Accrual | TURKEY TRACK 8_7 STATE 201H | \$1,587,485 |
| Total Drilling & Completion | | | \$9,415,840 |

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION DIVISION
TO CONSIDER:**

**CASE NO. 15776 (Re-Opened)
ORDER NO. R-20693
Amending Order No. R-14467**

**APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP TO AMEND THE
INITIAL WELL UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-
14467, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 7, 2019, at Santa Fe, New Mexico, before Examiner Leonard R. Lowe.

NOW, on this 9th day of July 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) OXY USA WTP Limited Partnership ("Applicant") seeks to re-open Order No. R-14467 ("the prior order"), issued in this case on October 5, 2017, to change the description of the initial wells within the subject compulsory pooled spacing unit ("the Unit"). The Unit is described as follows:

Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, in the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code: 60660).

(3) The Unit is described in the prior order as "a non-standard oil spacing unit." However, under 19.15.16.15.B NMAC, as subsequently amended, the Unit now constitutes a

standard horizontal oil spacing unit for the wells to which Applicant proposes to dedicate it. Accordingly, provisions of that order approving a non-standard unit are moot.

(4) The prior order dedicated the Unit to the following initial well (“the No. 21H Well”):

Applicant’s Turkey Track 8 7 State Well No. 21H (the “proposed well”; API No. 30-015-44141), a horizontal well to be drilled from a surface location 1088 feet from the North line and 455 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 180 feet from the West line, Lot 1 of Section 7, all in Township 19 South, Range 29 East.

(5) Applicant has plugged and abandoned the No. 21H Well and no longer intends to complete or produce it.

(6) Applicant now asks the Division to reaffirm the compulsory pooling of all uncommitted interests in the Unit and to dedicate the Unit to the following “proposed initial wells:”

Applicant’s Turkey Track 8 7 State Well No. 201H; API No. 30-015-45681), a horizontal well to be drilled from a surface location 1114 feet from the North line and 475 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 20 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East.

And:

Applicant’s Turkey Track 8 7 State Well No. 31H; API No. 30-015-44266), a horizontal well to be drilled from a surface location 1149 feet from the North line and 475 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 21 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East.

(7) These proposed initial wells will be completed in the 2nd Bone Spring Sand and the 3rd Bone Spring Sand, respectively.

The Division finds as follows:

(8) Applicant has given notice to all persons entitled thereto pursuant to 19.15.4.12.A(1) NMAC, in the manner prescribed by 19.15.4.12.B NMAC, including all persons who were noticed of the proceedings resulting in issuance of the prior order.

(9) The Division has preserved the existence of the Unit as a compulsory pooled spacing unit in the Bone Spring formation by the Director's letter to Applicant dated September 25, 2018, included in the file of this case.

(10) No other party appeared at the hearing, or otherwise opposed granting this application.

(11) The application should be granted, amending Order No. R-14467 changing the initial well and making conforming changes as herein provided. Except as herein modified, the prior order shall continue in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of OXY USA WTP Limited Partnership, all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation [Turkey Track; Bone Spring Pool (Pool code 60660)] underlying the following described 312.88-acre Unit, are hereby pooled:

A standard horizontal spacing unit comprising Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) The Unit shall be dedicated to the proposed initial wells described above in Ordering Paragraph No. (6).

(3) In accordance with the Director's letter dated September 25, 2018, the unit operator shall commence drilling at least one of the proposed initial wells on or before October 31, 2019. Otherwise the unit hereby constituted shall terminate. The first proposed initial well shall be completed within one year following commencement thereof. Otherwise the second initial well shall not be drilled under this order unless it is first re-proposed as an infill horizontal well pursuant to 19.15.13.10 or 19.15.13.11 NMAC.

(4) Each pooled working interest owner shall have the right to make a separate election pursuant to Ordering Paragraph (10) of Order No. R-14467 as to each proposed initial well, whether it will be a consenting party or a non-consenting party. To this end, the operator shall propose each well separately and shall furnish separate cost estimates for each well. Any non-operating pooled working interest owner shall be a non-consenting working interest owner as to a well for which it does not make a timely election to participate, together with a tender of its share of estimated costs, but only as to such well. The risk penalty shall be computed only on the costs of, and shall only be charged against, the owner's pooled working interest in wells in which it is a non-consenting party.

(5) Since the Unit is now a standard horizontal spacing unit, the provision of the previous order declaring it to be a non-standard spacing unit is rescinded, and the request for approval of a non-standard unit is dismissed as moot.

(6) In all things else, Order No. R-14467 shall remain in full force and effect.

(7) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL
Director

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15776
ORDER NO. R-14467**

**APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP FOR A NON-
STANDARD SPACING AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 14, 2017, before Examiner Michael A. McMillan.

NOW, on this 5th day of October, 2017, the Division Director, having considered the testimony, the record and the recommendations of the Examiner.

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Cases No. 15776, 15777, 15778, and 15779 were consolidated at the hearing for the purpose of testimony; however, separate orders will be issued for each case.

(3) OXY USA WTP Limited Partnership ("Applicant" or "OXY") seeks approval of a 312.88-acre, more or less, non-standard oil spacing and proration unit and project area (the "Unit") for oil and gas production from the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code: 60660), comprising Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation

(4) The Unit will be dedicated to the Applicant's Turkey Track 8 7 State Well No. 21H (the "proposed well"; API No. 30-015-44141), a horizontal well to be drilled from a surface location 1088 feet from the North line and 70 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 180 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East. The location of the completed interval of the subject well will be orthodox within the Unit.

