

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JUNE 13, 2019**

CASE No. 20548

*REFRIED BEANS CC "15-16" STATE COM NO. 12H WELL
REFRIED BEANS CC "15-16" STATE COM NO. 13H WELL*

EDDY COUNTY, NEW MEXICO



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

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

Case No. 20548

AFFIDAVIT OF JEREMY D. MURPHREY

Jeremy D. Murphrey, being of lawful age and being first duly sworn, states as follows:

1. My name is Jeremy D. Murphrey and I am employed by OXY USA Inc. ("OXY") as a Landman. I have previously testified before the Oil Conservation Division and had my credentials as an expert in petroleum land matters accepted and made a matter of record.

2. I am familiar with the application filed by OXY in this matter and familiar with the status of the lands in the subject area.

3. None of the mineral owners to be pooled in this case have expressed opposition to this proceeding, so I do not expect any opposition at the hearing.

4. OXY seeks an order pooling uncommitted interests in the Bone Spring formation Pierce Crossing; Bone Spring; East Pool; Pool code: 96473 underlying a standard 560-acre, more or less, horizontal well spacing unit comprised of the S/2 N/2 and the N/2 S/2 of Section 15, and the SE/4 NW/4, the S/2 NE/4, the NE/4 SW/4, and the N/2 SE/4 of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

5. **OXY Exhibit A-1** is a plat showing the tracts of land comprising the proposed horizontal spacing unit and the proposed initial wells. The subject acreage consists of state and private lands.

6. **OXY Exhibit A-2** contains the C-102 plats for the two wells to be initially

dedicated to the proposed horizontal well spacing unit:

- The **Refried Beans CC “15-16” State Com No. 12H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 15 to a bottom-hole location in the SE/4 NW/4 (Unit F) of Section 16.
- The **Refried Beans CC “15-16” State Com No. 13H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 15 to a bottom-hole location in the NE/4 SW/4 (Unit K) of Section 16.

7. The completed interval for the **Refried Beans CC “15-16” State Com No. 13H Well** will remain within 330 feet of the S/2 N/2 of Section 15, and the SE/4 NW/4 and the S/2 NE/4 of Section 16 to allow inclusion of these proximity tracts in a standard 560-acre horizontal well spacing comprised of S/2 N/2 and the N/2 S/2 of Section 15, and the SE/4 NW/4, the S/2 NE/4, the NE/4 SW/4, and the N/2 SE/4 of Section 16.

8. **OXY Exhibit A-3** identifies the ownership in the proposed spacing unit and the tracts of lands within the proposed spacing unit. OXY seeks to pool only the highlighted record title owners and OXY has been able to locate an address for each of these interest owners.

9. **OXY Exhibit A-4** contains the well proposal letter and AFE for the wells. OXY has reached agreements with each of the working interest owners in the proposed unit.

10. The costs reflected in the AFE are consistent with what OXY and other operators have incurred for drilling and completing similar horizontal wells in this formation.

11. No ownership depth severances exist in the proposed spacing unit and there are no unleased mineral interests in the subject acreage.

12. OXY has estimated the overhead and administrative costs at \$ 7,500.00 per month while drilling and \$ 750.00 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

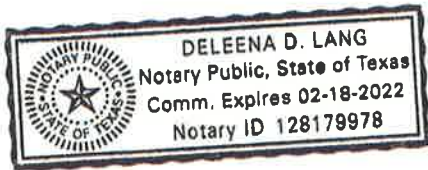
13. OXY Exhibits A-1 through A-4 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT

J. D. Murphrey
Jeremy D. Murphrey

STATE OF TEXAS)
)
COUNTY OF HARRIS)

