

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

**APPLICATION OF OXY USA INC. FOR A
NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 16155

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POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 16155

OXY'S CONSOLIDATED 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

In Case No. 16155, OXY seeks an order (1) creating a 240-acre non-standard spacing and proration unit comprised of the W/2 SW/4 of Section 17 and the W/2 W/2 of Section 20, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted

interests in the Bone Spring formation underlying this acreage; and (3) providing an extension of the 120-day period provided by the Division's standard pooling order to drill and complete a well in the proposed spacing unit. OXY proposes to dedicate the above-referenced spacing and proration unit as the project area for two proposed initial wells to be drilled and simultaneously completed: The **Salt Ridge CC "20-17" Federal Com 21H Well** and the **Salt Ridge CC "20-17" Federal Com 22H Well**. The proposed 21H Well will be drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 17 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 20, while the proposed 22H Well will be drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 17 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 20. The completed interval for the 21H Well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC, but the 22H Well will be at an unorthodox well location. OXY has previously applied for a non-standard location for the 22H Well.

In Case No. 16156, OXY seeks an order (1) creating a 240-acre non-standard spacing and proration unit comprised of the E/2 SW/4 of Section 17 and the E/2 W/2 of Section 20, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. OXY proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Salt Ridge CC "20-17" Federal Com 23H Well**, which will be horizontally drilled from a surface in the SE/4 NW/4 (Unit F) of Section 17, Township 24 South, Range 29 East, NMPM, to bottom hole locations in the SE/4 SW/4 (Unit N) of Section 20, Township 24 South, Range 29 East, NMPM. The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 19.15.15 NMAC.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jeremy Murphrey, Landman	Approx. 20 minutes	Approx. 6
Tony Troutman, Geology	Approx. 15 minutes	Approx. 5

PROCEDURAL MATTERS

OXY requests that Case Nos. 16155 and 16156 be consolidated only for hearing purposes.

Respectfully submitted,

HOLLAND & HART LLP



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