

**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. \_\_\_\_\_

**APPLICATION**

OXY USA Inc. (“Oxy” or “Applicant”) (OGRID No. 16696) through its undersigned attorneys, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted mineral owners in the Wolfcamp formation underlying a standard 1,278.62-acre, more or less, horizontal well spacing unit comprised of Sections 3 and 10 all within Township 24 South, Range 29 East (NMPM), Eddy County New Mexico. In support of this application, Oxy states:

1. Oxy is a working interest owner in the subject acreage and has the right to drill thereon.
2. Oxy seeks to initially dedicate the proposed standard horizontal well spacing unit to the following drilled and completed wells:
  - the **Tails CC 10-3 Federal Com 31H, 32H, and 33H Wells** which have been drilled from a common surface location in the SE/4 SW/4 (Unit N) of Section 10 to bottomhole locations in the NE/4 NW/4 (Unit C) and the NW/4 NW/4 (Unit D) of Section 3;
  - the **Tails CC 10-3 Federal Com 34H, 35H, and 36H Wells** which have been drilled from a common surface location in the SW/4 SE/4 (Unit O) of Section

10 to bottomhole locations in the NW/4 NE/4 (Unit B) and NE/4 NE/4 (Unit A) of Section 3; and

- the **Tails CC 10-3 Federal Com 38H and 312H Wells** which have been drilled from a common surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottomhole locations in the NE/4 NW/4 (Unit C) and the NW/4 NE/4 (Unit B) of Section 3.

3. The completed interval of the **Tails CC 10-3 Federal Com 38H Well** is within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral 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. Approval of this application will allow Oxy to efficiently locate surface facilities, reduce surface disturbance, lower operating costs and facilitate effective well spacing.

7. Approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on February 2, 2023, before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the proposed horizontal well spacing unit and approving the initial wells thereon;

- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. 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
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: \_\_\_\_\_



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**ATTORNEYS FOR OXY USA INC.**

**CASE \_\_\_\_\_: Application of OXY USA Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all uncommitted mineral owners in the Wolfcamp formation underlying a standard 1,278.62-acre, more or less, horizontal well spacing unit comprised of Sections 3 and 10 all within Township 24 South, Range 29 East (NMPM), Eddy County New Mexico. Oxy seeks to initially dedicate the proposed standard horizontal well spacing unit to the following drilled and completed wells:

- the **Tails CC 10-3 Federal Com 31H, 32H, and 33H Wells** which have been drilled from a common surface location in the SE/4 SW/4 (Unit N) of Section 10 to bottomhole locations in the NE/4 NW/4 (Unit C) and the NW/4 NW/4 (Unit D) of Section 3;
- the **Tails CC 10-3 Federal Com 34H, 35H, and 36H Wells** which have been drilled from a common surface location in the SW/4 SE/4 (Unit O) of Section 10 to bottomhole locations in the NW/4 NE/4 (Unit B) and NE/4 NE/4 (Unit A) of Section 3; and
- the **Tails CC 10-3 Federal Com 38H and 312H Wells** which have been drilled from a common surface location in the NW/4 NE/4 (Unit B) of Section 15 to bottomhole locations in the NE/4 NW/4 (Unit C) and the NW/4 NE/4 (Unit B) of Section 3.

Also, to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, operating costs and charges for supervision, the designation of applicant as operator, and a 200% charge for risk involved in drilling and completing the wells. Said area is approximately 8 miles southeast of Loving, New Mexico.