

STATE OF NEW MEXICO

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

**APPLICATION OF OXY USA INC.
FOR APPROVAL OF THE MESA VERDE UNIT,
CONTRACTION OF THE PURPLE SAGE-WOLFCAMP
GAS POOL, AND CREATION OF A WILDCAT WOLFCAMP
OIL POOL, LEA AND EDDY COUNTIES, NEW MEXICO.**

CASE NO. 15797

APPLICATION

OXY USA Inc. ("OXY") files this application for an order (1) approving its Mesa Verde Unit; (2) contracting the Purple Sage-Wolfcamp Gas Pool (98220) from the interior boundary of the spacing unit; and (3) creation of a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the Unit Area. In support of its application, OXY states:

1. The proposed Unit Area consists of approximately 3,461.80 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY

Section 13: All

TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY

Section 7: E/2 NE/4, SE/4
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 18: All

2. OXY is the designated operator under the Unit Agreement and the unitized interval is the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of 11,882 feet down to the stratigraphic equivalent of the top of the Pennsylvanian formation at a measured depth

of 13,400 feet as encountered in the Jack Tank 8 Federal 2 well in Section 8, Township 24 South, Range 32 East, N.M.P.M. (API # 30-025-32192).

3. The Unit Agreement has support from the other working interest owners, and OXY anticipates reaching a mutually agreeable unit operating agreement prior to hearing.

4. OXY has met with the Bureau of Land Management and the New Mexico State Land Office and has received preliminary approval of the Unit Agreement.

5. The entire Unit Area will be developed and operated as a single Participating Area.

6. A portion of the Unit Area is currently subject to the Purple Sage-Wolfcamp Gas Pool (98220). The remainder of the Unit Area not within a pool, so is treated as Wildcat Wolfcamp oil.

7. The Purple Sage-Wolfcamp Gas Pool (98220) is subject to the Special Rules set forth in Order No. R-14262, including 320-acre spacing for all wells. Wildcat Wolfcamp oil pools are subject to Statewide Rule 19.15.15.9 which require 40-acre spacing for oil wells.

8. In order to allow for the most efficient horizontal well development pattern, to effectively drain the reserves in the unitized formation underlying the Unit Area, and to maximize administrative reporting and efficiency, OXY proposes to contract the Purple Sage-Wolfcamp Gas Pool (98220) from within the Unit Area, and to create a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the boundaries of the Unit Area.


9. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

10. Approval of the contraction and creation of pools is also in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, OXY requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 17, 2017, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

ATTORNEYS FOR OXY USA INC.

CASE 15797 **Application Of OXY USA Inc. For Approval Of The Mesa Verde Unit, Contraction of the Purple Sage-Wolfcamp Gas Pool, And Creation Of A Wolfcamp Oil Pool, Lea and Eddy Counties, New Mexico.** Applicant seeks an order (1) approving its Mesa Verde Unit; (2) contracting the Purple Sage-Wolfcamp Gas Pool (98220) from the interior boundary of the spacing unit; and (3) creation of a Wildcat Wolfcamp oil pool to cover the Wolfcamp formation within the Unit Area. The Mesa Verde Unit consists of approximately 3,461.80 acres of the following Federal and State lands situated in Lea and Eddy Counties, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY

Section 13: All

TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY

Section 7: E/2 NE/4, SE/4
Section 8: All
Section 9: W/2
Section 16: W/2
Section 17: All
Section 18: All

The unitized interval is the stratigraphic equivalent of the top of the Wolfcamp formation at a measured depth of 11,882 feet down to the stratigraphic equivalent of the top of the Pennsylvanian formation at a measured depth of 13,400 feet as encountered in the Jack Tank 8 Federal 2 well in Section 8, Township 24 South, Range 32 East, N.M.P.M. (API # 30-025-32192). The subject acreage is located approximately 22 miles west of Malaga, New Mexico.