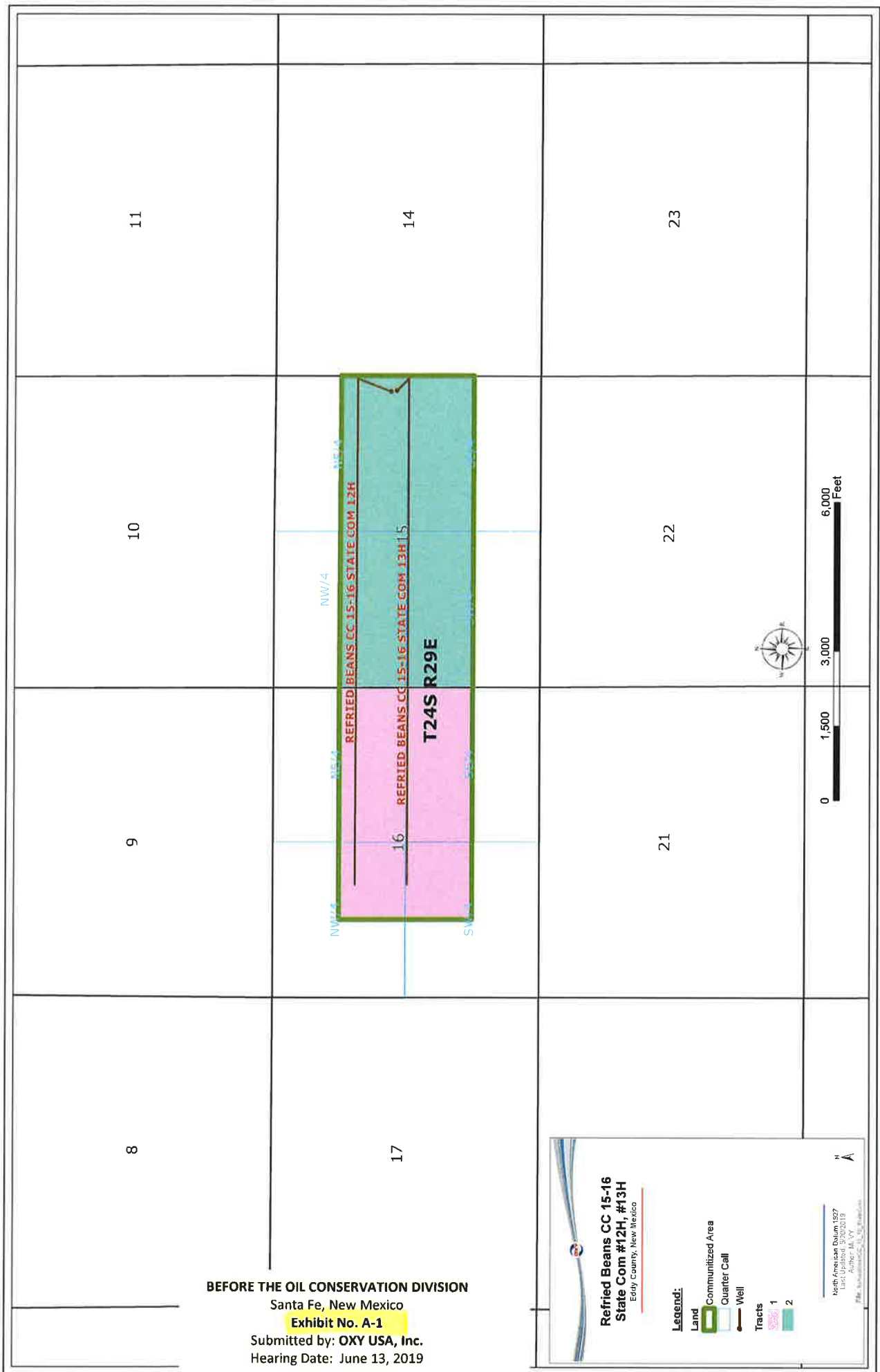
SUBSCRIBED and SWORN to before me this 31st day of May,
2019 by Jeremy D. Murphrey.



Deleena D. Lang
NOTARY PUBLIC

My Commission Expires:

02/18/2022



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name	Well Number
	REFRIED BEANS CC "15_16" STATE COM	12H
OGRID No.	Operator Name	Elevation
	OXY USA INC.	2938.8'

Surface Location

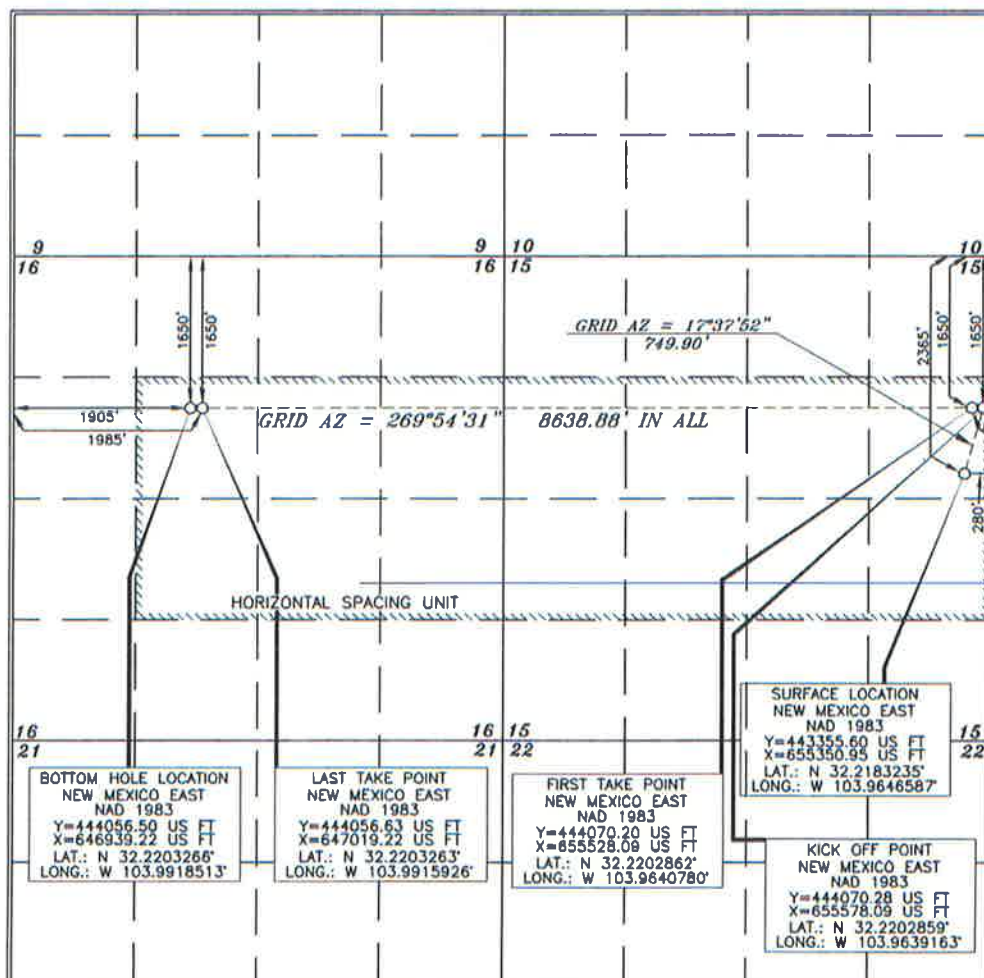
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	24 SOUTH	29 EAST, N.M.P.M.		2365'	NORTH	280'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	24 SOUTH	29 EAST, N.M.P.M.		1650'	NORTH	1905'	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	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.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-2

Submitted by: OXY USA, Inc.

