

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION DIVISION
TO CONSIDER:**

**CASE NO. 15776 (Re-Opened)
ORDER NO. R-20693
Amending Order No. R-14467**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 7, 2019, at Santa Fe, New Mexico, before Examiner Leonard R. Lowe.

NOW, on this 9th day of July 2019, 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) OXY USA WTP Limited Partnership (“Applicant”) seeks to re-open Order No. R-14467 (“the prior order”), issued in this case on October 5, 2017, to change the description of the initial wells within the subject compulsory pooled spacing unit (“the Unit”). The Unit is described as follows:

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, in the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool code: 60660).

(3) The Unit is described in the prior order as “a non-standard oil spacing unit.” However, under 19.15.16.15.B NMAC, as subsequently amended, the Unit now constitutes a

standard horizontal oil spacing unit for the wells to which Applicant proposes to dedicate it. Accordingly, provisions of that order approving a non-standard unit are moot.

(4) The prior order dedicated the Unit to the following initial well (“the No. 21H Well”):

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 455 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 of Section 7, all in Township 19 South, Range 29 East.

(5) Applicant has plugged and abandoned the No. 21H Well and no longer intends to complete or produce it.

(6) Applicant now asks the Division to reaffirm the compulsory pooling of all uncommitted interests in the Unit and to dedicate the Unit to the following “proposed initial wells:”

Applicant’s Turkey Track 8 7 State Well No. 201H; API No. 30-015-45681), a horizontal well to be drilled from a surface location 1114 feet from the North line and 475 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 20 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East.

And:

Applicant’s Turkey Track 8 7 State Well No. 31H; API No. 30-015-44266), a horizontal well to be drilled from a surface location 1149 feet from the North line and 475 feet from the West line (Unit D) of Section 9, to a terminus or bottom hole location 380 feet from the North line and 21 feet from the West line, Lot 1/Unit D of Section 7, all in Township 19 South, Range 29 East.

(7) These proposed initial wells will be completed in the 2nd Bone Spring Sand and the 3rd Bone Spring Sand, respectively.

The Division finds as follows:

(8) Applicant has given notice to all persons entitled thereto pursuant to 19.15.4.12.A(1) NMAC, in the manner prescribed by 19.15.4.12.B NMAC, including all persons who were noticed of the proceedings resulting in issuance of the prior order.

(9) The Division has preserved the existence of the Unit as a compulsory pooled spacing unit in the Bone Spring formation by the Director's letter to Applicant dated September 25, 2018, included in the file of this case.

(10) No other party appeared at the hearing, or otherwise opposed granting this application.

(11) The application should be granted, amending Order No. R-14467 changing the initial well and making conforming changes as herein provided. Except as herein modified, the prior order shall continue in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of OXY USA WTP Limited Partnership, all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation [Turkey Track; Bone Spring Pool (Pool code 60660)] underlying the following described 312.88-acre Unit, are hereby pooled:

A standard horizontal spacing unit 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) The Unit shall be dedicated to the proposed initial wells described above in Ordering Paragraph No. (6).

(3) In accordance with the Director's letter dated September 25, 2018, the unit operator shall commence drilling at least one of the proposed initial wells on or before October 31, 2019. Otherwise the unit hereby constituted shall terminate. The first proposed initial well shall be completed within one year following commencement thereof. Otherwise the second initial well shall not be drilled under this order unless it is first re-proposed as an infill horizontal well pursuant to 19.15.13.10 or 19.15.13.11 NMAC.

(4) Each pooled working interest owner shall have the right to make a separate election pursuant to Ordering Paragraph (10) of Order No. R-14467 as to each proposed initial well, whether it will be a consenting party or a non-consenting party. To this end, the operator shall propose each well separately and shall furnish separate cost estimates for each well. Any non-operating pooled working interest owner shall be a non-consenting working interest owner as to a well for which it does not make a timely election to participate, together with a tender of its share of estimated costs, but only as to such well. The risk penalty shall be computed only on the costs of, and shall only be charged against, the owner's pooled working interest in wells in which it is a non-consenting party.

(5) Since the Unit is now a standard horizontal spacing unit, the provision of the previous order declaring it to be a non-standard spacing unit is rescinded, and the request for approval of a non-standard unit is dismissed as moot.

(6) In all things else, Order No. R-14467 shall remain in full force and effect.

(7) 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Adrienne Sandoval in blue ink.

ADRIENNE SANDOVAL
Director