

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

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

**Case No. 22637
Order No. R-23095**

**APPLICATION OF OXY USA INC. FOR AN ORDER ACKNOWLEDGING THE
DR PI (DEEP) FED UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 7, 2022, and after considering the testimony, evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the OCD has jurisdiction of this case and its subject matter.
- (2) Oxy USA, Inc. (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) of the Dr Pi Deep Federal Unit (“Unit”) consisting of 2,595.4 acres of the following lands situated in Lea County, New Mexico (“Unit Area”):

Township 22 South, Range 32 East, N.M.P.M.

Section 7: All
Section 8: All
Section 17: All
Section 18: All

- (3) Unitized Interval: The unitized interval for the Unit is all formations below the base of the Delaware Formation, which is defined as the stratigraphic equivalent of 8,647 feet MD in the Federal 8 Com No. 1 well located in the SW/4 NE/4 of Section 8 of Township 22 South, Range 32 East, N.M.P.M. in Lea County, New Mexico (API No. 30-025-32709).

- (4) A subset of the unitized interval underlying the Unit is currently designated by the OCD as:

BILBREY BASIN;BONE SPRING, SOUTH (Pool Code: 97366)
WC-025 G-09 S233216K;UPR WOLFCAMP (Pool Code: 98166)
RED TANK;MORROW (GAS) (Pool Code: 83720)

- (5) Applicant presented testimony and exhibits as follows:
- a. The Unit is a proposed federal exploratory unit and all depths below the base of the Delaware Formation will be unitized.
 - b. The Unit is comprised of eleven (11) tracts of which all are federal tracts.
 - c. The Unit obligation well will be a horizontal well with at least a 5,000-foot lateral within the Wolfcamp formation.
 - d. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.
 - e. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 143828X as the case serial number to the Unit.
 - f. No notice of the hearing was provided.
- (6) No other party appeared at the hearing or otherwise opposed this application.
- (7) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.
- (8) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

- (1) OCD recommends approval of the Unit.
- (2) The Unit Area comprises 2,595.4 acres situated in Lea County, New Mexico and described above.
- (3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that Oxy USA, Inc. (OGRID No. 16696) is designated the Unit Operator under the Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a “unitized area” as provided in 19.15.16 NMAC.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of the BLM or SLO, as applicable, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@emnrd.nm.gov). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**DYLAN M. FUGE
DIRECTOR (ACTING)**

Date: 3/15/24