

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

**APPLICATION OF OXY USA INC. FOR
APPROVAL OF 1,280-ACRE NON-
STANDARD SPACING UNITS IN THE
BONE SPRING & WOLFCAMP
FORMATIONS COMPRISED OF
ACREAGE SUBJECT TO A PROPOSED
COMMUNITIZATION AGREEMENT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

OXY USA Inc. (“OXY” or “Applicant”) (OGRID No. 16696) through its undersigned attorneys, hereby files this application with the Oil Conservation Division, for an order approving 1,280-acre, more or less, non-standard spacing units in the Bone Spring and Wolfcamp formations to match the corresponding proposed Communitization Agreement for the acreage underlying all of Sections 8 and 17, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, OXY states:

1. OXY is the designated operator under a Joint Operating Agreement covering federal acreage in the Bone Spring and Wolfcamp formations and seeks approval of 1,280-acre non-standard spacing units to match the corresponding proposed Communitization Agreement for the acreage underlying Sections 8 and 17.

2. The Bilbrey Basin; Bone Spring, South Pool (Pool Code 97366) is the only pool within the Bone Spring formation underlying the proposed non-standard spacing unit.

3. Within the proposed non-standard spacing unit, OXY intends to drill or has drilled the following wells within the Bilbrey Basin; Bone Spring Pool:

- **Dr Awkward 17_8 Fed Com #311H well (30-025-pending)**

- **Dr Awkward 17_8 Fed Com #312H well (30-025-pending)**
- **Dr Awkward 17_8 Fed Com #313H well (30-025-pending)**

4. 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.

5. The WC-025 G-09 S223219D; Wolfcamp Pool (Pool Code 98296) is the only pool within the Wolfcamp formation underlying the proposed non-standard spacing unit.

6. Within the proposed non-standard spacing unit, OXY intends to drill or has drilled the following wells in the WC-025 G-09 S223219D; Wolfcamp Pool:

- **Dr Awkward 17_8 Fed Com #31H well (30-025-pending)**
- **Dr Awkward 17_8 Fed Com #32H well (30-025-pending)**
- **Dr Awkward 17_8 Fed Com #34H well (30-025-pending)**

7. 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.

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

9. 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.

10. 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.

11. 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.

12. 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.

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

14. 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 July 1, 2021, and that after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

HOLLAND & HART LLP



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