

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

**APPLICATION OF OXY USA INC. FOR APPROVAL
OF A NON-STANDARD HORIZONTAL WELL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

OXY USA Inc. (“Oxy” or “Applicant”) (OGRID No. 16696) through its undersigned attorneys, files this application with the Oil Conservation Division for an order (a) approving a non-standard 959.24-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S2 of Section 36, Township 21 South, Range 31 East, and all of irregular Section 1, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. In support of this application, Oxy states:

1. OXY is a working interest owner in the subject acreage and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced horizontal well spacing unit to the following proposed wells:
 - **Stressed Desserts 36_1 Fed Com 71H** to be horizontally drilled from a surface location in the SW4 of Section 36, with a first take point in the NW4SW4 (Unit L) of Section 36 and a last take point in the SW4SW4 (Unit M) of Section 1;
 - **Stressed Desserts 36_1 Fed Com 72H** to be horizontally drilled from a surface location in the SW4 of Section 36, with a first take point in the NE4SW4 (Unit K) of Section 36 and a last take point in the SE4SW4 (Unit N) of Section 1;

- **Stressed Desserts 36_1 Fed Com 73H** to be horizontally drilled from a surface location in the SE4 of Section 36, with a first take points in the NW4SE4 (Unit J) of Section 36 and a last take points in the SW4SE4 (Unit O) of Section 1; and
 - **Stressed Desserts 36_1 Fed Com 74H** to be horizontally drilled from a surface location in the SE4 of Section 36, with a first take point in the NE4SE4 (Unit I) of Section 36 and a last take point in the SE4SE4 (Unit P) of Section 1.
3. Approval of the proposed non-standard horizontal well spacing unit is necessary to reduce the surface disturbance, to reduce costs, to avoid the stranding of acreage and to otherwise prevent waste and protect correlative rights.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral interest owners in the subject spacing unit.
5. The pooling of interests and approval of this non-standard horizontal well spacing unit will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on October 3, 2024, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the non-standard horizontal well spacing unit and pooling all uncommitted interests therein;
- B. Designating Applicant as operator of this non-standard 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,

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ATTORNEYS FOR OXY USA INC.

CASE _____ : **Application of OXY USA Inc. for Approval of a Non-standard Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order (a) approving a non-standard 959.24-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S2 of Section 36, Township 21 South, Range 31 East, and all of irregular Section 1, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted mineral owners in this acreage. This spacing unit will be initially dedicated to the following proposed wells:

- **Stressed Desserts 36_1 Fed Com 71H** to be horizontally drilled from a surface location in the SW4 of Section 36, with a first take point in the NW4SW4 (Unit L) of Section 36 and a last take point in the SW4SW4 (Unit M) of Section 1;
- **Stressed Desserts 36_1 Fed Com 72H** to be horizontally drilled from a surface location in the SW4 of Section 36, with a first take point in the NE4SW4 (Unit K) of Section 36 and a last take point in the SE4SW4 (Unit N) of Section 1;
- **Stressed Desserts 36_1 Fed Com 73H** to be horizontally drilled from a surface location in the SE4 of Section 36, with a first take points in the NW4SE4 (Unit J) of Section 36 and a last take points in the SW4SE4 (Unit O) of Section 1; and
- **Stressed Desserts 36_1 Fed Com 74H** to be horizontally drilled from a surface location in the SE4 of Section 36, with a first take point in the NE4SE4 (Unit I) of Section 36 and a last take point in the SE4SE4 (Unit P) of Section 1.

Also, to be considered will be the necessity of the non-standard spacing unit, 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 39 miles northwest of Jal, New Mexico.