# BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MARCH 7, 2019

**CASE NO. 15776 (RE-OPEN)** 

TURKEY TRACK 8-7 No. 201H WELL

~AND~

TURKEY TRACK 8-7 No. 31H WELL

### EDDY COUNTY, NEW MEXICO



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

APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP TO REOPEN CASE NO. 15776 TO AMEND THE INITIAL WELL UNDER THE TERMS OF THE COMPULSORY POOLING ORDER R-14467, EDDY COUNTY, NEW MEXICO.

CASE NO. 15776 (re-opened)

### AFFIDAVIT OF JONATHAN I. GONZALES IN SUPPORT OF CASE NO. 15776 (RE-OPENED)

Jonathan I. Gonzales, of lawful age and being first duly sworn, declares as follows:

- 1. My name is Jonathan I. Gonzales. I work for OXY USA WTP Limited Partnership ("Oxy") as a Land Negotiator.
- 2. I received my Bachelor of Arts Degree from St. Mary's University in 1999. I received my Doctorate of Juris Prudence from South Texas College of Law in 2006. I have worked at Oxy since January 2011. I was promoted to Land Negotiator in August 2014. I have worked the New Mexico asset since May 2017. I am a member of the AAPL.
- 3. I do not anticipate any opposition to Oxy re-opening this case and presenting it by affidavit.
  - 4. Oxy initially presented this case to the Division on September 14, 2017.
- 5. On October 5, 2017, the Division entered Division Order R-14467, which created a 312.88-acre non-standard spacing and proration unit and project area, comprising the N/2 N/2 equivalent (Lot 1, N/2 NE/4 and NE/4 NW/4) of Section 7 and the N/2 N/2 of Section 8, Township 19 South, Range 29 East, NMPM, Eddy County New Mexico. This Division Order further pooled the uncommitted interests in the Bone Spring formation (Turkey Track; Bone Spring Pool (Pool Code 60660)) in this spacing and proration unit, and dedicated the unit to the

proposed **Turkey Track 8 7 State Well No. 21H** (API No. 30-015-44141), a horizontal well to be drilled from a surface hole location 1088 feet from the north line and 70 feet from the west line (Unit D) of Section 9 to a bottom hole location 380 feet from the north line and 180 feet from the west line (Lot 1) of Section 7.

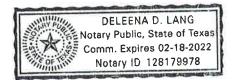
- 6. A true and correct copy of Division Order R-14467, as amended by extension letter, is attached hereto as **Oxy Exhibit A-1**.
- 7. Since Division Order R-14467 was entered, Oxy drilled a portion of the proposed Turkey Track 8 7 State Well No. 21H. Due to heavy rains in the area, which interfered with Oxy's drilling schedule, and an internal decision to target both the Second and Third Bone Spring formations, this proposed well is now being plugged and abandoned. As a result, the proposed Turkey Track 8 7 State Well No. 21H will no longer be the initial well under Division Order R-14467.
- 8. Oxy now plans to drill additional initial wells in the Bone Spring formation, targeting the Second and Third Bone Spring intervals. In particular, Oxy wishes to dedicate the spacing unit to the following initial proposed wells: the **Turkey Track 8/7 No. 201H** and the **Turkey Track 8/7 No. 31H**, which will both be drilled horizontally from a similar surface hole location in the NW/4 (Unit D) of Section 9 to a similar bottom hole location in the NW/4 NW/4 (Lot 1) of Section 7. The Turkey Tract 8/7 No. 201H well will target the Second Bone Spring, and the Turkey Tract 8/7 No. 31H well will target the Third Bone Spring.
- 9. Oxy has prepared draft Form C-102s to be filed with the Division for the proposed Turkey Track 8/7 No. 201H and the Turkey Track 8/7 No. 31H. Copies of these C-102s are attached hereto as **Oxy Exhibit A-2** and **Oxy Exhibit A-3**, respectively.

- 10. The completed intervals for both wells will comply with the Statewide setback requirements for oil wells.
- 11. Other than the designation of the initial wells, all other provisions of Order R-14467 remain unchanged.
- 12. Oxy sent a new well proposal letter to the working interest owners for these proposed initial wells. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as Oxy Exhibit A-4.
- 13. I provided the law firm of Holland & Hart LLP a list of names and addresses for the parties that were forced pooled under Division Order R-14467. All pooled parties were locatable.
- 14. **Oxy Exhibit A-2 through A-4** were either prepared by me or compiled under my direction and supervision.

