RECEIVED: 10/14/21	REVIEWER: LRL	TYPE: NSL	pLEL2129150361

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY



	NEW MEXICO OIL CONSER\	ATION DIVISION	Site of the last
	- Geological & Engineerir 1220 South St. Francis Drive, San	0	TO THE PARTY OF TH
	ADMINISTRATIVE APPLICATION	TON CHECKLIST	
	THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLIC REGULATIONS WHICH REQUIRE PROCESSING AT TH	CATIONS FOR EXCEPTIONS TO E	DIVISION RULES AND
	plicant: OXY USA INC.		Number: <u>16696</u>
	Il Name: TAILS CC 10-3 FEDERAL COM 33H	API: 30-01	
OC	OI: PURPLE SAGE WOLFCAMP	Pool Co	ode: 98220
	SUBMIT ACCURATE AND COMPLETE INFORMATION REQUINDICATED BEL	OW	E TYPE OF APPLICATION
1)	TYPE OF APPLICATION: Check those which apply for [. A. Location – Spacing Unit – Simultaneous Dedicati NSL NSP(PROJECT AREA)		
	[II] Injection - Disposal - Pressure Increase - Enh	OLS □OLM nanced Oil Recovery EOR □PPR	
			FOR OCD ONLY
2)	NOTIFICATION REQUIRED TO: Check those which app A. Offset operators or lease holders	y.	Notice Complete
	 B. Royalty, overriding royalty owners, revenue o C. Application requires published notice D. Notification and/or concurrent approval by S E. Notification and/or concurrent approval by S 	LO	Application Content Complete
	F. Surface owner G. For all of the above, proof of notification or p H. No notice required		d, and/or,
3)	CERTIFICATION: I hereby certify that the information so administrative approval is accurate and complete to understand that no action will be taken on this applicant notifications are submitted to the Division.	the best of my know	ledge. I also

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

LESLIE REEVES	10/14/2021 Date
Print or Type Name	713-497-2492
	Phone Number
Leslie T. Reeves	LESLIE_REEVES@OXY.COM
Signature	e-mail Address



OXY USA Inc

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

October 14, 2021

New Mexico Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Attention: Leonard Lowe

Re: Application for Administrative Approval of Non-Standard Location
Tails CC 10-3 Federal Com 33H – Purple Sage Wolfcamp
Surface – 220' FSL 1795' FWL Unit N Sec 10 T24S R29E
First Take Point – 100' FSL 1650' FWL Unit N Sec 10 T24S R29E
Last Take Point – 100' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E
Bottom Hole –20' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E

Eddy County, New Mexico

Dear Mr. Lowe:

OXY USA Inc. respectfully requests administrative approval of a non-standard location on the Tails CC 10-3 Federal Com 33H well, API Number-30-015-48879, Property Code 329988. The #33H well is proposed to be completed in the Purple Sage Wolfcamp pool, Pool Code 98220 which has special pool rules specifying the completed interval must be located 330 feet from the exterior boundary of the applicable spacing unit. The proposed completed interval is projected as follows:

Surface – 220' FSL 1795' FWL Unit N Sec 10 T24S R29E First Take Point – 100' FSL 1650' FWL Unit N Sec 10 T24S R29E Last Take Point – 100' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E Bottom Hole –20' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E

The Horizontal Spacing Unit is all of Section 10 and Section 3 located in T24S R29E. The adjoining units towards which the unorthodox location encroaches are located in T23S R29E, Section 34 – (HSU) Units A, B, G, H, I, J, O, P and Section 34 – (HSU) Units C, D, E, F, K, L, M, N. Also, T24S R29E, Section 15 – Units C.

Approval of the unorthodox completed interval will allow for efficient spacing of horizontal wells and thereby prevent waste.

To support this request, the following information has been submitted for your review:

- 1. C-102 Plat for the proposed well and additional plats with offsetting well and affected spacing units.
- 2. List of affected offset parties in each adjoining spacing unit in the same pool or formation located closer to the unorthodox well location than the minimum distance prescribed by applicable rule or order, copies of the signed certified return receipts will be furnished upon request.
- 3. Statement from Oxy Development Manager.

If you need any additional information, please call me at 713-497-2492.

Sincerely.

