

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

**APPLICATION OF OXY USA INC.
FOR APPROVAL OF SURFACE LEASE
COMMINGLING, OFF-LEASE STORAGE,
AND OFF-LEASE MEASUREMENT
EDDY COUNTY, NEW MEXICO.**

CASE NO. 15540

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA Inc. ("OXY") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

ATTORNEY

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STATEMENT OF THE CASE

OXY previously presented testimony in a hearing on this case on September 15, 2016. OXY presented three witnesses and seventeen exhibits. Since that hearing, OXY has revised the C-107B to reflect revised legal descriptions for the spacing units for the subject wells and to remove the request to pool-commingle. OXY submitted an amended application seeking an order authorizing 1) lease commingling *from all existing and future wells* drilled on leases and associated spacing units in Sections 22, 23, and 24 of Township 24 South, Range 29 East,

N.M.P.M., Eddy County, New Mexico; 2) off-lease storage; and 3) off-lease measurement. OXY seeks to surface commingle production from various leases in the following areas of diverse ownership:

- (a) 160-acre spacing unit comprised of S/2 N/2 of Section 22, currently dedicated to the Cedar Canyon 22 Federal No. 21H (30-015-43642) well and producing from the Pierce Crossing; Bone Spring East Pool (96473);
- (b) 160-acre spacing unit comprised of N/2 S/2 of Section 22, currently dedicated to the Cedar Canyon 22 Fed Com No. 4H (30-015-43708) well and producing from the Pierce Crossing; Bone Spring East Pool (96473);
- (c) 240-acre spacing unit comprised of S/2 N/2 of Section 23 and the S/2 NW/4 of Section 24, currently dedicated to the Cedar Canyon 23 Federal No. 3H (30-015-43920) and the Cedar Canyon 23 Federal No. 4H (30-015-43281). Both wells are producing from the Pierce Crossing; Bone Spring East Pool (96473).
- (d) 240-acre spacing unit comprised of N/2 N/2 of Section 23 and the N/2 NW/4 of Section 24, currently dedicated to the Cedar Canyon 23 Federal No. 5H (30-015-43282) well and producing from the Pierce Crossing; Bone Spring East Pool (96473).
- (e) 240-acre spacing unit comprised of N/2 S/2 of Section 23 and the N/2 SW/4 of Section 24, currently dedicated to the Cedar Canyon 23 Fed Com No. 6H (API No. pending) well, and the Cedar Canyon 23 Fed Com No. 33H (API No. pending) well. The Cedar Canyon 23 Fed Com No. 6H and Cedar Canyon 23 Fed Com No. 33H wells are expected to produce from the Pierce Crossing; Bone Spring East Pool (96473).
- (f) Any future spacing unit located in the S/2 S/2 of Section 23 or the SW/4 of Section 24.

Oxy intends to meter and store production from these spacing units at the Cedar Canyon 23-3H satellite facility, located at the Cedar Canyon 23 Federal No 3H well pad. This will be an off-lease location for all spacing units, excluding leases in the N/2 S/2 of Section 22. Oxy intends to allocate production to the spacing units using the well test method.

APPLICANT'S PROPOSED EVIDENCE


| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|-------------------------------|-------------------|-----------|
| Jeremy Murphrey, Landman | Approx. 5 minutes | Approx. 3 |

PROCEDURAL MATTERS

Technical testimony for this case was heard on September 15, 2016. The purpose of this hearing is to submit the revised C-107B and legal notice; therefore, this hearing will be presented by affidavit.

Respectfully submitted,

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