JONATHAN I. GONZALES

STATE OF TE	XAS	
	Į.	
COUNTY OF	110	

SUBSCRIBED and SWORN to before me this \_\_\_\_\_\_ day of March 2019, by Jonathan I. Gonzales.



NOTARY PUBLIC

My Commission Expires:

02/18/2022

12129596\_1

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 15776 ORDER NO. R-14467

APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP FOR A NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

### ORDER OF THE DIVISION

### BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 14, 2017, before Examiner Michael A. McMillan.

NOW, on this 5<sup>th</sup> day of October, 2017, the Division Director, having considered the testimony, the record and the recommendations of the Examiner.

### FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.
- (2) Cases No. 15776, 15777, 15778, and 15779 were consolidated at the hearing for the purpose of testimony; however, separate orders will be issued for each case.
- (3) OXY USA WTP Limited Partnership ("Applicant" or "OXY") seeks approval of a 312.88-acre, more or less, non-standard oil spacing and proration unit and project area (the "Unit") for oil and gas production from the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code: 60660), comprising Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Bone Spring formation

- (4) The Unit will be dedicated to the Applicant's Turkey Track 8 7 State Well No. 21H (the "proposed well"; API No. 30-015-44141), a horizontal well to be drilled from a surface location 1088 feet from the North line and 70 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 180 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East. The location of the completed interval of the subject well will be orthodox within the Unit.
- (5) The proposed well is within the Turkey Track; Bone Spring Pool (Pool code 60660), and is subject to Division Rule 19.15.15.9(A) NMAC, which provides for 330-foot setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of eight adjacent quarter-quarter sections oriented east to west.
- (6) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:
  - (a) the Bone Spring formation in this area is suitable for development by horizontal drilling;
  - (b) the proposed orientation of the horizontal well from East to West or West to East is appropriate for the proposed Unit;
  - (c) each quarter-quarter section in the proposed unit can be expected to contribute more or less equally to production from the Bone Spring formation; and
  - (d) notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments, and whose whereabouts could be ascertained by exercise of reasonable diligence.
- (7) No other party appeared at the hearing, or otherwise opposed the granting of this application.

#### The Division concludes that:

(8) The proposed non-standard unit should be approved to enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste and protecting correlative rights.

- (9) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.
- (10) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the subject well to a common source of supply within the Unit at the proposed location.
- (11) There are interest owners in the Unit that have not agreed to pool their interests.
- (12) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.
  - (13) OXY should be designated the operator of the subject well and the Unit.
- (14) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the subject well.
- (15) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

### IT IS THEREFORE ORDERED THAT:

- (1) Pursuant to the application of OXY USA WTP Limited Partnership, a 312.88-acre, more or less, non-standard oil spacing and proration unit and project area (the "Unit") is hereby established for oil and gas production from the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code 60660), comprising Lot 1, N/2 NE/4, and NE/4 NW/4 (N/2 N/2 equivalent) of Section 7, and the N/2 N/2 of Section 8, all in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- (2) All uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation underlying the Unit, are hereby pooled.
- (3) The Unit shall be dedicated to the Applicant's Turkey Track 8 7 State Well No. 21H (the "proposed well"; API No. 30-015-44141), a horizontal well to be drilled from a surface location 1088 feet from the North line and 70 feet from the West line, (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 180 feet from the West line, Lot 1/ Unit D of Section 7, both in Township 19

South, Range 29 East. The completed interval of the subject well within the Unit is orthodox.

- (4) The operator of the Unit shall commence drilling the proposed well on or before October 31, 2018, and shall thereafter continue drilling the proposed well with due diligence to test the Bone Spring formation.
- (5) In the event the operator does not commence drilling the proposed well on or before October 31, 2018, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.
- (6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the Unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the standard spacing units included in the proposed project area (or Unit) then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those standard spacing units in which the well is completed.
- (7) Upon final plugging and abandonment of the proposed well and any other well drilled on that Unit pursuant to Division Rule 19.15.13.9 NMAC, the Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.
- (8) OXY USA WTP Limited Partnership (OGRID 192463) is hereby designated the operator of the well and the Unit.
- (9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").
- (10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

- (11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the subject well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.
- (12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.
- (13) The operator is hereby authorized to withhold the following costs and charges from production from each well:
  - (a) the proportionate share of reasonable well costs attributable to each such owner; and
  - (b) as a charge for the risk involved in drilling the well, 200% of the above costs.
- (14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.
- (15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates may be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.
- (16) Except as provided above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).
- (17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of

production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

- (18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.
- (19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.
- (20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DAVID R. CATANACH Director