Leslie Reeves Regulatory Analyst

Attachments CC: Service List



OXY USA Inc

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

October 14, 2021

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Re:

Application for Administrative Approval of Non-Standard Location Tails CC 10-3 Federal Com 33H – Purple Sage Wolfcamp Surface – 220' FSL 1795' FWL Unit N Sec 10 T24S R29E First Take Point – 100' FSL 1650' FWL Unit N, Sec 10 T24S R29E Last Take Point – 100' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E Bottom Hole – 20' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E Eddy County, New Mexico

To Whom it May Concern:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by OXY USA Inc., requesting administrative approval for a non-standard location. As an affected party, notice is being provided to you pursuant to Rule 19.15.4.12(A)(2)(a), 19.15.15.9(A) and 19.15.16.15(B). The well is located as follows:

Surface – 220' FSL 1795' FWL Unit N Sec 10 T24S R29E First Take Point – 100' FSL 1650' FWL Unit N, Sec 10 T24S R29E Last Take Point – 100' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E Bottom Hole – 20' FNL 1650' FWL Unit C, Lot 3, Sec 3 T24S R29E

If you object to the well's location, you must notify the Division in writing no later than 20 days from the date the application is received by the NMOCD (1220 South St. Francis Drive, Santa Fe, NM 87505; Attention: Leonard Lowe).

If you need any additional information, you can contact Hannah Eastwood at 720-929-6928 or myself at 713-497-2492.

Thank you,

Leslie Reeves Regulatory Advisor OXY USA Inc. 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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505 Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

Phone: (505) 334-6178 Fax: (505) 334-6170 DISTRICT IV 1220 S. St. FRANCIS DR., SANTA FE, NM 67505 Phone: (505) 476-3460 Fax: (505) 476-3462

✓ AMENDED REPORT

WELL	LOCATION	AND	ACREAGE	DEDICATION	PLAT

30-015-48879	98220 Pool Code	PURPLE SAGE WOLFCAMP (GAS)			
Property Code	Prop	Property Name			
329988	TAILS CC 10_	TAILS CC 10_3 FEDERAL COM			
OGRID No.	0per	ator Name	Elevation		
16696	OXY 1	USA INC.	2942.2'		

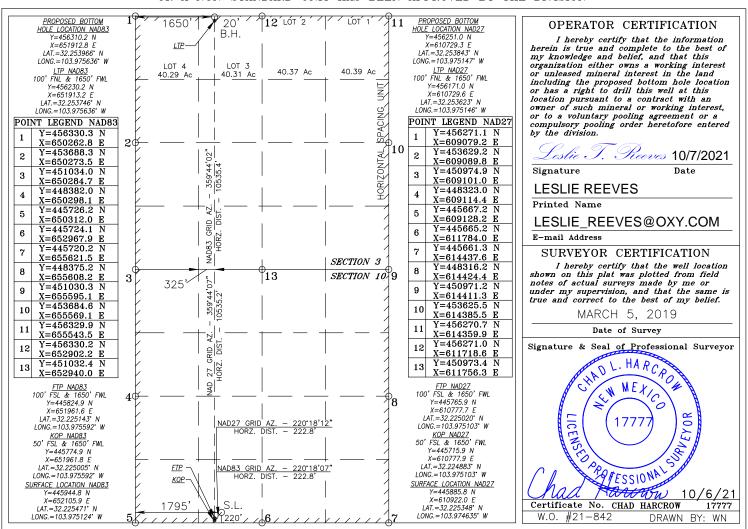
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	24-S	29-E		220	SOUTH	1795	WEST	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
	3	3	24-5	S 29-E		20	NORTH	1650	WEST	EDDY
Γ	Dedicated Acres	Joint o	r Infill	Consolidation	Code Or	der No.				
	1280									

