

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

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

CASE NO. 20273

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 within a proposed 320-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 12 and the W/2 W/2 of Section 13, Township 22 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 proposes to dedicate the above-referenced spacing unit to its proposed **Top Spot "12-13" Federal Com No. 21H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 12 to a standard bottom-hole location in the SW/4 SW/4 (Unit M) of Section 13.
3. The completed interval for this well is at an orthodox well location pursuant to the Statewide rules for oil wells.
3. 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 proposed unit should be pooled and OXY USA Inc. should be designated the operator of the 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 February 21, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the spacing unit;
- B. Designating OXY USA Inc. operator of the horizontal 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% charge 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 20273 : Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation within a proposed 320-acre, more or less, horizontal well spacing unit comprised of the W/2 W/2 of Section 12 and the W/2 W/2 of Section 13, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico. OXY proposes to dedicate the above-referenced spacing unit OXY proposes to dedicate the above-referenced spacing unit to its proposed **Top Spot "12-13" Federal Com No. 21H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 12 to a standard bottom-hole location in the SW/4 SW/4 (Unit M) of Section 13. The completed interval for this well will be at a standard location. Also, to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 29 miles east of Carlsbad, New Mexico.