### State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

Ken McQueen Cabinet Secretary

Heather Riley, Division Director Oil Conservation Division



Matthias Sayer Deputy Cabinet Secretary

September 25, 2018

Michael H. Feldewert Holland & Hart LLP mfeldewert@hollandhart.com PO Box 2208 Santa Fe, NM 87504-2208

RE: Request for Time Extension to Commence drilling

Case No. 15776, R-14467 approved date October 5, 2017

Deadline to commence drilling October 31, 2018, Ordering Paragraph No. (4)

Applicant/Operator: OXY USA WTP Limited Partnership

Proposed Well:

Turkey Track 8 7 State Well No. 21H, API No. 30-015-44141

Dear Sir or Madam:

The following pertains to your request received by the Division on September 18, 2018 and to the requirements in the captioned hearing order.

You have requested an extension of the deadline to commence drilling given by the Division in the captioned order.

As stated in your request, the operator has drilled and completed three of the four proposed wells in the consolidated cases and rig scheduling delays have prevented the captioned well from spud. There was no opposition in the captioned case. You are requesting an additional year in which to commence drilling.

Ordering Paragraph No. (4) of the captioned order is hereby amended, changing "October 31, 2018" to "October 31, 2019". The requested additional year in which to commence drilling is hereby granted.

All other provisions of this order remain in full force and effect.

yely Wille V. Jones

Sincerely,

HEATHER RILEY

Director

HR/wvjj

cc:

Oil Conservation Division - Artesia

Case No. 15776



Michael H. Feldewert
Recognized Specialist in the
Area of Natural Resources —
Oil and Gas Law — New Mexico Board of
Legal Specification
mfeldewert@hollandhart.com

September 18, 2018

### VIA HAND DELIVERY

Heather Riley
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Pooling Order R-14467 – Request for additional time to drill initial dedicated well

Dear Ms. Riley:

Pursuant to Ordering Paragraph (5) of Division Order R-14467, Oxy USA WTP Limited Partnership ("Oxy") requests a one-year extension of time in which to drill the initial well in the pooled spacing and proration unit.

Order R-14467 was issued by the Division in Case No. 15776 on October 5, 2017, following a hearing on consolidated Case Nos. 15776 through 15779. These consolidated cases involved four Bone Spring spacing units for four proposed laydown wells on state lands in Irregular Section 7 and Section 8, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. No one appeared in opposition to Oxy's request to pool these Bone Spring spacing units, including the N/2 N/2 equivalent of Section 7, and the N/2 N/2 of Section 8 to be dedicated to Oxy's proposed Turkey Track 8 7 State Well No. 21H (API No. 30-015-44141).

Three of the four wells proposed for the pooled Bone Spring spacing units in Irregular Section 7 and Section 8 have been drilled and completed under pooling Orders R-14468, R-14469 and R-14470. However, the drilling of the Turkey Track 8 7 State Well No. 21H well in the N/2 N/2 spacing unit has been delayed due to rig scheduling issues. Oxy anticipates being able to drill this well in the second quarter of 2019.

For these reasons, Oxy respectfully requests a one-year extension of time to commence drilling a Bone Spring well in the N/2 N/2 spacing and proration unit pooled under Order R-14467.

Very truly yours,

Michael H. Feldewert

Phone: (375) 393-616 | Fax: (375) 393-0720 District II 811 S. Furd St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazzos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

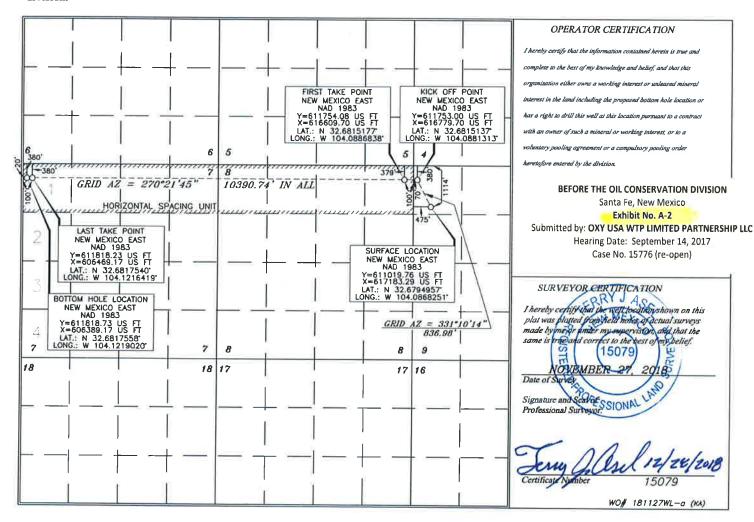
### State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

