

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

**APPLICATION OF OXY USA INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

OXY USA Inc. (OGRID 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 Wolfcamp formation underlying a standard 960-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 19, 30, and 31 all in Township 21 South, Range 32 East (NMPM), Lea 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 seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Regal Lager 31 19 Fed Com 34H, 35H and 36H** wells to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 6, Township 22 South, Range 32 East, to bottom hole locations in the NW/4 NE/4 (Unit B) and NE/4 NE/4 (Unit A) of Section 19, Township 21 South, Range 32 East.
3. The completed interval of the **Regal Lager 31 19 Fed Com 35H well** is expected to remain 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 working 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. To allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of the proposed horizontal spacing unit.

WHEREFORE, Applicant requests that this matter be set for hearing on April 6, 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,

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ATTORNEYS FOR OXY USA INC.

Application of OXY USA Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 960-acre, more or less, horizontal well spacing unit comprised of the E/2 of Sections 19, 30, and 31 all in Township 21 South, Range 32 East (NMPM), Lea County New Mexico. The above-referenced unit will be initially dedicated to the proposed **Regal Lager 31 19 Fed Com 34H, 35H and 36H** wells to be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 6, Township 22 South, Range 32 East, to bottom hole locations in the NW/4 NE/4 (Unit B) and NE/4 NE/4 (Unit A) of Section 19, Township 21 South, Range 32 East. The completed interval of the **Regal Lager 31 19 Fed Com 35H well** is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit. Also, to be considered will be the cost of drilling and completing the well 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 well. Said area is approximately 32 miles west of Eunice, New Mexico.