

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

**APPLICATION OF OXY USA INC. FOR  
APPROVAL OF 1,277.08-ACRE NON-  
STANDARD SPACING UNITS IN THE  
BONE SPRING & WOLFCAMP  
FORMATIONS COMPRISED OF  
ACREAGE SUBJECT TO A PROPOSED  
COMMUNITIZATION AGREEMENT,  
EDDY COUNTY, NEW MEXICO.**

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

**APPLICATION**

OXY USA Inc. (“OXY” or “Applicant”) (OGRID No. 16696) is the designated operator under a Joint Operating Agreement covering federal and fee leases in the Bone Spring and Wolfcamp formations and seeks approval of 1,277.08-acre non-standard spacing units to match the corresponding proposed Communitization Agreement for the acreage underlying Sections 4 and 9, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of this application, OXY states:

1. The Pierce Crossing; Bone Spring, East Pool (Pool Code 96473) is the only pool within the Bone Spring formation underlying the proposed non-standard spacing unit.

2. Within the proposed non-standard spacing unit, OXY intends to drill or has drilled the following wells within the Pierce Crossing; Bone Spring, East Pool (Pool Code 96473):

- **Heads CC 9\_4 Federal Com #22H well (30-015-47335)**
- **Heads CC 9\_4 Federal Com #23H well (30-015-47334)**
- **Heads CC 9\_4 Federal Com #24H well (30-015-47337)**
- **Heads CC 9\_4 Federal Com #25H well (30-015-47338)**
- **Heads CC 9\_4 Federal Com #26H well (30-015-47192)**

3. OXY's drilling program for this area will develop the Bone Spring formation underlying each of the 40-acre tracts comprising the proposed non-standard spacing unit.

4. The Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) is the only pool within the Wolfcamp formation underlying the proposed non-standard spacing unit.

5. Within the proposed non-standard spacing unit, OXY intends to drill or has drilled the following wells in the Purple Sage; Wolfcamp (Gas) Pool:

- **Heads CC 9\_4 Federal Com #31H well (30-015-47189)**
- **Heads CC 9\_4 Federal Com #32H well (30-015-47229)**
- **Heads CC 9\_4 Federal Com #33H well (30-015-47193)**
- **Heads CC 9\_4 Federal Com #36H well (30-015-47231)**
- **Heads CC 9\_4 Federal Com #38H well (30-015-47587)**

6. OXY's drilling program for this area will develop the Wolfcamp formation underlying each of the 40-acre tracts comprising the proposed non-standard spacing unit.

7. OXY seeks to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit.

8. OXY understands that the Bureau of Land Management will approve a Communitization Agreement for the Bone Spring and Wolfcamp formations underlying the acreage comprising the proposed non-standard spacing units once the Division approves the proposed non-standard spacing units.

9. To allow the existing and permitted wells to be dedicated to the acreage subject to the desired Communitization Agreement, OXY requires approval of corresponding non-standard spacing units in the Bone Spring and Wolfcamp formations.

10. Division Rules contemplate and encourage oil and gas development, where possible, in enlarged areas of common ownership to minimize surface disturbance and to promote efficient well spacing. *See, e.g.,* 19.15.16.7.P NMAC; 19.15.16.15.B(8) NMAC; 19.15.16.15.C(7) NMAC.

11. Approval of this application will allow OXY to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks and pipelines, and promote effective well spacing.

12. Notice of this application will be provided as required by Division rules.

13. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, OXY requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 6, 2021, and that after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

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