			<u>VELL</u>	<b>LOCA</b>	TION AND	) ACF	REAGE D.	<b>EDICATIO</b>	NPLAT			
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Рторе	erty Code			TI		Property					I	Vell Number
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UGK	RID No.					Operator	· Name					Elevation
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-					Surfa	ace Lo	ocation					
UL or lot no.	Section	Township		Ranj	ge	Lot Idn	Feet from the	North/South line	Feet from the	East/We	est line	Соилту
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Dedicated	Acres	Joint or Infill	Consoli	idation Cod	e Order No.	-						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District 1
1625 N. French Dr. Hobbe, NM 88240
Fbane: (575) 393-6161 Fax: (375) 393-0720
District II.
811 S. First St., Artenia, NM 88210
Fbane: (575) 748-1283 Fax: (575) 748-9720
District III.
1000 Rio Briston Rand, Astee, NM 87410
Fbane: (503) 334-6178 Fax: (503) 334-6170
District IV.
1220 S. St. Francis Dr., Sants Fq. NM 87505
Fbane: (503) 476-3460 Fax: (505) 476-3462

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

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WO 170308WL-c (KA)

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-3

Submitted by: OXY USA WTP LIMITED PARTNERSHIP LLC

Hearing Date: September 14, 2017 Case No. 15776 (re-open)



January 11, 2019

WORKING INTEREST PARTIES (see attached list)

Re:

Two Well Proposals - Turkey Track 8-7 State #31H and #201H Wells

Sections 7 and 8

Township 19 South, Range 29 East

Eddy County, New Mexico

Dear WI Owner,

OXY USA WTP Limited Partnership ("OXY") hereby proposes the drilling of two (2) wells, the Turkey Track 8-7 State #31 and #201H wells at the following locations, as depicted in the enclosed C-102 forms:

Turkey Track 8-7 State #31H

SHL: 1099' FNL, 450' FWL (Section 9)

- BLH: 380' FNL, 180' FWL (Section 7)

Approximate TVD: 8,855', MD: 19,304'

Turkey Track 8-7 State #201H

- SHL: 1114' FNL, 475' FWL (Section 9)

- BHL: 380' FNL, 20' FWL (Section 7)

- Approximate TVD: 7,000', MD: 17,926'

The proposed operations include drilling and completing each well as an approximate 10,000' lateral in the 2nd Bone Spring formation (Turkey Track 8-7 State #201H) and in the 3rd Bone Spring formation (Turkey Track 8-7 State #31H). A detailed description of the total estimated cost to drill and complete the wells is provided in the enclosed AFEs.

OXY is proposing to drill these wells under Non-Standard Spacing and Proration Unit and Compulsory Pooling Order No. R-14467 (Case No. 15776), as amended, covering the N/2 N/2 of Sections 7 and 8, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

Please indicate your elections to participate in the drilling, completing, and equipping of the proposed wells by executing and returning one copy of this letter and the enclosed AFEs in the self-addressed stamped envelope provided. Should you desire not to participate in the drilling, completing, and equipping of the proposed wells, Oxy would be interested in making an offer to purchase your interest.

If you have any questions, or would like to discuss this proposal in greater detail, please don't hesitate to call or e-mail.

Very truly yours,

Jonathan I. Gonzales

Phone No.: (713) 366-5576 jonathan\_gonzales@oxy.com

TP Limited Partnership

**Enclosures** 

Hearing Date: September 14, 2017 Case No. 15776 (re-open)

WIO elects to:
participate in the drilling of the Turkey Track 8-7 State #31H
non-consent the drilling of the Turkey Track 8-7 State #31H
Ву:
Name:
Title:
Date:
WIO elects to:
participate in the drilling of the Turkey Track 8-7 State #201H
non-consent the drilling of the Turkey Track 8-7 State #201H
Ву:
Name:
Title:
Date:

### Working Interest Owners \*subject to final title verification

WIO Name & Address:	% WI ownership in Sections 7 & 8
HFB Investment Company, L.P. 415 W. Wall Street, Suite 1705 Midland TX 79701	0.171519%*
Herbert F. Boles, Trustee U/W/O Norma Jean Boles, deceased 415 W. Wall St, Suite 1705 Midland, TX 79701	0.171519%*



### Occidental Oil and Gas Corporation Turkey Track 8-7 201H

RMT:	PRN
State & County:	NM, Eddy
Field;	Turkey Track
Well Type:	Turkey Track 8-7 201H
Date:	1/11/2019

