

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

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

CASE NOS. 15613, 15614, and 15615

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA Inc. ("OXY") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

ATTORNEY

Michael H. Feldewert
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Holland & Hart LLP
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STATEMENT OF THE CASE

In each of these three cases, OXY seeks an order (1) creating a 320-acre non-standard spacing and proration unit; and (2) pooling all uncommitted interests in the Bone Spring formation underlying each proposed unit.

In Case No. 15613, OXY seeks to create a 320-acre non-standard spacing and proration unit comprised of the E/2 E/2 of Section 26 and the E/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. This non-standard spacing and proration

unit will be the project area for the proposed Corral Fly 35-26 Federal Com No. 26H Well, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 35.

In Case No. 15614, OXY seeks to create a 320-acre non-standard spacing and proration unit comprised of the W/2 E/2 of Section 26 and the W/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. This non-standard spacing and proration unit will be the project area for the proposed Corral Fly 35-26 Federal Com No. 24H Well, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 35.

In Case No. 15615, OXY seeks to create a 320-acre non-standard spacing and proration unit comprised of the E/2 W/2 of Section 26 and the E/2 W/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County. This non-standard spacing and proration unit will be the project area for the proposed Corral Fly 35-26 Federal Com No. 23H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 35.

The completed interval for each well will comply with the 330-foot standard setbacks required by Division rules for oil wells.

APPLICANT'S PROPOSED EVIDENCE

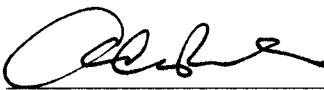
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jeremy Murphrey, Landman	Approx. 20 minutes	Approx. 12
Spencer Gunderson, Geologist	Approx. 15 minutes	Approx. 7

PROCEDURAL MATTERS

OXY respectfully requests that Case Nos. 15613, 15614, and 15615 be consolidated for hearing.

Respectfully submitted,

HOLLAND & HART LLP


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