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



Intent	X	As Dril	led											
API #	015-48	8879												
Operator Name: OXY USA Inc.							erty N s CC			deral	Com	1		Well Number 33H
Kick C	off Point	(KOP)												
UL N	Section 10	Township 24S	Range 29E	Lot	Feet 50		From N	/S	Feet 165		From	n E/W	County EDDY	
Latitu 32.	de 22500)5			Longitu -103		5592	2					NAD NAD8	3
	ake Poir		T	T					T		1		Г	
N N	Section 10	Township 24S	Range 29E	Lot	Feet 100		From N	/S	Feet 165		From	n E/W 'L	County EDDY	
Latitu 32.	de 22514	43			Longitu -103		975592 NAD83							
	ake Poin		Τ_	T T						I _	= //			
C	Section 3	Township 24S	Range 29E	3	Feet 100	FN	n N/S L	Feet 165		From	•	Count		
32.	de 25374	46			-103							D83		
								_		_				
Is this	well the	defining v	vell for th	ie Horiz	ontal Sp	pacing	g Unit?							
Ic thic	well an	infill well?		Х	7									
13 (1113	wenan	mini wen:		Λ										
	If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal													
Spacii	ng Unit.		7											
30-	015-48					1								
	rator Nai ′ USA I						erty N _S CC			EDEF	RAL	СОМ		Well Number #38H

KZ 06/29/2018

OXY USA Inc. 23S 29E NWNW (D) Tails CC 10-3 Federal Com 33H NENW NWNE NENE (C) (A) Section 10 Township 24 South, Range 29 East, N.M.P.M. Eddy County, New Mexico SENW (F) SWNW SWNE SENE (H) (E) (G) NWSW NESW (K) NWSE (J) NESE (L) (1) SWSW (M) SESW SESE (P) SWSE (N) (0) BHL L3 L2 L1 SWNW (E) SENW SWNE SENE (H) (F) Tails CC 10-3 Federal Com 33H 24S 29E NWSW NESW (K) NWSE NESE (1) (L) SESW (N) SWSE SWSW (M) SESE (P) NENW (C) NWNW NWNE NENE (D) (A) 24S 29E SENW (F) SWNW (E) SENE (H) (G) NESW NWSW NWSE NESE (K) (1) SESW (N) SWSE SESE (P) (M) SHL NWNW (D) NENW NWNE (B) NENE (C) (A) SWNE SWNW (E) SENW (F) SENE (H) NWSW NESW NWSE (J) NESE (1) (K) SWSE SWSW SESW (N) SESE (P) Released to Imaging: 11/15/2021 3:35:01 PM



Occidental Oil and Gas Corporation ATTN: Trey Fournier 5 Greenway Plaza, Suite 110 Houston, TX 77046 832-291-5426 Trey_fournier@oxy.com

October 14, 2021

Mr. Leonard Lowe New Mexico Oil Conservation Division 1220 South Francis Drive Santa Fe, New Mexico 87505

RE: Application for Nonstandard Location—Engineering Justification OXY USA Inc.

Tails CC 10-3 Federal Com 33H T24S R29E, Section 10 – ALL, Eddy County T24S R29E Section 3 – ALL, Eddy County

Dear Mr. Lowe:

Oxy USA Inc. respectfully seeks approval for a non-standard location, decreasing the first and last take point for Tails CC 10-3 Federal Com 33H in the Wolfcamp formation of the Purple Sage Pool from 330 feet to 100 feet. It is Oxy's responsibility as a prudent operator to maximize lateral length and minimize reserves left in the ground. Decreasing the first and last take point will increase this well's effective lateral length by 460 feet and increase the estimated ultimate recovery of the well by approximately 5%. Any increase in first or last take point would result in untapped reserves left in the reservoir, and waste of a resource that would otherwise go undeveloped.

Sincerely,

Trey Fournier
Development Manager

Released to Imaging: 11/15/2021 3:35:01 PM

Application Non-Standard Location - Service List OXY USA Inc. Tails CC 10-3 Federal Com #33H

Online Submission

New Mexico Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Certified Mail # 7014 1820 0000 0732 0236

Bureau of Land Management Carlsbad 620 E. Greene Street Carlsbad, NM 88220-6292

Existing Horizontal Spacing Unit Section 34 (T23S-R29E) - Units C, D, E, F, K, L, M, N (W 1/2 HSU) Certified Mail # 7014 1820 0000 0732 0229

Tap Rock Resources, LLC 523 Park Point Drive, Suite 200 Golden, CO 80401

Attn: Matt Phillips

T24S-R29E

No Existing Spacing Unit: Section 15 - Units A, B, C, D

P.O. Box 50250 Midland, TX 79710

Copies of this application were mailed to the following individuals, companies and organizations on or before October 14, 2021

Leslie Reeves, Regulatory Advisor OXY USA Inc.