Code	Element Name	Prep I		Locat	2 ion/Rig Move		3 Drilling	4 P&A		5 Completion	6 Artificial Lift	7 Hookup	F	8 acilities
	n, Mobilization, Rig Move													
3010	Major Mob / Demob	\$	_ 35	\$		\$	120			\$ 7,000	\$ -	\$ =	\$	*
3011	Location & Roads + Maintenance	\$	31	\$	100,000	\$	(W)	\$	_	\$ 3,000	s -	S -	\$	
3021	Rig Move	\$		\$	104,000	\$	20	\$		\$ -	\$ -	\$ -	\$	- 5
Labor,	Services & Equipment Rentals													
1000	Employee Wages	\$	141	\$	6,000	\$	62,000	\$		\$ 103,000	s -	s -	\$	
1050	Location Services	\$	- :	\$	-	\$		\$		\$ +	\$ -	s -	\$	*:
2004	Contractor Maintenance/Roustabouts	\$	28	\$	33	\$	550	\$		\$ 2,000	\$ -	\$ -	\$	+5
2017	Contract Supervision	\$	29	\$	5,000	\$	30,000	\$ .		\$ 80,000	\$ 9,000	\$ -	5	27
2019	Contractor HES	\$	- 54	\$	<b>9</b>	\$	3,000	\$ .		\$ 13,000	\$ -	\$ -	\$	Ţ.
2034	Labor services	\$		\$	13,000	\$	84,000	\$		\$ .	\$ -	\$ -	\$	
3001	Services Hot Oiling	\$		S		\$		\$		\$ •	\$ 6,000	\$ -	s	ė
3002	Services Misc Heavy Equipment	\$	37	\$	3.5	\$	287	\$		64,000	\$ 2,000	S -	\$	÷5
3003	Fluid Haul	\$	39	\$	38	\$	23,000	\$		35,000	\$	S -	S	
3005	Services Inspection	\$	₹.	\$	- 4	\$	54,000	\$		5 -	\$ -	\$ -	\$	
3009	Services Wellhead	\$	74	\$	¥.	\$	16,000	\$ 4		47,000	\$ 6,000	s -	\$	- 12
3012	Cased/Open Hole Logging	\$		S		\$		\$	2 8	\$ 24,000	\$ -	\$ -	s	
3013	Services Coiled Tubing	\$	2	\$	3	\$	25	\$		320,000	\$ =	\$ -	s	161
3014	Directional Drilling & LWD	\$		\$		\$	434,000	\$ -		5 - ·	\$ -	\$ -	s	É.
3015	Fishing	\$	jė.	\$	· ·	\$	- G	\$		5 2	S -	\$	s	
3016	Mud Logging	\$		\$	2	\$	14,000	\$ -			s -	\$ -	\$	
3018	Services Perforating	\$		\$		\$	3.8	\$ -		184,000	S +2	s -	\$	(4)
3019	Wire line & Slick line	\$	- 8	\$	3	\$	54	\$			\$ 7,000	s -	\$	4
3020	Rig Work	\$	-	\$	- 2	\$	572,000	\$ -	5	6 -	\$ 24,000	\$ -	\$	
3022	Drilling & Completion Fluids	\$	- 2	\$	5,000	\$	62,000	\$ -	-		\$ -	\$ -	s	(*)
3023	Cementing	\$		\$	:::	\$	179,000	\$ -	_		\$ -	\$ -	\$	161
3024	Services Stimulation	\$		\$		\$	2:	\$ -			s ·	\$ -	\$	
3025	Services Downhole Other	S		\$		\$	38,000	\$	_		\$ 13,000	s -	s	78
3026	Formation Testing and Coring	\$	- 2	\$	-	s	14	\$	_		\$	\$ -	\$	- 5
3029	Camp & Catering	\$	- 2	\$	5,000	\$	17,000	\$ -	9		\$ +	\$ -	\$	-
3032	Communications & IT	\$	-	\$	1,000	\$	14,000	\$ .	8		\$ .	\$ -	\$	545
3035	Services Disposal	\$	141	\$		\$	71,000	\$ .	_		\$ 4,000	\$	\$	
3039	Services Fluid Hauling from Site	\$		s		\$		\$ -	9		\$	\$ -	5	928
4005	Rental Downhole Equipment &Tools	\$		\$		\$	109,000	\$ .	9	131	\$ -	\$ -	s	
4007	HES & Industrial waste handling	\$	- 2	\$	1,000	\$	8,000	\$ -	_		\$ -	\$ -	s	
4013	Rental Surface Equipment & Tools	\$		\$	28,000	\$	78,000	\$ -	3	244,000	\$ 7,000	\$ +	\$	191
Consun	Consumables													
5021	Material Surface Other	\$	Q.	\$	- 2	\$		\$ -	1 \$		\$ 150,000	\$ +	T s	-
5023	Wellhead & X-mas tree	\$		\$	*	\$		\$ -	_		\$ 150,000	\$	\$	
5027	Materal Subsurface Lift Equipment Other	\$	-	\$		\$		\$ -	_		\$ 118,000	\$	\$	
5028	Casing and Casing Accessories	\$		\$	*	\$		\$ -	- 4		\$ 118,000 \$ -	\$	S	
5029	Material Tubing and Accs	\$	-	\$	*	\$		\$ -			\$ 42,000	\$ -	\$	
5500	Material Consumables	\$	- 23	s	3	\$		\$ -			\$ 42,000	\$	s	
5502	Drilling Fluids Products	\$		\$		\$		\$ -	_		\$	\$ -	\$	-
5503	Bits, Reamers, Scrapers, HO's	\$	-	\$	-	\$		\$ -			\$	\$ -	\$	200
5505	Fuel & Lubricants	\$	* 1	\$	8,000	\$		\$ -			\$	\$	\$	4
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	s, Insurance & Tax	· ·			.,200	<u> </u>	,			5,000	1,000	*	1 4	
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8102	Tax & contingency	\$	2	\$	14,000	\$		\$	-   "		\$ 44,000	S -	\$	
8918	Permits/Settlements/Other	\$	1	\$	14,000	\$		\$ -	_		\$ 11,000	s -	\$	
8921	Waste Handling and Disp	\$	-1-	\$		\$		\$ -	_		\$ -	\$ -	\$	
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9999	Other Costs	\$												

