

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

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

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CASE NO. 15869

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

CASE NO. 15870

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

CASE NO. 15871

OXY'S CONSOLIDATED PRE-HEARING STATEMENT

This consolidated 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
Jordan L. Kessler
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421

STATEMENT OF THE CASE

Under these consolidated applications, OXY seeks orders creating three non-standard spacing and proration units and pooling all uncommitted interests in the Bone Spring formation underlying these units for the following acreage and proposed wells in Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico:

(1) Case No. 15869: a 318.88-acre non-standard spacing and proration unit comprised of the N/2 N/2 of Section 1 and the N/2 N/2 of Section 2. This spacing unit will be the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Corral Fly "02-01" State No. 21H Well** and the proposed **Corral Fly "02-01" State No. 22H Well**. These wells will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 4) of Section 2 to a standard bottom hole location in NE/4 NE/4 (Lot 1) of Section 1;

(2) Case No. 15870: a 320-acre non-standard spacing and proration unit comprised of the S/2 N/2 of Section 1 and the S/2 N/2 of Section 2, to be dedicated to the proposed **Corral Fly "02-01" State No. 23H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 2 to a standard bottom hole location in SE/4 NE/4 (Unit H) of Section 1;

(3) Case No. 15871: 320-acre non-standard spacing and proration unit comprised of the N/2 S/2 of Section 1 and the N/2 S/2 of Section 2. This spacing unit will be the project area for two proposed initial wells, to be drilled and completed simultaneously: the proposed **Corral Fly "02-01" State No. 24H Well** and the proposed **Corral Fly "02-01" State No. 25H Well**. These wells will be horizontally drilled from a surface location in the NW/4

SW/4 (Unit L) of Section 2 to a standard bottom hole location in NE/4 SE/4 (Unit I) of Section 1;

The completed interval for the proposed **Corral Fly "02-01" State No. 21 Well** and the proposed **Corral Fly "02-01" State No. 23H Well** will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC. The completed interval for the proposed **Corral Fly "02-01" State No. 22H Well** and the proposed **Corral Fly "02-01" State No. 25H Well** will be at unorthodox locations. OXY will apply administratively for approval of an unorthodox location for each of these two wells.

APPLICANT'S PROPOSED EVIDENCE

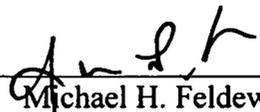
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jeremy Murphrey, Landman	Approx. 20 minutes	Approx. 15
Tony Troutman	Approx. 15 minutes	Approx. 5

PROCEDURAL MATTERS

Oxy intends to consolidate these matters for hearing.

Respectfully submitted,

HOLLAND & HART LLP



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