Hearing Date: June 13, 2019

Case No 20548

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from the actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature and Seal of Professional Surveyor
Date of Survey
Professional Surveyor

Signature of Professional Surveyor
Certificate Number 15079

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name REFRIED BEANS CC "15_16" STATE COM	Well Number 13H
OGRID No.	Operator Name OXY USA INC.	Elevation 2938.8'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	15	24 SOUTH	29 EAST, N.M.P.M.		2400'	NORTH	280'	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	16	24 SOUTH	29 EAST, N.M.P.M.		2630'	SOUTH	1905'	WEST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	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.

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey JULY 11, 2018</p> <p>Signature and Seal of Professional Surveyor Tony J. Paul</p> <p>Certificate Number 15079</p> <p>WO# 180522WL-c (Rev. A) (KA)</p>
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S/2 N/2 & N/2 S/2 of Section 15 and S/2 NE/4, N/2 SE/4, NE/4 SW/4 & SE/4 NW/4 of Section 16, Township 24 South, Range 29 East, Eddy County, NM

Total Acres in proposed spacing unit: 560

Tract 1 S/2 NE/4, N/2 SE/4, NE/4 SW/4 & SE/4 NW/4 of Section 16 (NMSLO VA 0836)

Acres contributed to proposed spacing unit: 240

95.674417% OXY USA Inc.
2.755815% OXY USA WTP Limited Partnership
0.769768% GD McKinney Investment Limited Partnership
0.160000% B. Jack Reed
0.160000% Leopard Petroleum Limited Partnership
0.160000% DRW Energy, LLC
0.160000% Beryl Oil & Gas Limited Partnership
0.160000% M'lissa L. McKinney Schoening
100.000000%

Total Committed Interest

100.000000%

Total Uncommitted Interest

0.00%

RECORD TITLE

Party to be Pooled PXP PRODUCING CO., LLC

Party to be Pooled COLLINS & WARE, INC.

Tract 2 S/2 N/2 & N/2 S/2 of Section 15 (Fee Lease)

Acres contributed to proposed spacing unit: 320

95.674417% OXY USA Inc.
2.755815% OXY USA WTP Limited Partnership
0.769768% GD McKinney Investment Limited Partnership
0.160000% B. Jack Reed
0.160000% Leopard Petroleum Limited Partnership
0.160000% DRW Energy, LLC
0.160000% Beryl Oil & Gas Limited Partnership
0.160000% M'lissa L. McKinney Schoening
100.000000%

Total Committed Interest

100.000000%

Total Uncommitted Interest

0.00%

Working Interest for each party in 560 acre proposed spacing unit:

OXY USA Inc.	95.674417%
OXY USA WTP Limited Partnership	2.755815%
GD McKinney Investment Limited Partnership	0.769768%
B. Jack Reed	0.160000%
Leopard Petroleum Limited Partnership	0.160000%
DRW Energy, LLC	0.160000%
Beryl Oil & Gas Limited Partnership	0.160000%
M'lissa L. McKinney Schoening	0.160000%
	100.000000%



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570

September 17, 2018

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Beryl Oil and Gas, LP
6707 Pebble Court
Midland, TX 79707

Re: Well Proposal – Refried Beans CC 15-16 State Com #12H
SHL – 2365' FNL & 280' FEL
Section 15-24S-29E, Eddy County, NM
BHL – 1650' FNL & 1905' FWL
Section 16-24S-29E, Eddy County, NM

Dear Sir/Madam:

OXY USA Inc. ("OXY") hereby proposes the drilling of the Refried Beans CC 15-16 State Com #12H well at the referenced surface location to its terminus at the referenced bottom hole location in Section 16-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 7,899', and to an approximate measured depth of 16,380' to evaluate the 1st Bone Spring. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE.

OXY proposes to drill this well under the terms of a modified 1989 AAPL form of Operating Agreement, dated September 17, 2018, by and between OXY USA Inc., as Operator, and B. Jack Reed, et al as Non-Operators, covering a Contract Area "1" limited to the 1st Bone Spring comprised of the SW/4 NW/4, S/2 NE/4 and the SE/4 of Sec. 16, T24 S, R29E and the S/2 N/2 & the S/2 of Sec. 15, T24S, R29E, N.M.P.M., Eddy Co., New Mexico as well as a Contract Area "2" limited to the depths from the top of the Wolfcamp to the depth of 15,500' comprised of the S/2 N/2 & the S/2 of Secs. 16 & 15, T24S, R29E, N.M.P.M., Eddy Co., New Mexico. A copy of the proposed operating agreement will be sent in a separate mailing.

In addition, enclosed is an AFE for the estimated cost of facilities. The facilities will serve the Refried Beans, Whomping Willow wells as well as 23 other legacy wells. OXY will forward you a shared facilities agreement for review. Ownership in the facility will be based upon a composite Division of interest which will be based on the weighted average of working interest before payout for the owners in the wells serviced by the facility. The ownership in the facility will be adjusted as necessary based on the count of wells. OXY will communicate ownership in the facilities on a regular basis.

Please indicate your election to participate in the drilling, completing, and equipping of the proposed well by executing and returning one copy of this letter and enclosed AFE.

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,

OXY USA Inc.