Drilling / Comp Engr	
Drilling Engr Supervisor - Diego Tellez	
Completions Engr Supervisor - Robert Rodriquez	
Drilling & Completions Manager - John Willis	

	Total Drilling (1+2+3+4):	\$ 3,457,000
	Total Completion (5+6+7):	\$ 4,921,000
	Total Facilities (8):	\$
	Total Well Cost (1+2+3+4+5+6+7+8):	\$ 8,378,000
Assumptions:		



### Occidental Oil and Gas Corporation Turkey Track 8-7 31H

RMT:	PRN	
Stale & County:	NM, Eddy	
Field:	Turkey Track	
Well Type:	Turkey Track 8-7 31H	1
Date:	1/11/2019	

Code	Element Name		1 Phase	Loc	2 ation/Rig Move		3 Drilling		4 P&A		5 Completion	6 Artificial Lift	ı	7 Hookup		8 Facilities
	n, Mobilization, Rig Move												***		-111	
3010	Major Mob / Demob	\$		\$			\$		\$ .		\$ 7,000	\$ *	\$	35	\$	E
3011	Location & Roads + Maintenance	\$	30	\$	100,000	\$	1062	\$	+)	\$	3_000	\$	<u>s</u>	+	<u>\$</u>	
3021	Rig Move	\$		\$	104,000	\$	200	\$		\$		\$ -	\$	9	\$	
Labor,	Services & Equipment Rentals															
1000	Employee Wages	\$		\$	6,000	\$	70,000	\$	- 1	s	103,000	\$ -	s		\$	165
1050	Location Services	\$	3.	\$		\$	5.00	\$	25	\$	2	S	S		\$	- Q
2004	Contractor Maintenance/Roustabouts	\$	7.	\$	- 4	\$	(27	\$		\$	2,000	\$ -	s		\$	
2017	Contract Supervision	\$	-	\$	5,000	\$	34,000	\$	-	\$	80,000	\$ 9,000	s	*	\$	
2019	Contractor HES	\$		\$	3:	\$	4,000	\$		S	13,000	\$ -	\$		\$	1.60
2034	Labor services	\$	3	\$	13,000	\$	85,000	\$	(*:	s	43	\$ -	\$		ş	- 4
3001	Services Hot Oiling	\$	i.e	\$	Ç#	\$	560.	\$		\$	2	\$ 6,000	S	2	s	16
3002	Services Misc Heavy Equipment	\$	14	\$		\$	==\/.	\$	720	\$	65,000	\$ 2,000	\$		\$	
3003	Fluid Haul	\$		\$		\$	23,000	\$		\$	35,000	\$ -	\$	*	\$	5.00
3005	Services Inspection	\$	:	\$	- 33	\$	56,000	\$	5.55	\$	*:	\$ .	\$		\$	191
3009	Services Wellhead	\$	S.E	\$	ig.	\$	16,000	\$	280	\$	47,000	s 6,000	\$	- 2	\$	333
3012	Cased/Open Hole Logging	\$	34	\$	₹	\$	:45_	\$	740	\$	24,000	s -	s	Q.	S	1/4
3013	Services Coiled Tubing	\$	· ·	\$	_5	\$	191	\$	0.80	\$	323,000	\$ -	s		\$	
3014	Directional Drilling & LWD	\$	3	\$	- 3	\$	436,000	\$		\$		\$ -	\$		\$	183
3015	Fishing	\$		\$	2	\$	1911	\$	3.53	\$	*:	\$ -	\$	- 2	s	(±:
3016	Mud Logging	\$		\$	96	\$	16,000	\$	(e)	\$	=	\$ 2	\$	2	\$	18
3018	Services Perforating	\$	3	\$	S	\$	84	\$	- F	\$	184,000	\$ -	s		\$	