Released to Imaging: 11/15/2021 3:35:01 PM



5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521 P.O. Box 4294, Houston, Texas 77210-4294 Direct: 713.985.6972 Fax: 713.985.1278 Peter_VanLiew@Oxy.com

October 14, 2021

New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re:

Tails CC 10-3 Fed Com 31H - 38H, 312H

Section 3 & 10, T24S-R29E Eddy County, New Mexico

To Whom it May Concern,

OXY USA Inc., OXY Y-1 Company and Occidental Permian, LP, all subsidiaries of Occidental Petroleum Corporation, are the sole working interest owners of section units A, B, C and D of Section 15, T24S-R29E, Eddy County, New Mexico as to the Bone Spring and Wolfcamp formations. Please contact me should you have any questions or need anything further.

Sincerely,

OXY USA Inc.

Peter Van Liew, RPL Land Negotiator Senior



OXY USA Inc

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

October 26, 2021

New Mexico Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Attention: Leonard Lowe

Re: Application for Administrative Approval of Non-Standard Location – 1280-acre HSU

Tails CC 10-3 Federal Com 31H - 38H, & 312H - Purple Sage Wolfcamp

Eddy County, New Mexico

Dear Mr. Lowe:

OXY USA Inc. respectfully requests administrative approval of a non-standard location on the below list of Tails CC 10-3 Federal Com wells. The #38H well will be the defining well for the 1280-acre HSU and for the proposed completed wells in the Purple Sage Wolfcamp pool, Pool Code 98220. Attached is the well layout for the 1280-acre horizontal spacing unit for the Purple Sage Wolfcamp pool.

If you need any additional information, please call me at 713-497-2492.

Sincerely,

Leslie Reeves Regulatory Analyst

Attachments

CC: Tails Wolfcamp 1280-acre HSU Well Layout

Tails CC 10-3 Federal Com 31H – 30-015-48881

Tails CC 10-3 Federal Com 32H – 30-015-48880

Tails CC 10-3 Federal Com 33H – 30-015-48879

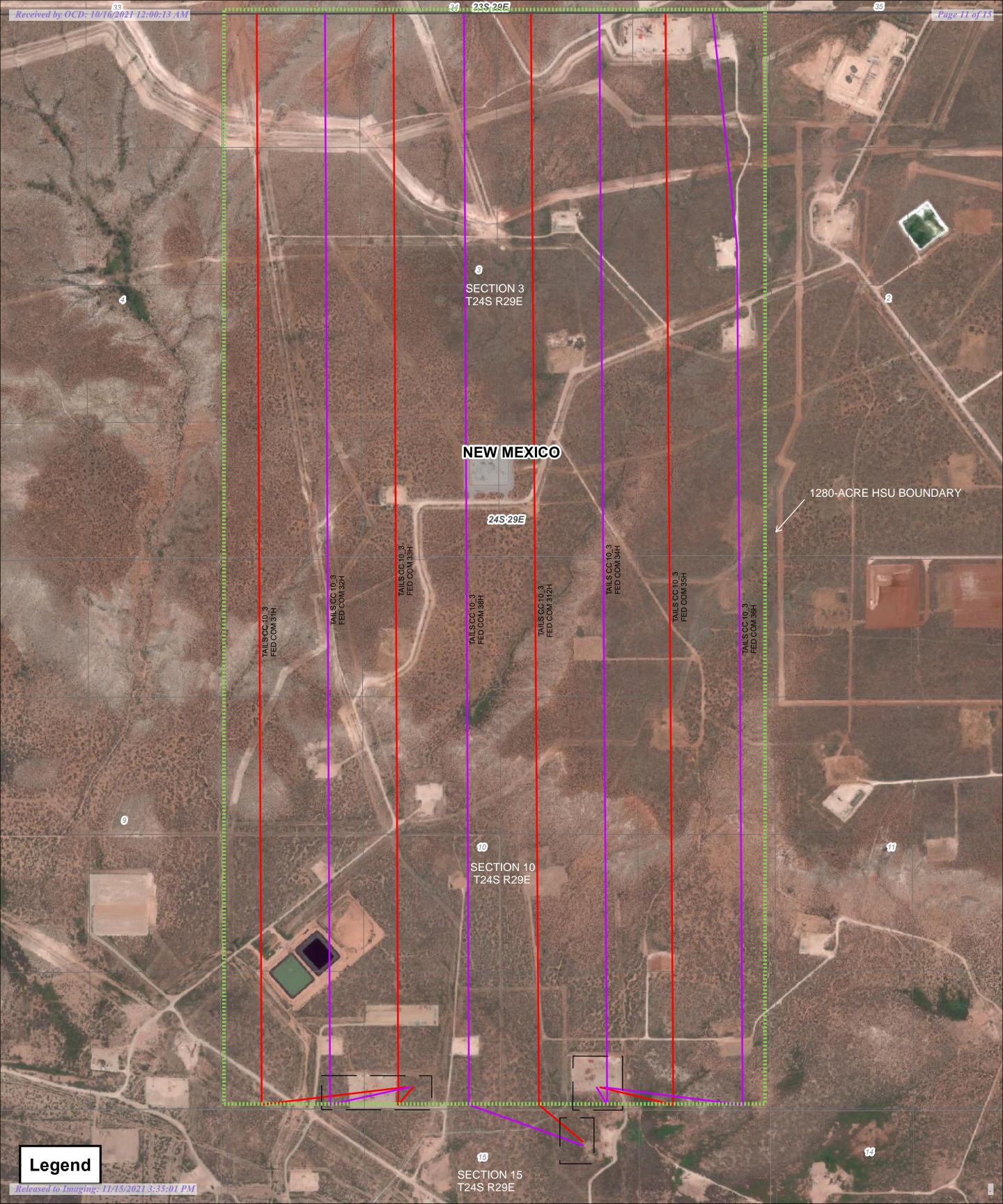
 $Tails\ CC\ 10\text{--}3\ Federal\ Com\ 34H-30\text{--}015\text{--}48959$