Jeremy Murphrey, CPL
Land Negotiator Advisor
Dir: 713.350.4816
Fax: 713.985.4942
Email: jeremy_murphrey@oxy.com

Beryl Oil and Gas, LP elects to:

____ participate in the drilling of the Refried Beans 15-16
State Com #12H

____ non-consent the drilling of the Refried Beans 15-16
State Com #12H

By: _____

Name: _____

Title: _____

Date: _____

Enclosures

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A-4

Submitted by: **OXY USA, Inc.**

Hearing Date: June 13, 2019

Case No 20548



Occidental Oil and Gas Corporation
CEDAR CANYON 1BS 10K-With Planned Science

RMT:	PRN
State & County:	NM, Eddy
Field:	Cedar Canyon
Well Type:	10k 1BS
Date:	8/6/2018

Code	Element Name	Prep Phase	Location & Rig Move	Drilling		Completion	Artificial Lift	Hookup	Facility
Location, Mobilization, Rig Move									
3010	Major Mob / Demob		\$ -	\$ -					
3011	Location & Roads + Maintenance		\$ 110,532	\$ -					
3021	Rig Move		\$ 76,662	\$ -					
Labor, Services & Equipment Rentals									
1000	Employee Wages		\$ 4,667	\$ 58,352					
1050	Location Services		\$ -	\$ -					
2004	Contractor Maintenance/Gangs/Roustabouts		\$ -	\$ -					
2017	Contract Supervision		\$ 1,750	\$ 21,882					
2019	Contractor HES		\$ -	\$ -					
2034	Labor services		\$ 12,443	\$ 67,631					
3001	Services Hot Oiling		\$ -	\$ -					
3002	Services Misc Heavy Equipment		\$ -	\$ -					
3003	Fluid Haul		\$ -	\$ 41,000					
3005	Services Inspection		\$ 659	\$ 49,549					
3009	Services Wellhead		\$ -	\$ 15,100					
3012	Cased/Open Hole Logging		\$ -	\$ -					
3013	Services Coiled Tubing		\$ -	\$ -					
3014	Directional Drilling & LWD		\$ -	\$ 455,797					
3015	Fishing		\$ -	\$ -					
3016	Mud Logging		\$ -	\$ 15,613					
3018	Services Perforating		\$ -	\$ -					
3019	Wire line & Slick line		\$ -	\$ -					
3020	Rig Work		\$ -	\$ 505,590					
3022	Drilling & Completion Fluids		\$ 3,039	\$ 55,343					
3023	Cementing		\$ -	\$ 182,429					
3024	Services Stimulation		\$ -	\$ -					
3025	Services Downhole Other		\$ -	\$ 24,245					
3026	Formation Testing and Coring		\$ -	\$ 30,000					
3029	Camp & Catering		\$ 3,820	\$ 12,125					
3032	Communications & IT		\$ 941	\$ 11,769					
3035	Services Disposal		\$ -	\$ 78,880					
3039	Services Fluid Hauling from Site		\$ -	\$ -					
4005	Rental Downhole Equipment & Tools		\$ -	\$ 34,012					
4007	HES & Industrial waste handling		\$ 607	\$ 7,586					
4013	Rental Surface Equipment & Tools		\$ 22,202	\$ 68,817					
Consumables									
5021	Material Surface Other		\$ -	\$ -					
5023	Wellhead & X-mas tree		\$ -	\$ 55,462					
5027	Material Subsurface Lift Equipment Other		\$ -	\$ -					
5028	Casing and Casing Accessories		\$ -	\$ 505,502					
5029	Material Tubing and Accs		\$ -	\$ -					
5500	Material Consumables		\$ 268	\$ 9,355					
5502	Drilling Fluids Products		\$ -	\$ 225,697					
5503	Bits, Reamers, Scrapers, HO's		\$ -	\$ 41,490					
5505	Fuel & Lubricants		\$ 3,966	\$ 49,589					
7004	Utilities: Electricity, Water & Sewers & Trash		\$ 1,270	\$ 15,677					
Logistics, Insurance & Tax									
8000	Land Transportation		\$ 1,201	\$ 31,787					
8102	Tax & contingency		\$ 12,201	\$ 284,265					
8918	Permits/Settlements/Other		\$ -	\$ -					
8921	Waste Handling and Disposal		\$ -	\$ 7,846					
8945	Loss & Loss Expenses Paid		\$ -	\$ -					
9999	Other Costs		\$ -	\$ -					
Subtotal			\$ -	\$ 256,227	\$ 2,962,590	\$ -	\$ -	\$ -	\$ -



OXY USA Inc.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521

P.O. Box 27570, Houston, Texas 77227-7570

September 17, 2018

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

B. Jack Reed
506 Charismatic
Midland, TX 79705

Re: Well Proposal – Refried Beans CC 15-16 State Com #13H
SHL – 2400' FNL & 280' FEL
Section 15-24S-29E, Eddy County, NM
BHL – 2630' FNL & 1905' FWL
Section 16-24S-29E, Eddy County, NM

Dear Mr. Reed:

OXY USA Inc. ("OXY") hereby proposes the drilling of the Refried Beans CC 15-16 State Com #13H well at the referenced surface location to its terminus at the referenced bottom hole location in Section 16-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 7,899', and to an approximate measured depth of 16,321' to evaluate the 1st Bone Spring. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE.

OXY proposes to drill this well under the terms of a modified 1989 AAPL form of Operating Agreement, dated September 17, 2018, by and between OXY USA Inc., as Operator, and B. Jack Reed, et al as Non-Operators, covering a Contract Area "1" limited to the 1st Bone Spring comprised of the SW/4 NW/4, S/2 NE/4 and the SE/4 of Sec. 16, T24 S, R29E and the S/2 N/2 & the S/2 of Sec. 15, T24S, R29E, N.M.P.M., Eddy Co., New Mexico as well as a Contract Area "2" limited to the depths from the top of the Wolfcamp to the depth of 15,500' comprised of the S/2 N/2 & the S/2 of Secs. 16 & 15, T24S, R29E, N.M.P.M., Eddy Co., New Mexico. A copy of the proposed operating agreement will be sent in a separate mailing.

