

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

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

**Case No. 26017
Order No. R-24293**

**APPLICATION OF OXY USA INC. FOR APPROVAL OF THE PARTY BEES
EXPLORATORY UNIT, EDDY & LEA COUNTIES, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 26, 2026, and after considering the administrative record including sworn testimony, admitted evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

(1) Oxy USA, Inc. (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) and New Mexico State Land Office (“SLO”), as applicable, of the Party Bees Exploratory Unit (“Unit”) consisting of 8,768.77 acres of the following lands situated in Eddy and Lea Counties, New Mexico (“Unit Area”):

Township 22 South, Range 32 East, N.M.P.M.

Section 6: All

Township 21 South, Range 31 East, N.M.P.M.

Section 30: Lots 1, 2, 3, 4, E/2 W/2, N/2 SE/4, SW/4 SE/4

Section 31: All

Section 32: All

Section 33: S/2

Section 34: S/2

Section 35: S/2

Section 36: S/2

Township 22 South, Range 31 East, N.M.P.M.

Section 1: All

Section 2: All
Section 3: All
Section 4: All
Section 9: All
Section 10: All
Section 11: All
Section 14: All

(2) Unitized Interval: The unitized interval for the Unit is all formations greater than 100 feet below the base of the Delaware Formation, which is defined as the stratigraphic equivalent of 8,538 feet MD in the Federal CK Com No. 1 well located in the SE/4 NE/4 of Section 6 of Township 22 South, Range 32 East, N.M.P.M. in Lea County, New Mexico (API No. 30-025-27473).

(3) The unitized interval underlying the Unit is currently designated by the OCD as:

BILBREY BASIN;BONE SPRING (Pool Code: 5695)
WC-025 G-09 S213232A;UPR WOLFCAMP (Pool Code: 98313)
WC-025 S223203A;LWR WOLFCAMP (GAS) (Pool Code: 98258)
WC 22S31E13;WOLFCAMP (Pool Code: 98351)
LOST TANK;WOLFCAMP (Pool Code: 97573)
BILBREY;ATOKA, WEST (GAS) (Pool Code: 96631)
RED TANK;ATOKA (GAS) (Pool Code: 83660)
BILBREY;MORROW (GAS) (Pool Code: 72124)

(4) Applicant presented testimony and exhibits as follows:

- a. The Unit is a proposed federal and state exploratory unit and all depths greater than 100 feet below the base of the Delaware Formation will be unitized.
- b. The Unit is comprised of 25 tracts of which 15 are federal tracts and 10 are state tracts.
- c. The Unit obligation wells will be 5 horizontal wells within the Wolfcamp Formation.
- d. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.
- e. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 106753006 as the case serial number to the Unit.

f. Notice of this application was provided to working and mineral interest owners within the Unit Area. Public notice was published in the newspaper of general circulation.

(5) Applicant requested the exclusion of some existing wells from the Unit. The excluded wells are:

Lost Tank 3 Federal Deep No. 23 (API No. 30-015-35354)

Lost Tank 4 Federal No. 20 (API No. 30-015-34918)

Lost Tank 4 Federal No. 23 (API No. 30-015-40775)

(6) EOG Resources, Inc. appeared at the hearing but did not oppose this application.

(7) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(8) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Unit.

(2) The Unit Area comprises 8,768.77 acres situated in Eddy and Lea Counties, New Mexico and described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that Oxy USA, Inc. (OGRID No. 16696) is designated the Unit Operator under the Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by OCD as a "unitized area" as provided in 19.15.16 NMAC.

For a horizontal well, the completed interval of which is located wholly within the Unit, the horizontal spacing unit configuration requirements of 19.15.16.15 B.(1)(c) and 19.15.16.15 B.(3)(c) NMAC do not apply. All other horizontal spacing unit configuration requirements apply, and Applicant shall obtain OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15 (B)(5) NMAC as necessary.

For a horizontal well, the completed interval of which is located wholly within the Unit, the setbacks prescribed in 19.15.16.15 C. NMAC apply only to the outer boundaries of the Unit.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with OCD the fully executed Unit Agreement within thirty (30) days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within thirty (30) days after approval or notification of the BLM or SLO, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to OCD via a Post Hearing Statement and the OCD Engineering Bureau shall be notified of the submission via email at OCD.Engineer@emnrd.nm.gov. OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

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

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ALBERT C. S. CHANG
DIRECTOR**

AC/dm

Date: 04/10/2026