

**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. _____

APPLICATION

OXY USA Inc. ("OXY" or "Applicant") (OGRID No. 16696) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the W/2 of Sections 4 and 9, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. In support of its application, OXY states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - The **Heads CC 9-4 Fed Com #21H Well**, and the **Heads CC 9-4 Fed Com #22H Well**, both of which will be horizontally drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 9 to bottom-hole locations in the NW/4 NW/4 (Lot 4) of Section 4.
 - The **Heads CC 9-4 Fed Com #23H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 9 to a bottom-hole location in the NE/4 NW/4 (Lot 3) of Section 4.

3. The completed interval for the **Heads CC 9-4 Fed Com #22H Well** will remain within 330 feet of the E/2 W/2 of Sections 4 and 9 to allow inclusion of these proximity tracts in a standard 640-acre horizontal well spacing comprised of W/2 of Sections 4 and 9.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

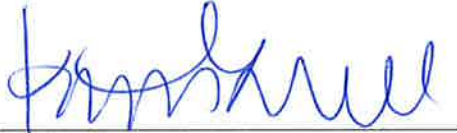
WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- E. 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

- F. 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 compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre, more or less, horizontal well spacing unit comprised of the W/2 of Sections 4 and 9, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to the following initial wells: (1) the **Heads CC 9-4 Fed Com #21H Well**, (2) the **Heads CC 9-4 Fed Com #22H Well**, both of which will be horizontally drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 9 to bottom-hole locations in the NW/4 NW/4 (Lot 4) of Section 4, and the (3) **Heads CC 9-4 Fed Com #23H Well** to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 9 to a bottom-hole location in the NE/4 NW/4 (Lot 3) of Section 4. The completed interval for the **Heads CC 9-4 Fed Com #22H Well** will remain within 330 feet of the E/2 W/2 of Sections 4 and 9 to allow inclusion of these proximity tracts in a standard 640-acre horizontal well spacing comprised of W/2 of Sections 4 and 9. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the 200% charge for risk involved in drilling and completing each well. Said area is located approximately 4 miles east of Malaga, New Mexico.