Tails CC 10-3 Federal Com 35H - 30-015-48965

Tails CC 10-3 Federal Com 36H - 30-015-48964

Tails CC 10-3 Federal Com 38H – 30-015-48877 (Defining well)

Tails CC 10-3 Federal Com 312H - 30-015-48930



From: Lowe, Leonard, EMNRD

To: Kautz, Paul, EMNRD

Subject: FW: [EXTERNAL] RE: Re: Non Standard Proration - Tails CC 10 3 Federal Com Wells - HSU Letter

Date: Wednesday, November 3, 2021 3:48:00 PM

Attachments: TAILS 31-38-312 HSULetter.pdf

OXY Tails CC 10 3 Federal Com wells Worksheet.pdf

From: Reeves, Leslie T < Leslie_Reeves@oxy.com>

Sent: Tuesday, October 26, 2021 2:03 PM

To: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us>

Subject: [EXTERNAL] RE: RE: Non Standard Proration - Tails CC 10 3 Federal Com Wells - HSU Letter

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hileonard!

Here is a letter and the well layout for the PSW spacing unit. Let me know if this works or if I need to add in anything.

Thank you!

Leslie T. Reeves

Regulatory Advisor | Permian Resources – New Mexico Office: (713) 497-2492 | 29.072 | Cell: (281) 733-0824

Email: Leslie_Reeves@oxy.comHi

From: Lowe, Leonard, EMNRD < Leonard.Lowe@state.nm.us >

Sent: Monday, October 25, 2021 2:35 PM
To: Reeves, Leslie T < Leslie_Reeves@oxy.com>
Cc: Messer, Emily J < Emily_Messer@oxy.com>

Subject: RE: [EXTERNAL] RE: Non Standard Proration - Tails CC 10 3 Federal Com Wells

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Leonard R. Lowe

Engineering Bureau OCD - EMNRD 5200 Oakland Ave. NE Albuquerque, N.M. 87113

C: 505-930-6717

http://www.emnrd.state.nm.us/ocd/

From: Reeves, Leslie T < Leslie_Reeves@oxy.com>

Sent: Monday, October 25, 2021 11:32 AM

To: Lowe, Leonard, EMNRD < <u>Leonard.Lowe@state.nm.us</u>>

Cc: Messer, Emily J < Emily Messer@oxy.com>

Subject: [EXTERNAL] RE: Non Standard Proration - Tails CC 10 3 Federal Com Wells

Ms. Leslie Reeves,

What was noted by Mr. Foppiano is correct. I concur with the statement "no one uses the proximity rule to build a standard HSU". It is used at times, but that information is not presented in applications for NSLs/NSPs. This is a good example. OCD just needs to be made aware of from the applicant, as was noted in my initial e-mail. Submit a letter via e-mail indicating the well lay out for all these wells noted needing an NSL. I have yet to review the submitted NSL applications in detail yet. Who knows some of them might go away due to the proximity rule.

