

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

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

CASE NO. _____

APPLICATION

Oxy USA Inc. (OGRID 16696), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 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 Sections 12 and 13, Township 22 South, Range 31 East (NMPM), Eddy County New Mexico. In support of its application, Oxy states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

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

- **Top Spot 12-13 Fed Com 31H** and the **Top Spot 12-13 Fed Com 311H** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 13 to bottomhole locations in the NW/4 NW/4 (Unit D) of Section 12.
- **Top Spot 12-13 Fed Com 32H** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 13 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 12.

- **Top Spot 12-13 Fed Com 312H** to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 13 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 12.

3. The completed interval of the Top Spot 12-13 Fed Com 311H well is expected to remain with 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all 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. To allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this matter be set for hearing on October 6, 2022, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of this 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 charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- 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.

Respectfully submitted,

HOLLAND & HART LLP



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ATTORNEYS FOR OXY USA INC.

CASE _____: Application of Oxy USA Inc. for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the W/2 of Sections 12 and 13, Township 22 South, Range 31 East (NMPM), Eddy County New Mexico. This spacing unit will be initially dedicated to the following proposed wells:

- **Top Spot 12-13 Fed Com 31H and Top Spot 12-13 Fed Com 311H** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 13 to bottomhole locations in the NW/4 NW/4 (Unit D) of Section 12.
- **Top Spot 12-13 Fed Com 32H** to be drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 13 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 12.
- **Top Spot 12-13 Fed Com 312H** to be drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 13 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 12.

The completed interval of the Top Spot 12-13 Fed Com 311H well is expected to remain with 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit. Also, to be considered will be 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 28 miles east of Carlsbad, New Mexico.