In addition, enclosed is an AFE for the estimated cost of facilities. The facilities will serve the Refried Beans, Whomping Willow wells as well as 23 other legacy wells. OXY will forward you a shared facilities agreement for review. Ownership in the facility will be based upon a composite Division of interest which will be based on the weighted average of working interest before payout for the owners in the wells serviced by the facility. The ownership in the facility will be adjusted as necessary based on the count of wells. OXY will communicate ownership in the facilities on a regular basis.

Please indicate your election to participate in the drilling, completing, and equipping of the proposed well by executing and returning one copy of this letter and enclosed AFE.

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,

OXY USA Inc.

Jeremy Murphrey, CPL
Land Negotiator Advisor
Dir: 713.350.4816
Fax: 713.985.4942
Email: jeremy_murphrey@oxy.com

B. Jack Reed elects to:

____ participate in the drilling of the Refried Beans 15-16
State Com #13H

____ non-consent the drilling of the Refried Beans 15-16
State Com #13H

By: _____

Name: _____

Title: _____

Date: _____

Enclosures



Occidental Oil and Gas Corporation

CEDAR CANYON 1BS 10K-With Planned Science

RMT:	PRN
State & County:	NM, Eddy
Field:	Cedar Canyon
Well Type:	10k 1BS
Date:	8/8/2018

Code	Element Name	Prep Phase	Location & Rig Move	Drilling		Completion	Artificial Lift	Hookup	Facility
Location, Mobilization, Rig Move									
3010	Major Mob / Demob		\$ -	\$ -					
3011	Location & Roads + Maintenance		\$ 110,532	\$ -					
3021	Rig Move		\$ 76,682	\$ -					
Labor, Services & Equipment Rentals									
1000	Employee Wages		\$ 4,667	\$ 58,352					
1050	Location Services		\$ -	\$ -					
2004	Contractor Maintenance/Gangs/Roustabouts		\$ -	\$ -					
2017	Contract Supervision		\$ 1,750	\$ 21,882					
2019	Contractor HES		\$ -	\$ -					
2034	Labor services		\$ 12,443	\$ 67,631					
3001	Services Hot Oiling		\$ -	\$ -					
3002	Services Misc Heavy Equipment		\$ -	\$ -					
3003	Fluid Haul		\$ -	\$ 41,000					
3005	Services Inspection		\$ 659	\$ 48,549					
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5029	Material Tubing and Accs		\$ -	\$ -					
5500	Material Consumables		\$ 268	\$ 9,355					
5502	Drilling Fluids Products		\$ -	\$ 225,697					
5503	Bits, Reamers, Scrapers, HO's		\$ -	\$ 41,490					
5505	Fuel & Lubricants		\$ 3,968	\$ 49,589					
7004	Utilities: Electricity, Water & Sewers & Trash		\$ 1,270	\$ 15,877					
Logistics, Insurance & Tax									
8000	Land Transportation		\$ 1,201	\$ 31,787					
8102	Tax & contingency		\$ 12,201	\$ 284,265					
8918	Permits/Settlements/Other		\$ -	\$ -					
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9999	Other Costs		\$ -	\$ -					
Subtotal			\$ -	\$ 256,227	\$ 2,962,590	\$ -	\$ -	\$ -	\$ -

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

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

Case No. 20548

AFFIDAVIT OF TONY J. TROUTMAN

Tony J. Troutman, being of lawful age and being first duly sworn, states as follows:

1. My name is Tony J. Troutman and I am employed by OXY USA Inc. ("OXY") as a geologist. I am familiar with the application filed by OXY in this matter and conducted a geologic study of the Bone Spring formation underlying the subject acreage.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geology have been accepted by the Division and made a matter of record.

3. OXY proposes the Refried Beans CC 15-16 State Com 12H and the Refried Beans CC 15-16 State Com 13H wells to target the First Bone Spring Sand underlying the proposed spacing unit. **OXY Exhibit B-1** contains a structure map that I prepared for the Bone Spring target interval with contour lines every 25 feet. The wellbore paths for the proposed wells are denoted in Sections 15 and 16. Structure control points are identified and reflect that the interval dips gently to the east. I do not observe any faulting, pinch outs, or other geologic impediments to developing this targeted interval with horizontal wells.

4. **OXY Exhibit B-2** identifies the two sets of wells used to construct stratigraphic cross-sections for the First Bone Spring Sand target interval from: (1) the northwest to southeast, which are shown in pink from A to A', and (2) the west to east, which are shown in green from B

to B'. I chose these wells because they contain good logs and are representative of the geology of the area.

5. **OXY Exhibit B-3** contains stratigraphic northwest to southeast cross-sections and west to east cross-sections for the First Bone Spring Sand target interval using the representative wells depicted on Exhibit B-2. Each well in the cross-section contains gamma ray and resistivity logs. The proposed targets within the First Bone Spring Sand target interval for the proposed wells are identified on the exhibit. This cross-section demonstrates that the targeted interval is present and continuous across the subject acreage.

6. The east to west orientation for the proposed wells in the Bone Spring target interval will place the wells perpendicular to the known stress direction in the subject area and is appropriate to efficiently and effectively develop the targeted interval under the subject acreage.

