

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

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

CASE NO. 16465

APPLICATION

OXY USA Inc., ("OXY"), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation in the 800-acre horizontal spacing unit comprised of the SW/4 of Section 17, the W/2 of Section 20, and the W/2 of Section 29, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico. In support of its application, OXY states:

1. OXY USA Inc. (OGRID No. 16696) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. OXY seeks to dedicate the above-referenced horizontal spacing unit, including the adjacent proximity tracts, to its proposed **Pure Gold MDP1 29-17 Federal Com No. 2H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 29 to bottom hole location in the NW/4SW/4 (Unit L) of Section 17.
3. Pursuant to NMAC 19.15.16.15(B)(1)(b), OXY will incorporate the E/2 SW/4 and the E/2W/2 of Sections 20 and 29 into its horizontal spacing unit. The completed interval for the **Pure Gold MDP1 29-17 Federal Com No. 2H Well** begins at 340 feet from the South line, 1260

feet from the West line of Section 29, and ends at the 2304 feet from the South line, 1260 feet from the West line of Section 17.

4. OXY has sought and been unable to obtain voluntary agreement for the development of these lands from all of the 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. In order to permit OXY 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 OXY USA Inc. should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, OXY requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 18, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating OXY USA Inc. operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing OXY 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% penalty for the risk assumed by OXY 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.

CASE 16465:

Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 800-acre horizontal spacing unit comprised of the SW/4 of Section 17, the W/2 of Section 20, and the W/2 of Section 29, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico. The above-referenced unit will be dedicated to the proposed **Pure Gold MDP1 29-17 Federal Com No. 2H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 29 to bottom hole location in the NW/4SW/4 (Unit L) of Section 17. The horizontal spacing unit includes the adjacent proximity tracts. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 25 miles west of southeast of Carlsbad, New Mexico.