3019	Wire line & Slick line	\$		\$		\$		\$	050	5		\$ 7,000	\$	-	s	343
3020	Rig Work	\$	-	\$		\$	634,000	\$	540	\$	-	\$ 24,000	\$	-	s	180
3022	Drilling & Completion Fluids	\$		\$	5,000	\$	70,000	\$	7.81	\$		\$ -	\$	-	\$	14.5
3023	Cementing	\$	×	\$	- 2	\$	179,000	\$	-	s	- 3	\$	\$		\$	-
3024	Services Stimulation	\$	- 1	\$	_ E	\$	- 4	\$	721	S	3,013,000	\$ .	s		\$	-
3025	Services Downhole Other	\$		\$		\$	38,000	\$		\$	70,000	\$ 13,000	S	-	S	5.4
3026	Formation Testing and Coring	\$		\$		\$		\$	240	\$	9,000	\$	\$		\$	
3029	Camp & Catering	\$		\$	5,000	\$	19,000	S	747	\$	161	\$	\$	-	\$	1.0
3032	Communications & IT	\$	-	\$	1,000	\$	16,000	\$	- T	\$	7.5	S -	\$	3.	\$	
3035	Services Disposal	\$	0	\$	12	\$	71,000	\$		\$	17,000	\$ 4,000	\$	-	\$	-
3039	Services Fluid Hauling from Site	\$		\$		\$		\$		\$		\$ -	\$		s	2900
4005	Rental Downhole Equipment &Tools	\$		\$		\$	127,000	\$	200	\$	(6)	\$ -	\$		\$	596
4007	HES & Industrial waste handling	\$		\$	1,000	\$	9,000	\$	340	\$	140	\$ -	s	- 2	\$	50
4013	Rental Surface Equipment & Tools	\$	-	\$	28,000	\$	84,000	\$	347	\$	245,000	\$ 7,000	\$	-	\$	721
Consun	Consumables					_									1	
5021	Material Surface Other	\$		\$		\$	-	\$	(4)	\$		\$ 150,000	\$		\$	147
5023	Wellhead & X-mas tree	\$	+	\$		\$		\$	a	S		\$ 150,000 \$ =	\$	-	\$	
5027	Materal Subsurface Lift Equipment Other	\$	-	\$		\$	00,000	\$		S	7,000	\$ 118,000	\$	-	S	
5028	Casing and Casing Accessories	\$		\$		\$		\$		\$		\$ 110,000	\$		\$	
5029	Material Tubing and Accs	\$		s		\$	-	\$		\$	150	\$ 42,000	\$		s	
5500	Material Consumables	\$		\$	•	\$		\$		\$	62,000	\$ 42,000	\$		S	
5502	Drilling Fluids Products	\$	12	\$	=====	\$	194,000	\$		\$	02,000	\$ -	\$	-	\$	-
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8102	Tax & conlingency	\$		S	14,000	\$		\$	- 25	\$				*:	-	
8918	Permits/Settlements/Other	\$		\$	14,000	\$		\$					\$		\$	
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8945	Loss & Loss Expenses Paid	\$		\$		\$		\$		\$		\$	\$		\$	
9999	Other Costs	s s		\$		\$		\$		\$		\$ -	S		\$	
J000	Other Costs	ت ا		T D		D	-	Ф		D	540	\$	\$		\$	14

	Total Drilling (1+2+3+4):	\$ 3,635,000
	Total Completion (5+6+7):	\$ 4,928,000
	Total Facilities (8):	\$ 2
	Total Well Cost (1+2+3+4+5+6+7+8):	\$ 8,563,000
Assumptions:		