7. My geologic study demonstrates that the Bone Spring target interval underlying the proposed horizontal spacing unit is suitable for development with horizontal wells, that the acreage comprising the proposed horizontal spacing unit will contribute more-or-less proportionately to the production from the wellbores, and the granting of this applications is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

8. In my opinion, the granting of OXY's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

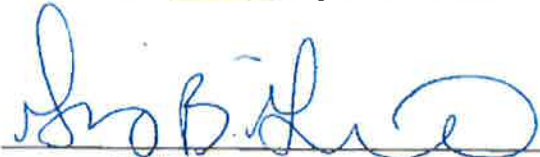
9. OXY Exhibits B-1 through B-3 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.


Tony J. Troutman

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 4th day of June, 2019 by Tony J. Troutman.


NOTARY PUBLIC

My Commission Expires:

4/7/23



First Bone Spring Sand Structure Map

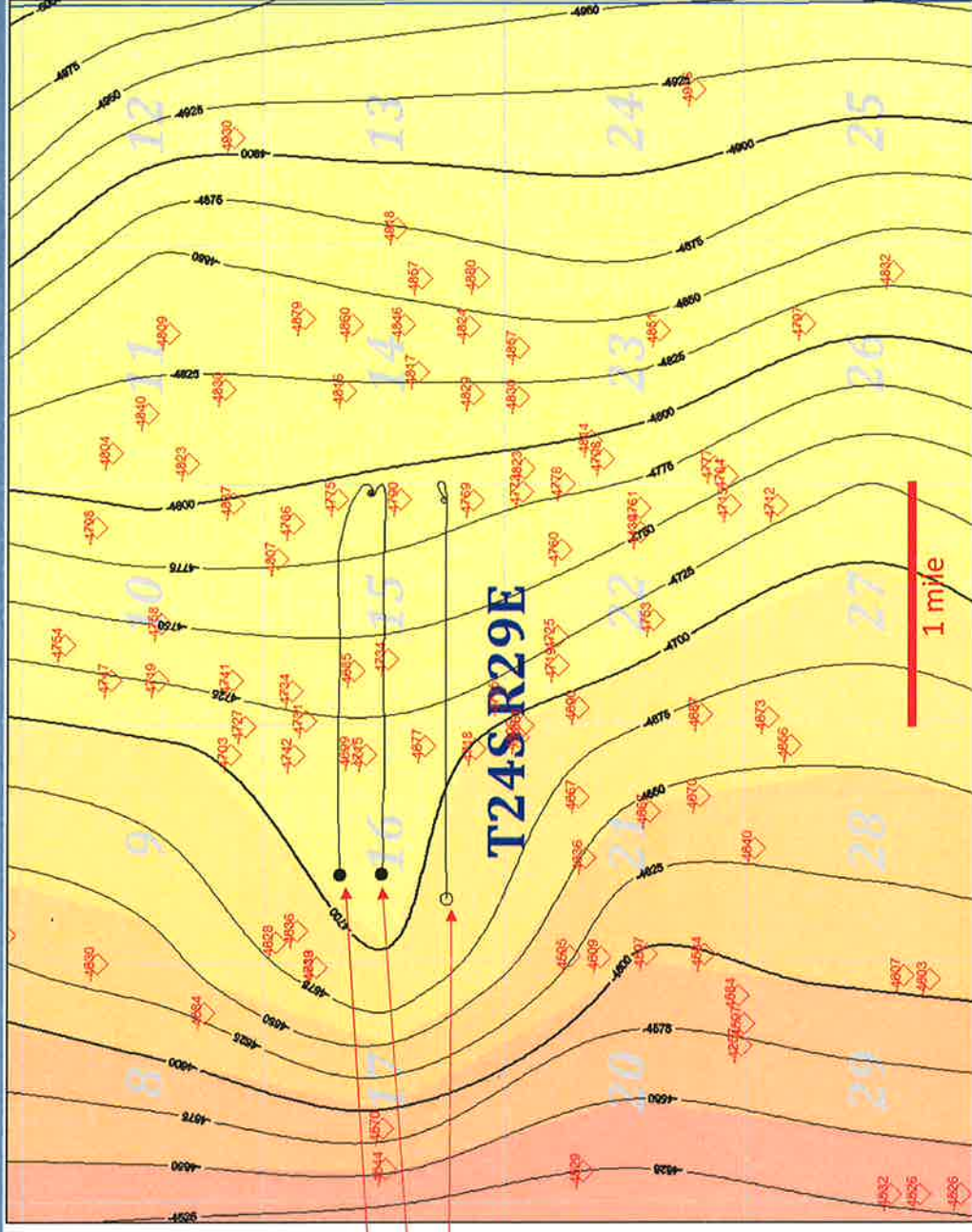
Subsea depths



Contour Interval: 25 ft.



Refried Beans CC 15-16 State Com 12H
 Refried Beans CC 15-16 State Com 13H
 Refried Beans CC 15-16 State Com 14H