11owe

"I did some research on the NMOCD website looking back at previous PSWC drilling permits and found some interesting things. First, almost no one uses the proximity rule to build a standard HSU, at least not in PSWC. So the applicability of this particular feature in the statewide horizontal rules may not be well known. PSWC is interesting, because application of the proximity rule in PSWC was discussed by the OCD group that developed these rules, and everyone agreed with the wording and how it would be applied. It should be noted that the Purple Sage Wolfcamp pool rules (Order Number R-14262) do not mandate a spacing size for any well, horizontal or vertical. Instead, by classifying this pool as a gas pool and NOT specifying a particular size, the applicable spacing is governed by statewide Rule 19.15.15.10 B. which provides for 320-acre spacing units for the Wolfcamp or deeper formations. The record contains numerous examples in the PSWC of standard HSUs being approved that consist of multiple 320-acre tracts penetrated by the well's completed interval. This is in line with the rule language specifying the criteria for standard HSUs for horizontal gas wells, and establishes (by previous practice) that standard HSU's in PSWC can exceed 320 acres. In OXY's application for the standard 1280-acre HSU for the Tails CC 10 3 Federal Com wells, the difference is the application of the proximity tract rule in PSWC. Given that you can build a standard HSU with multiple 320-acre tracts penetrated by the well's lateral, then you should also be able to use the proximity rule described in NMAC 19.15.16.15 (B)(3)(b) which allows the operator to include additional 320-acre tracts that are within 330 feet of the well's completed interval, and such is allowed in constructing a standard HSU for the well. So, in my opinion, your proposed 1280-acre HSU established by the defining well #38H, since it has (or will have) a completed interval within 330 feet of the adjacent tracts, meets the criteria for approval as a standard HSU.

On a final note, to allow horizontal wells to be completed and recover reserves in the "NSL" or "unorthodox" area that might otherwise be stranded, the proximity rule was deemed a better approach than the NSL route as it encouraged operators to share ownership of these reserves with owners in adjacent tracts, even though the well's completed interval did not penetrate the adjacent tract. If the well was instead drilled at an unorthodox location, then the owners on the adjacent tract might be forced to go drill an unorthodox well on their tract to protect from drainage, resulting in

the drilling of unnecessary wells. The proximity rule also encourages larger HSUs and less surface facilities, which is in line with how these resources are being developed by the use of multiple infill wells."

Mr. Foppiano is available to participate in a conference call to answer any questions. I have also attached the Tails CC 10-3 Federal Com 38H plat which will be the defining/proximity well that will set up the PSW HSU. I now have the certified plat for this well so I will work to get you the 38H NSL application this week.

Thank you!

Leslie T. Reeves

Regulatory Advisor | Permian Resources – New Mexico Office: (713) 497-2492 | 29.072 | Cell: (281) 733-0824

Email: <u>Leslie_Reeves@oxy.com</u>

Ms. Leslie Reeves,

The spacing unit pertaining to your Tails CC 10 3 Federal Com wells are all seeking 1280 acres as their Horizontal Spacing Unit.

The Purple Sage; Wolfcamp is regulated to 320 acres for a projected horizontal spacing unit allowed by order. Any irregular spacing unit (greater or less HSU) needs to be approved by an OCD Administrative Application of a NSP. Unless the operator can prove that the horizontal spacing unit stated for all these wells are allowed by other means. If so, what are those?

Leonard R. Lowe

Engineering Bureau OCD - EMNRD 5200 Oakland Ave. NE Albuquerque, N.M. 87113 C: 505-930-6717

http://www.emnrd.state.nm.us/ocd/

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 Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 55906

CONDITIONS

Operator:	OGRID:
OXY USA INC	16696
P.O. Box 4294	Action Number:
Houston, TX 772104294	55906
	Action Type:
	[UF-NSL] Non-Standard Location (NSL)

CONDITIONS

Created By	Condition	Condition Date		
llowe	None	10/18/2021		