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

APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP TO RE-OPEN CASE NO 15776 TO AMEND THE INITIAL WELL UNDER THE TERMS OF THE COMPULSORY POOLING ORDER R-14467, EDDY COUNTY, NEW MEXICO

CASE NO. 15776 (re-open)

<b>AFFIDAV</b>
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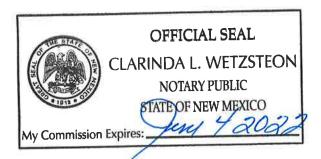
STATE OF NEW MEXICO	)	
	) s	S
COUNTY OF SANTA FE	)	

Julia Broggi, attorney for Oxy USA WTP Limited Partnership the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Julia Broggi

SUBSCRIBED AND SWORN to before me this 6th day of March 2019 by Julia Broggi,

Maring Public Public



Case No. 15776 (re-open)



Jordan Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 jlkessler@hollandhart.com

February 1, 2018

### <u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15776 To Amend the Initial Well Under The Terms Of Compulsory Pooling

Order R-14467, Eddy County, New Mexico.

Turkey Track 8/7 State Well No. 31H Turkey Track 8/7 State Well No. 201H

#### Ladies & Gentlemen:

This letter is to advise you that OXY USA Inc. has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on February 21, 2019, and the status of the hearing can be monitored through the Division's website at http://www.emnrd.state.nm.us/ocd/. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Jonathan Gonzales at (713) 366-5576 or jonathan gonzales@oxy.com.

Jordan L. Kessler

ATTORNEY FOR OXY USA INC.



### Shipment Confirmation Acceptance Notice

Note to Mailer: The labels and volume associated to this form online, must match the labeled packages being presented to the USPS® employee with this form.

Shipment Date: 01/31/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: \_\_110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

OXY Turkey Track 201H CM# 44506.0005 WI List

Type of Mail	Volume
Priority Mail Express®*	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	2
Total	2

<sup>\*</sup>Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:
1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm

Scan or enter the barcode/label number from PS Form 5630
 Confirm the volume count message by selecting Yes or No
 Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail. Leave form with customer or in customer's mail receptacle.

**USPS SCAN AT ACCEPTANCE** 

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Between	01/24/2019	And	02/07/2019				
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921489019	94038378056670	Herbert F Boles Trustee U/W/O Norma Jean Boles 145 W Wall Street Suite 1705 Midland TX 79701	Delivered Signature Received	Ref#: C1197653.6855087 RetRef#:	clwetzsteon@hollandhart.com Label 4 x 2.5 (flat)		119765

powered by ConnectSuite

# URRENT-ARGUS

### AFFIDAVIT OF PUBLICATION

Ad No. 0001276272

DAVID WASHINGTON 110 NORTH GUADALUPE, SUITE 1 PO BOX 2208

SANTA FE NM 87504

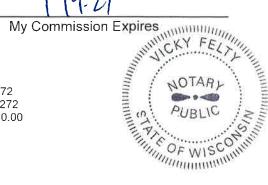
I, a legal clerk of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

02/05/19

Subscribed and sworn before me this 5th of February 2019.

> County of Brown NOTARY PUBLIC

Ad#:0001276272 PO: 0001276272 # of Affidavits: 0.00



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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **February 21**, **201**9, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign lan-guage interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **February 11**. 2019. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

TO:All overriding royalty interest owners and

pooled parties, including: HFB Investment Company, L.P.; Herbert F. Boles, Trustee U/W/O Norma Jean Boles, deceased. CASE 15776 (re-opened) Application of OXY USA WTP Limited Partnership to Re-Open Case No. 15776 To Amend the Initial Well Under The Terms Of Compulsory Pooling Order R-14467, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division in the above-styled cause seeks to amend Division Order R-14467 to amend the initial well and add an additional initial well to the spacing unit. The spacing unit is comprised of the N/2N/2 equivalent (Lot 1, N/2 NE/4, and NE/4NW/4) of Section 7 and the N/2N/2 of Section 8, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and will be dedicated to two initial wells: the Turkey Track 8/7 No. 201H and the Turkey Track 8/7 No. 31H. Both wells will be drilled horizontally from a surface location in the NW/4NW/4 (Unit D) of Section 9 to a bottom hole location in the NW/4NW/4 (Lot 1) of Section 7. Both wells are at orthodox locations. Said area is located approximately 25 miles north of Malaga, New Mexico.

Pub: February 5, 2019 #1276272

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: OXY USA WTP LIMITED PARTNERSHIP LLC

Hearing Date: September 14, 2017 Case No. 15776 (re-open)