Author: Tony Troutman, Geologist, Oxy USA, Inc.
 5/30/2019

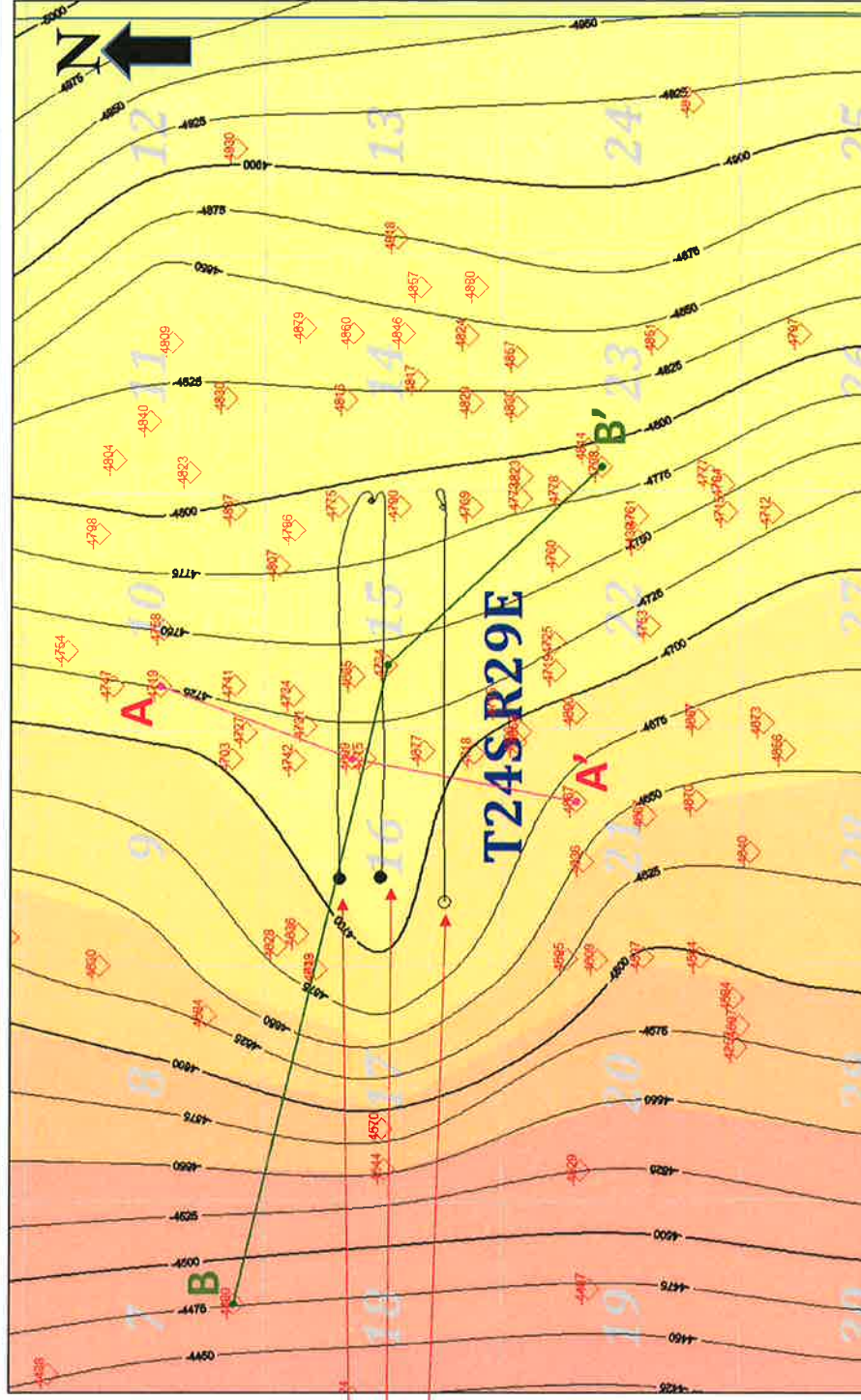
Cross-section location map T24S R29E

Subsea depths

Contour Interval: 25 ft.



Refried Beans CC 15-16 State Com 12H
 Refried Beans CC 15-16 State Com 13H
 Refried Beans CC 15-16 State Com 14H



Author: Tony Troutman, Geologist, Oxy USA, Inc.
 5/30/2019

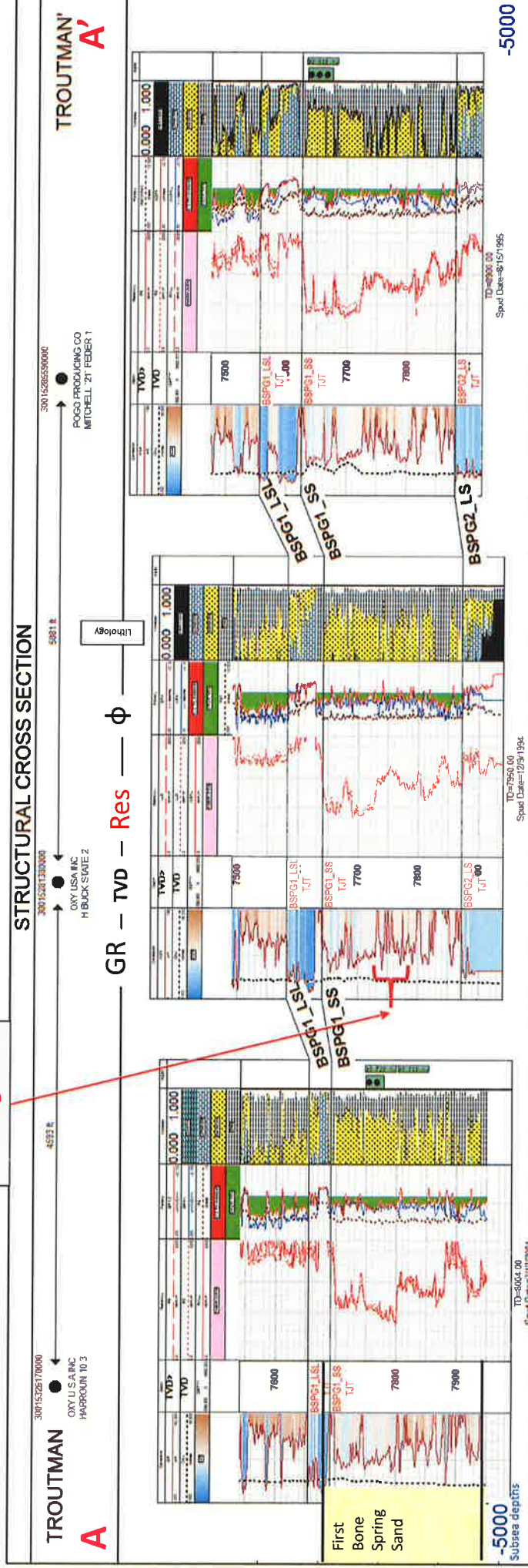
BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-2
 Submitted by: OXY USA, Inc.
 Hearing Date: June 13, 2019
 Case No 20548