(5) The proposed well is within the Turkey Track; Bone Spring Pool (Pool code 60660), and is subject to Division Rule 19.15.15.9(A) NMAC, which provides for 330-foot setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of eight adjacent quarter-quarter sections oriented east to west.

(6) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) the Bone Spring formation in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well from East to West or West to East is appropriate for the proposed Unit;
- (c) each quarter-quarter section in the proposed unit can be expected to contribute more or less equally to production from the Bone Spring formation; and
- (d) notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments, and whose whereabouts could be ascertained by exercise of reasonable diligence.

(7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(8) The proposed non-standard unit should be approved to enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste and protecting correlative rights.

(9) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(10) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the subject well to a common source of supply within the Unit at the proposed location.

(11) There are interest owners in the Unit that have not agreed to pool their interests.

(12) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(13) OXY should be designated the operator of the subject well and the Unit.

(14) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the subject well.

(15) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations.*"

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of OXY USA WTP Limited Partnership, a 312.88-acre, more or less, non-standard oil spacing and proration unit and project area (the "Unit") is hereby established for oil and gas production from the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code 60660), comprising Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) All uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to the Applicant's Turkey Track 8 7 State Well No. 21H (the "proposed well"; API No. 30-015-44141), a horizontal well to be drilled from a surface location 1088 feet from the North line and 70 feet from the West line, (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 180 feet from the West line, Lot 1/ Unit D of Section 7, both in Township 19

South, Range 29 East. The completed interval of the subject well within the Unit is orthodox.

(4) The operator of the Unit shall commence drilling the proposed well on or before October 31, 2018, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before October 31, 2018, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the Unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the standard spacing units included in the proposed project area (or Unit) then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those standard spacing units in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on that Unit pursuant to Division Rule 19.15.13.9 NMAC, the Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) OXY USA WTP Limited Partnership (OGRID 192463) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the subject well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:

- (a) the proportionate share of reasonable well costs attributable to each such owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates may be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of

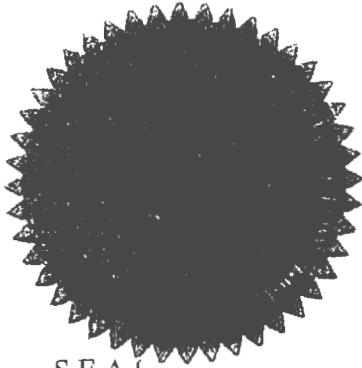
production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.

(19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



DAVID R. CATANACH
Director

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



September 25, 2018

Michael H. Feldewert
Holland & Hart LLP
mfeldewert@hollandhart.com
PO Box 2208
Santa Fe, NM 87504-2208

RE: Request for Time Extension to Commence drilling
Case No. 15776, R-14467 approved date October 5, 2017
Deadline to commence drilling October 31, 2018, Ordering Paragraph No. (4)
Applicant/Operator: OXY USA WTP Limited Partnership
Proposed Well:
Turkey Track 8 7 State Well No. 21H, API No. 30-015-44141

Dear Sir or Madam:

The following pertains to your request received by the Division on September 18, 2018 and to the requirements in the captioned hearing order.

You have requested an extension of the deadline to commence drilling given by the Division in the captioned order.

As stated in your request, the operator has drilled and completed three of the four proposed wells in the consolidated cases and rig scheduling delays have prevented the captioned well from spud. There was no opposition in the captioned case. You are requesting an additional year in which to commence drilling.

Ordering Paragraph No. (4) of the captioned order is hereby amended, changing "October 31, 2018" to "October 31, 2019". The requested additional year in which to commence drilling is hereby granted.

All other provisions of this order remain in full force and effect.

Sincerely,


HEATHER RILEY
Director

HR/wvjj

cc: Oil Conservation Division – Artesia
Case No. 15776

HOLLAND & HART



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources –
Oil and Gas Law – New Mexico Board of
Legal Specification
mfeldewert@hollandhart.com

September 18, 2018

VIA HAND DELIVERY

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

SEP 18 2018 PM 04:01

Re: Pooling Order R-14467 – Request for additional time to drill initial dedicated well

Dear Ms. Riley:

Pursuant to Ordering Paragraph (5) of Division Order R-14467, Oxy USA WTP Limited Partnership ("Oxy") requests a one-year extension of time in which to drill the initial well in the pooled spacing and proration unit.

Order R-14467 was issued by the Division in Case No. 15776 on October 5, 2017, following a hearing on consolidated Case Nos. 15776 through 15779. These consolidated cases involved four Bone Spring spacing units for four proposed laydown wells on state lands in Irregular Section 7 and Section 8, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. No one appeared in opposition to Oxy's request to pool these Bone Spring spacing units, including the N/2 N/2 equivalent of Section 7, and the N/2 N/2 of Section 8 to be dedicated to Oxy's proposed Turkey Track 8 7 State Well No. 21H (API No. 30-015-44141).

Three of the four wells proposed for the pooled Bone Spring spacing units in Irregular Section 7 and Section 8 have been drilled and completed under pooling Orders R-14468, R-14469 and R-14470. However, the drilling of the Turkey Track 8 7 State Well No. 21H well in the N/2 N/2 spacing unit has been delayed due to rig scheduling issues. Oxy anticipates being able to drill this well in the second quarter of 2019.

For these reasons, Oxy respectfully requests a one-year extension of time to commence drilling a Bone Spring well in the N/2 N/2 spacing and proration unit pooled under Order R-14467.

Very truly yours,

Michael H. Feldewert

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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