North to South Oriented Cross-section A-A'

Refried Beans CC 15-16 State Com 12H
 Refried Beans CC 15-16 State Com 13H
 Refried Beans CC 15-16 State Com 14H

Structural dip to East

Landing zone

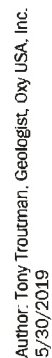


Author: Tony Troutman, Geologist, Oxy USA, Inc.
 5/30/2019

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B-3
 Submitted by: OXY USA, Inc.
 Hearing Date: June 13, 2019
 Case No 20548

Structural dip to East

STRUCTURAL CROSS SECTION



**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. 20548

AFFIDAVIT


STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Kaitlyn A. Luck, attorney in fact and authorized representative of OXY USA Inc., 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.



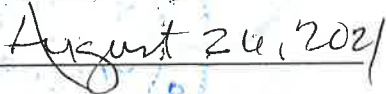
Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 12th day of June 2019 by Kaitlyn A. Luck.



Notary Public

My Commission Expires:



12747209_v1

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **OXY USA, Inc.**
Hearing Date: June 13, 2019
Case No 20548



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

May 24, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico.

Refried Beans CC "15-16" State Com No. 12H Well

Refried Beans CC "15-16" State Com No. 13H Well

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 June 13, 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 Jeremy Murphrey at (713) 350-4816 or Jeremy_Murphrey@oxy.com.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR OXY USA INC.



Shipment Confirmation Acceptance Notice

A. Mailer Action

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.

OXY/Refried 14 12
Case Nos. 20548 & 20549

Shipment Date: 05/24/2019

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	8
Total	8

*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
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. 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



9275 0901 1935 6200 0014 7020 29

SANTA, FE, NM

USPS



Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8383 8006 89		PXP Producing Co LLC Attention: Kyle Mineo 16th Floor 1615 Poydras St New Orleans LA 70112		0.50	3.50								1.60			
2. 9214 8901 9403 8383 8006 96		Collins & Ware Inc 508 W Wall St Ste 1200 Midland TX 79701		0.50	3.50								1.60			
3. 9214 8901 9403 8383 8006 02		GD McKinney Investments LP 300 N Marlenfeld Ste1100 Midland TX 79701		0.50	3.50								1.60			
4. 9214 8901 9403 8383 8006 19		B Jack Reed 506 Charismatic Midland TX 79705		0.50	3.50								1.60			
5. 9214 8901 9403 8383 8006 26		Leopard Petroleum LP 4200 Fairwood Midland TX 79707		0.50	3.50								1.60			
6. 9214 8901 9403 8383 8006 33		DRW Energy LLC 400 W Illinois Suite 970 Midland TX 79701		0.50	3.50								1.60			
7. 9214 8901 9403 8383 8006 40		Beryl Oil and Gas LP 400 W Illinois Suite 1150 Midland TX 79701		0.50	3.50								1.60			
8. 9214 8901 9403 8383 8006 57		M7Missa L McKinney Schoening 301 Sir Barton Parkway Midland TX 79705		0.50	3.50								1.60			
Total Number of Pieces Listed by Sender 8		Total Number of Pieces Received at Post Office														
Postmaster, Per (Name of receiving employee)																

PS Form 3877, April 2015 PSN 7530-02-000-9098

Complete in Ink (Page 1 of 1)

Privacy Notice: For more information on USPS privacy policies, visit usps.com/privacypolicy.

POSTAL DELIVER REPORT
OXY/Refried Beans CC "15-16" State Com No. 12H – 13H, and 14H Wells

Recipient	Status	Custom
PXP Producing Co LLC Attention Kyle Mineo 16th Floor 1615 Poydras St New Orleans LA 70112	Delivered Signature Received	Ref#: C1402974.7875965 RetRef#:
Collins & Ware Inc 508 W Wall St Ste 1200 Midland TX 79701	Delivered Signature Received	Ref#: C1402974.7875966 RetRef#:
GD McKinney Investments LP 300 N Marientfed Ste1100 Midland TX 79701	Delivered Signature Received	Ref#: C1402974.7875967 RetRef#:
B Jack Reed 506 Charismatic Midland TX 79705	In-Transit	Ref#: C1402974.7875968 RetRef#:
Leopard Petroleum LP 4200 Fairwood Midland TX 79707	In-Transit	Ref#: C1402974.7875969 RetRef#:
DRW Energy LLC 400 W Illinois Suite 970 Midland TX 79701	Delivered Signature Received	Ref#: C1402974.7875970 RetRef#:
Beryl Oil and Gas LP 400 W Illinois Suite 1150 Midland TX 79701	Delivered Signature Received	Ref#: C1402974.7875971 RetRef#:
M?lissa L McKinney Schoening 301 Sir Barton Parkway Midland TX 79705	In-Transit	Ref#: C1402974.7875972 RetRef#: