

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

APPLICATION OF OXY USA INC. TO RESCIND THE HORIZONTAL SPACING UNITS AND API NUMBERS ASSIGNED TO FOUR APPLICATIONS FOR PERMITS TO DRILL ISSUED TO MURCHISON OIL & GAS INC, EDDY COUNTY, NEW MEXICO.

CASE NO. 20410

MOTION FOR AN EXPEDITED ORDER STAYING ADMINISTRATIVE APPROVAL OF HORIZONTAL SPACING UNITS AND API NUMBERS

OXY USA Inc. ("Oxy"), pursuant to NMAC 19.15.4.23.B and NMAC 19.15.2.11, request that the Director of the Division or the Chair of the Oil Conservation Commission issue an expedited order staying the administrative approval of the horizontal spacing units and API numbers assigned by the Oil Conservation Division's District Office on the Division Form C-102 accompanying four applications for permits to drill issued to Murchison Oil & Gas, Inc. ("Murchison") by the Bureau of Land Management.¹ In support of this motion, Oxy states:

1. On February 15, 2019, the Oil Conservation Division's district office administratively approved horizontal spacing units and assigned API numbers on Division Form C-102 for the following laydown horizontal wells to be drilled by Murchison in the N/2 of Section 30, Township 24 South, Range 29 East, NMPM, in Eddy County, New Mexico (hereinafter the "Rock Ridge" wells):

- The **Rock Ridge Federal WCB 1H** well (API No. 30-015-45728) and the **Rock Ridge Federal WCXY 2H** well (API No. 30-015-45729), both dedicated to a 319.24-acre horizontal spacing unit in the Purple Sage; Wolfcamp Gas Pool comprised of the N/2 of Section 30.

¹ In conjunction with the filing of this Motion, Oxy has filed an Application for hearing to rescind the Division's administrative approval of the spacing units proposed by Murchison and the assigned API numbers for the proposed wells.

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- The **Rock Ridge Federal BSS 4H** well (API No. 30-015-45730), dedicated to a 159.65-acre horizontal spacing unit in the Pierce Crossing; Bone Spring, South Pool comprised of the N/2 N/2 of Section 30.
- The **Rock Ridge Federal BSS 7H** well (API No. 30-015-45731), dedicated to a 319.24-acre horizontal spacing unit in the Pierce Crossing; Bone Spring, South Pool comprised of the N/2 of Section 30.

See Exhibit 1(Federal Form 3160-3 and accompanying NMOCD Form C-102).

2. Oxy is a working interest owner in Section 30 and adjacent Section 19 and has proposed eight (8) standup horizontal wells in the Bone Spring formation and ten (10) standup horizontal wells in the Wolfcamp formation underlying the W/2 and the E/2 of Sections 19 and 30 (Oxy's "Royalty CC" wells). See Exhibit 2 (examples of the well proposal letters submitted to the working interest owners.)

3. Ten of the eighteen wells proposed by Oxy will have two-mile lateral lengths while the remaining eight wells will have 1.5-mile lateral lengths.²

4. In this area, standup horizontal spacing units should be utilized where possible to efficiently and effectively drain the Bone Spring and Wolfcamp formations. See Exhibit 3 (Affidavit of Tyler Evans, Geologist).

5. The Division has observed that in the Bone Spring and Wolfcamp formations, horizontal wells extending beyond one-mile are generally more effective because "increased lengths can have a production and economic advantage and thereby prevent waste and protect correlative rights." See R-20233 at p. 11, ¶ (40). The Division has further found:

In addition to increased production of oil and gas, wells drilled and completed at two-mile lengths have advantages over one-mile long wells including reduced surface disturbance, half the need to drill overburden rocks, half the otherwise pumping equipment, separation, power lines, tanks and pipeline hookups.

² The 1.5-mile laterals are proposed in benches of the Bone Spring and Wolfcamp formations that are currently being drained by older wells in the S/2 of Section 30.

See R-20233 at p. 11, ¶ (40).

6. Oxy's proposed wells have longer completed lateral lengths than Murchison's proposed wells and conform with the spacing and standup well orientation necessary to efficiently and effectively develop the Bone Spring and Wolfcamp formations underlying Sections 19 and 30. *See* Exhibit 3 (Affidavit).

7. In contrast, Murchison's proposed one-mile horizontal wells do not conform with the length, orientation and spacing necessary to efficiently and effectively develop the Bone Spring and Wolfcamp formations underlying the N/2 of Section 30. *See* Exhibit 3 (Affidavit). Further, Murchison's proposed one-mile laydown wells are less effective at producing the underlying hydrocarbons and will unnecessarily result in increased surface disturbances. *See* Order R-20233 at p. 11, ¶ (40).

8. Murchison has rejected Oxy's good faith efforts to reach an agreement on the development of this acreage and has informed Oxy that Murchison intends to spud the Rock Ridge wells in late March.

9. Unless an expedited order is issued staying the Division's administrative approval of the horizontal spacing and API numbers assigned to Murchison's proposed Rock Ridge wells, unnecessary surface disturbances will occur, hydrocarbons will be wasted and the correlative rights of Oxy and the other working interest owners in Sections 19 and 30 will be impaired.

10. Oxy is not aware of any undue hardship or gross negative consequences to Murchison if the Division's administrative approval of the horizontal spacing units and the issued API numbers are stayed pending a hearing in this matter.

11. In order to avoid the drilling of ineffective and inefficient horizontal wells, to avoid unnecessary surface disturbances, to prevent waste, and to protect the correlative rights of Oxy and the other working interest owners in Sections 19 and 30, the Division's administrative approval

of the spacing units proposed by Murchison and the assignment of API numbers on the Division Form C-102 for the proposed wells should be stayed pending a hearing this matter.

12. A copy of this motion has been served by email and certified mail to the person within Murchison with whom Oxy has recently corresponded on this matter.

13. A proposed form of order is attached hereto as Exhibit 4.

WHEREFORE, Oxy requests that the Division Director or Chair of the Oil Conservation Commission issue an expedited order staying the administrative approval of the spacing units and API numbers assigned on the Division Form C-102 for each of Murchison's four proposed Rock Ridge wells pending a hearing in this matter.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

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ATTORNEYS FOR OXY USA INC.

CERTIFICATE OF SERVICE

I hereby certify that on March 13, 2019, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to and Certified Mail:

Peta Maree Pogue
Murchison Oil & Gas, LLC
Legacy Tower One
7250 Dallas Parkway, Suite 1400
Plano, Texas 75024
pmpogue@jdmii.com

Attorney for Murchison Oil & Gas, Inc.



Michael H. Feldewert

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FEB 14 2019

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM107384
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator MURCHISON OIL & GAS INCORPORATED		8. Lease Name and Well No. ROCK RIDGE FEDERAL WCB 1H 324981
3a. Address 7250 Dallas Parkway, Ste. 1400 Plano TX 75024		9. API Well No. 30-015-4728
3b. Phone No. (include area code) (972)931-0700		10. Field and Pool, or Exploratory PURPLE-SAGE WOLFCAMP GAS
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE / 310 FNL / 300 FEL / LAT 32.1949151 / LONG -104.0161601 At proposed prod. zone NWNW / 330 FNL / 330 FWL / LAT 32.1948569 / LONG -104.0310145		11. Sec., T, R, M, or Blk. and Survey or Area SEC 30 / T24S / R29E / NMP
14. Distance in miles and direction from nearest town or post office*		12. County or Parish EDDY
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 300 feet		13. State NM
16. No of acres in lease 398.24		17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 407 feet		20. BLM/BIA Bond No. in file FED: NMB001412
19. Proposed Depth 10796 feet / 15474 feet		21. Estimated duration 90 days
22. Approximate date work will start* 10/01/2018		23. Estimated duration 90 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be requested by the BLM. |

25. Signature (Electronic Submission)	Name (Printed/Typed) Cindy Cottrell / Ph: (972)931-0700	Date 06/21/2018
Title Regulatory Coordinator		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 01/30/2019
Title Assistant Field Manager Lands & Minerals	Office CARLSBAD	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

APPROVED WITH CONDITIONS

EXHIBIT
1

(Continued on page 2)

*(Instructions on page 2)

Approval Date: 01/30/2019

RUP 2-15-19

RWP 2-15-19

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FEB 14 2019

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DISTRICT II-ARTESIA O.C.D.
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM107384
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator MURCHISON OIL & GAS INCORPORATED		8. Lease Name and Well No. ROCK RIDGE FEDERAL WCXY 2H 324982
3a. Address 7250 Dallas Parkway, Ste. 1400 Plano TX 75024	3b. Phone No. (include area code) (972)931-0700	9. API-Well No. 30-015-43729
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE / 330 FNL / 300 FEL / LAT 32.19486 / LONG -104.0161601 At proposed prod. zone NWNW / 330 FNL / 330 FWL / LAT 32.1948569 / LONG -104.0310145		10. Field and Pool, or Exploratory PURPLE SAGE WOLF CAMP GAS
11. Sec., T, R, M, or Blk. and Survey or Area SEC 30 / T24S / R29E / NMP		
14. Distance in miles and direction from nearest town or post office*	12. County or Parish EDDY	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 300 feet	16. No of acres in lease 398.24	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 407 feet	19. Proposed Depth 9726 feet / 14436 feet	20. BLM/BIA Bond No. in file FED: NMB001412
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2916 feet	22. Approximate date work will start* 10/01/2018	23. Estimated duration 90 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be requested by the BLM. |

25. Signature (Electronic Submission)	Name (Printed/Typed) Cindy Cottrell / Ph. (972)931-0700	Date 06/22/2018
Title Regulatory Coordinator		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph. (575)234-5959	Date 01/30/2019
Title Assistant Field Manager Lands & Minerals CARLSBAD		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

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APPROVED WITH CONDITIONS
Approval Date: 01/30/2019
RWP 2-15-19

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
ARTESIA DISTRICT
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-45729		2 Pool Code 98220		3 Pool Name PURPLE SAGE, WC (GAS)	
4 Property Code 324982		5 Property Name ROCK RIDGE FEDERAL WXY			6 Well Number 2H
7 OGRID No. 15363		8 Operator Name MURCHISON OIL & GAS, INC.			9 Elevation 2915.7

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	24 S	29 E		330	NORTH	300	EAST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D 1	30	24 S	29 E		330	NORTH	330	WEST	EDDY
12 Dedicated Acres 330		13 Joint or Infill 319.24		14 Consolidation Code		15 Order No. 331			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>N 89°50'05"E 2607.02 FT</p> <p>N 89°48'22"E 2622.00 FT</p> <p>NW CORNER SEC. 30 LAT. = 32.1957641°N LONG. = 104.0320931°W</p> <p>N QUARTER CORNER SEC. 30 LAT. = 32.1957641°N LONG. = 104.0320931°W</p> <p>NE CORNER SEC. 30 LAT. = 32.1957641°N LONG. = 104.0151925°W</p> <p>FIRST TAKE POINT SURFACE LOCATION</p> <p>330' PNL, 636' FEL LAT. = 32.1948603°N LONG. = 104.0172476°W</p> <p>DEDICATED AREA (317.926± ACRES)</p> <p>W QUARTER CORNER SEC. 30 LAT. = 32.1884580°N LONG. = 104.0319969°W</p> <p>E QUARTER CORNER SEC. 30 LAT. = 32.1884804°N LONG. = 104.0151751°W</p> <p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>SW CORNER SEC. 30 LAT. = 32.1811455°N LONG. = 104.0322358°W</p> <p>S QUARTER CORNER SEC. 30 LAT. = 32.1811449°N LONG. = 104.0237181°W</p> <p>SE CORNER SEC. 30 LAT. = 32.1811434°N LONG. = 104.0151360°W</p> <p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD88.</p>		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or leased mineral interest in the land including the proposed bottom hole location or has a right to drill this well as this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>6/18/2018</p> <p>Signature: <i>[Signature]</i></p> <p>Date:</p> <p>GARY R COOPER, VP OPERATIONS</p> <p>Printed Name</p> <p>rcooper@jdmii.com</p> <p>E-mail Address</p> <p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 6, 2018</p> <p>Date of Survey</p> <p>MON F. JARAMILLO</p> <p>Signature and Seal of Professional Surveyor</p> <p>Certificate Number: PLMONT F. JARAMILLO, PLS 12797</p> <p>SURVEY NO. 5508A</p>
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RUP 2-18-19

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FEB 14 2019

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM107384	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name	
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.	
2. Name of Operator MURCHISON OIL & GAS INCORPORATED		8. Lease Name and Well No. ROCK RIDGE FEDERAL BSS 4H 324983	
3a. Address 7250 Dallas Parkway, Ste. 1400 Plano TX 75024		9. API Well No. 30-015-45730	
3b. Phone No. (include area code) (972)931-0700		10. Field and Pool, or Exploratory WILLOW LAKE / BONE SPRING	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE / 350 FNL / 300 FEL / LAT 32.19481 / LONG -104.01616 At proposed prod. zone NWNW / 330 FNL / 330 FWL / LAT 32.1948569 / LONG -104.0310145		11. Sec., T. R. M. or Blk. and Survey or Area SEC 30 / T24S / R29E / NMP	
14. Distance in miles and direction from nearest town or post office*		12. County or Parish EDDY	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any) 300 feet	16. No of acres in lease 398.24	17. Spacing Unit dedicated to this well 160	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 407 feet	19. Proposed Depth 8391 feet / 13072 feet	20. BLM/BIA Bond No. in file FED: NMB001412	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2916 feet	22. Approximate date work will start* 10/01/2018	23. Estimated duration 90 days	
24. Attachments			
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)			
1. Well plat certified by a registered surveyor.		4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).	
2. A Drilling Plan.		5. Operator certification.	
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).		6. Such other site specific information and/or plans as may be requested by the BLM.	
25. Signature (Electronic Submission)		Name (Printed/Typed) Cindy Cottrell / Ph: (972)931-0700	Date 06/22/2018
Title Regulatory Coordinator			
Approved by (Signature) (Electronic Submission)		Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 01/30/2019
Title Assistant Field Manager Lands & Minerals		Office CARLSBAD	
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached.			
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.			

(Continued on page 2)

APPROVED WITH CONDITIONS

Approval Date: 01/30/2019

*(Instructions on page 2)

RWP 2-15-19

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NM OIL CONSERVATION
ARTESIA DISTRICT
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-45730	Pool Code 9667	Pool Name Pierce Crossing
Property Code 324983	Property Name ROCK RIDGE FEDERAL BSS	Well Number 4H
OGRID No. 15363	Operator Name MURCHISON OIL & GAS, INC.	Elevation 2915.5

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	24 S	29 E		350	NORTH	300	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D 1	30	24 S	29 E		330	NORTH	330	WEST	EDDY

Dedicated Acres 180	Joint or Infill 154.65	Consolidation Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p align="center">N89°50'05"E 2607.02 FT</p> <p align="center">N89°48'22"E 2622.00 FT</p> <p align="center">NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83), LISTED NEW MEXICO STATE PLANE. EAST COORDINATES ARE GRID (NAD83), BASE OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE. ELEVATION VALUES ARE NAVD88.</p>		<p align="center">OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p align="right">6/18/2018</p> <p>Signature: <i>[Signature]</i> Date:</p> <p>GARY R. COOPER, VP OPERATIONS</p> <p>Printed Name</p> <p>rcooper@jdmii.com</p> <p>E-mail Address</p>
<p align="center">SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p align="center">RECEIVED NEW MEXICO NOVEMBER 20, 2017 Date of Survey: 12/17</p> <p>Signature and Seal of Professional Surveyor: <i>[Signature]</i></p> <p>Certificate Number: REIMON F. JARAMILLO, PLS 17797</p> <p align="right">SURVEY NO. 5509A</p>		

RP 2-15-19

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FEB 14 2019

Form 3160-3
(June 2015)

DISTRICT OFFICE
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
 OMB No. 1004-0137
 Expires: January 31, 2018

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1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator MURCHISON OIL & GAS INCORPORATED		8. Lease Name and Well No. ROCK RIDGE FEDERAL BSS 7H 324983
3a. Address 7250 Dallas Parkway, Ste. 1400 Plano TX 75024	3b. Phone No. (include area code) (972)931-0700	9. API Well No. 32-015-45731
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENE / 785 FNL / 250 FEL / LAT 32.1936096 / LONG -104.0159953 At proposed prod. zone NWNW / 1320 FNL / 330 FWL / LAT 32.1921361 / LONG -104.0309787		10. If a well is being drilled, the location of the well WILLOW LAKE BONE SPRING SE 96671
11. Sec., T, R, M. or Blk. and Survey or Area SEC 30 / T24S / R29E / NMP		12. County or Parish EDDY
13. State NM		14. Distance in miles and direction from nearest town or post office*
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 250 feet	16. No of acres in lease 398.24	17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 337 feet	19. Proposed Depth 8411 feet / 13125 feet	20. BLM/BIA Bond No. in file FED: NMB001412
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 2914 feet	22. Approximate date work will start* 04/01/2019	23. Estimated duration 90 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be requested by the BLM. |

25. Signature (Electronic Submission)	Name (Printed/Typed) Cindy Cottrell / Ph: (972)931-0700	Date 10/24/2018
Title Regulatory Coordinator		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Cody Layton / Ph: (575)234-5959	Date 01/30/2019
Title Assistant Field Manager Lands & Minerals		
Office CARLSBAD		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

APPROVED WITH CONDITIONS

(Continued on page 2)

*(Instructions on page 2)

Approval Date: 01/30/2019

RVP 2-15-19

NM OIL CONSERVATION

ARTESIA DISTRICT

State of New Mexico

Form C-102

District I

1625 N. French Dr., Hobbs, NM 88240

Phone: (505) 393-6161 Fax: (505) 393-0720

District II

811 S. First St., Artesia, NM 88210

Phone: (505) 748-1283 Fax: (505) 748-9720

District III

1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

RECEIVED 1220 South St. Francis Dr.

Santa Fe, NM 87505

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-45731	Pool Code 966	Pool Name Pierce Crossing
Property Code 324983	Property Name ROCK RIDGE FEDERAL BSS	Well Number 7H
OGRID No. 15363	Operator Name MURCHISON OIL & GAS, INC.	Elevation 2914.4

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	30	24S	29E		785	NORTH	250	EAST	EDDY

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D 1	30	24S	29E		1320	NORTH	330	WEST	EDDY

Dedicated Acres 320	Joint or Infill 319.24	Consolidation Code	Order No.
-------------------------------	----------------------------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>N89°50'05"E 2607.02 FT</p> <p>NW CORNER SEC. 30 LAT. = 32.195768°N LONG. = 104.0329931°W</p> <p>N QUARTER CORNER SEC. 30 LAT. = 32.1957641°N LONG. = 104.0236670°W</p> <p>NE CORNER SEC. 30 LAT. = 32.1957674°N LONG. = 104.0151925°W</p>		<p>N89°48'22"E 2622.00 FT</p> <p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>SW CORNER SEC. 30 LAT. = 32.1811455°N LONG. = 104.0322358°W</p> <p>S QUARTER CORNER SEC. 30 LAT. = 32.1811449°N LONG. = 104.0237181°W</p> <p>SE CORNER SEC. 30 LAT. = 32.1811434°N LONG. = 104.0151360°W</p>	
<p>1320'</p> <p>330'</p> <p>LOT 1</p> <p>LOT 2</p> <p>LOT 3</p> <p>LOT 4</p> <p>W QUARTER CORNER SEC. 30 LAT. = 32.1884580°N LONG. = 104.0319969°W</p> <p>E QUARTER CORNER SEC. 30 LAT. = 32.1884804°N LONG. = 104.0151751°W</p>		<p>250'</p> <p>785'</p> <p>SURFACE LOCATION</p> <p>ROCK RIDGE FEDERAL BSS 7H ELEV. = 2914.4' LAT. = 32.1936096°N (NAD83) LONG. = 104.0159953°W</p> <p>FIRST TAKE POINT 1320' FNL, 330' FEL</p> <p>FIRST TAKE POINT</p>	
<p>2658.45 FT</p> <p>2661.78 FT</p> <p>2669.69 FT</p>		<p>2651.47 FT</p> <p>2661.78 FT</p> <p>2669.69 FT</p>	

" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *[Signature]* Date: **9/25/18**

Printed Name: **Gary K. Cooper**

E-mail Address: **rcooper@jdmii.com**

" SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 21, 2018

Date of Survey

Signature and Seal of Professional Surveyor: *[Signature]*

Certificate Number: **FILMON F. JARAMILLO, PLS 12797**

SURVEY NO. 5512B

RWP 2-15-19



OXY USA Inc.
A subsidiary of Occidental Petroleum

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570
Direct: 713.985.6972 Fax: 713.985.1278
Peter_VanLiew@Oxy.com

March 4, 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Working Interest Owners
(see attached list)

RE: **Well Proposal – Royalty CC 30 Fed Com #11H**
SHL – Unit Letter M
Section 30, Township 24 South, Range 29 East, Eddy County, NM
BHL – Unit Letter D
Section 19, Township 24 South, Range 29 East, Eddy County, NM

Dear Sir/Madam:

OXY USA Inc. ("OXY") proposes the drilling of the Royalty CC 30 Fed Com #11H well at the referenced surface location in Section 30-24S-29E to its terminus at the referenced bottom hole location in Section 19-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 7,650', and to an approximate measured depth of 18,050' to evaluate the Bone Spring formation. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE. OXY plans to batch drill all wells within this formation in a successive manner.

OXY proposes to drill and complete this well under the terms of a modified 1989 AAPL form of Joint Operating Agreement, dated July 1, 2019, by and between OXY USA Inc., as Operator, and Murchison Oil & Gas, LLC, et al as Non-Operators, covering Section 19 and 30, Township 24 South, Range 29 East, N.M.P.M., Eddy Co., New Mexico ("JOA"). A copy of the JOA will be mailed to you in a separate mailing.

Please indicate your election to participate in the drilling, completing, and equipping of the Royalty CC 30 Fed Com #11H well by executing and returning one copy of this letter within thirty (30) days.

If you have any questions, or would like to discuss this proposal in greater detail, please don't hesitate to call or e-mail me.

Sincerely,

OXY USA Inc.

Peter Van Liew, RPL
Senior Land Negotiator

Working Interest Party elects to:

Enclosures

___ participate in the drilling of the Royalty CC 30 Fed Com #11H

___ non-consent the drilling of the Royalty CC 30 Fed Com #11H

By: _____

Name: _____

Title: _____

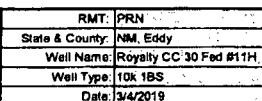
Company: _____

Date: _____

EXHIBIT

2

tabbles



Total Drilling (1+2+3+4):	\$	3,191,000
Total Completion (5+6+7):	\$	4,784,000
Total Facilities (8):	\$	560,000
Total Well Cost (1+2+3+4+5+6+7+8):	\$	8,535,000

Assumptions:



OXY USA Inc.
A subsidiary of Occidental Petroleum

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 27570, Houston, Texas 77227-7570
Direct: 713.985.6972 Fax: 713.985.1278
Peter_VanLiew@Oxy.com

March 4, 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Working Interest Owners
(see attached list)

RE: **Well Proposal – Royalty CC 30 Fed Com #31H**
SHL – Unit Letter C
Section 31, Township 24 South, Range 29 East, Eddy County, NM
BHL – Unit Letter D
Section 19, Township 24 South, Range 29 East, Eddy County, NM

Dear Sir/Madam:

OXY USA Inc. ("OXY") proposes the drilling of the Royalty CC 30 Fed Com #31H well at the referenced surface location in Section 31-24S-29E to its terminus at the referenced bottom hole location in Section 19-24S-29E, Eddy County, New Mexico. The proposed horizontal well will be drilled to an approximate vertical depth of 9,800', and to an approximate measured depth of 20,200' to evaluate the Wolfcamp formation. A detailed description of the total estimated cost to drill and complete the well is set out in the enclosed AFE. OXY plans to batch drill all wells within this formation in a successive manner.

OXY proposes to drill and complete this well under the terms of a modified 1989 AAPL form of Joint Operating Agreement, dated July 1, 2019, by and between OXY USA Inc., as Operator, and Murchison Oil & Gas, LLC, et al as Non-Operators, covering Section 19 and 30, Township 24 South, Range 29 East, N.M.P.M., Eddy Co., New Mexico ("JOA"). A copy of the JOA will be mailed to you in a separate mailing.

Please indicate your election to participate in the drilling, completing, and equipping of the Royalty CC 30 Fed Com #31H well by executing and returning one copy of this letter within thirty (30) days.

If you have any questions, or would like to discuss this proposal in greater detail, please don't hesitate to call or e-mail me.

Sincerely,

OXY USA Inc.

Peter Van Liew, RPL
Senior Land Negotiator

Working Interest Party elects to:

Enclosures

____ participate in the drilling of the Royalty CC 30 Fed Com #31H

____ non-consent the drilling of the Royalty CC 30 Fed Com #31H

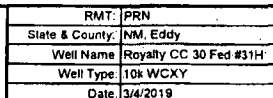
By: _____

Name: _____

Title: _____

Company: _____

Date: _____



Total Drilling (1+2+3+4):	\$	4,017,000
Total Completion (5+6+7):	\$	5,169,415
Total Facilities (8):	\$	-
Total Well Cost (1+2+3+4+5+6+7+8):	\$	9,186,415
Assumptions:		

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

**APPLICATION OF OXY USA INC. FOR AN ORDER RESCINDING THE APPROVED
HORIZONTAL SPACING UNITS AND API NUMBERS ASSIGNED TO FOUR
APPLICATIONS FOR PERMITS TO DRILL ISSUED TO MURCHISON OIL & GAS
INC, EDDY COUNTY, NEW MEXICO.**

CASE NO. 20468

AFFIDAVIT OF TYLER EVANS

Tyler Brandon Evans, being of lawful age and being first duly sworn, states as follows:

1. My name is Tyler Evans and I am employed by OXY USA Inc. ("Oxy") as a geologist. I am familiar with the Royalty CC horizontal wells Oxy has proposed to develop the Bone Spring and Wolfcamp formations underlying Sections 19 and 30, Township 24 South, Range 29 East, NMPM, in Eddy County.

2. I hold a bachelor's degree in Environmental Science from the University of North Carolina at Chapel Hill and Doctor of Philosophy in Geology from the University of South Carolina. I have been employed by Oxy as geologist for 2 years and my responsibilities have included the Delaware Basin of New Mexico and Texas. I have been a member of the American Association of Petroleum Geologists since 2013.

3. I have conducted a geologic study of the Bone Spring and Wolfcamp formation underlying Sections 19 and 30.

4. In this area, "standup" horizontal wells with a north to south or south to north orientation in the Bone Spring and Wolfcamp formations will place the wellbore more perpendicular to the known stress direction than "laydown" east to west or west to east wellbores.



5. In my opinion, the preferred well orientation for horizontal wells in this area is a "standup" orientation rather than a "laydown" orientation, and that is what I have recommended to the company for development of this acreage.

6. In my opinion, standup horizontal wells in the Bone Spring and Wolfcamp formations underlying Sections 19 and 30 will more efficiently and effectively develop the recoverable hydrocarbons than "laydown" west to east or east to west oriented horizontal wells.

FURTHER AFFIANT SAYETH NOT.

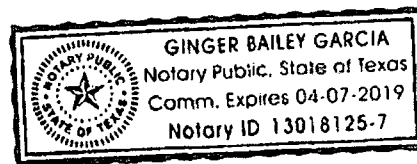
Tyler B. Evans
(name)

STATE OF TEXAS)
COUNTY OF Harris)

SUBSCRIBED and SWORN to before me this 13th day of March, 2019
by Tyler Evans.

[Signature]
NOTARY PUBLIC

My Commission Expires:
4/7/19



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

APPLICATION OF OXY USA INC. TO RESCIND THE HORIZONTAL SPACING UNITS AND API NUMBERS ASSIGNED TO FOUR APPLICATIONS FOR PERMITS TO DRILL ISSUED TO MURCHISON OIL & GAS INC, EDDY COUNTY, NEW MEXICO.

Case No. _____

ORDER STAYING THE ADMINISTRATIVE APPROVAL OF HORIZONTAL SPACING UNITS AND API NUMBERS FOR SPECIFIED WELLS

This matter has come before the Division Director and/or the Chair of the Oil Conservation Commission pursuant to the provisions of Rule 19.15.4.23(B) NMAC and NMAC 19.15.2.11 on a motion filed by Oxy USA, Inc. ("Oxy") for an expedited order staying the administrative approval of the horizontal spacing units and API numbers assigned by the Oil Conservation Division's District Office to the following wells:

- The **Rock Ridge Federal WCB 1H** well (API No. 30-015-45728) and the **Rock Ridge Federal WCXY 2H** well (API No. 30-015-45729), both dedicated to a 319.24-acre horizontal spacing unit in the Purple Sage; WC Gas Pool comprised of the N/2 of Section 30.
- The **Rock Ridge Federal BSS 4H** well (API No. 30-015-45730), dedicated to a 159.65-acre horizontal spacing unit in the Pierce-Crossing; Bone Spring, South Pool comprised of the N/2 N/2 of Section 30.
- The **Rock Ridge Federal BSS 7H** well (API No. 30-015-45731), dedicated to a 319.24-acre horizontal spacing unit in the Pierce Crossing; Bone Spring, South Pool comprised of the N/2 of Section 30.

The Director, having reviewed the motion and the corresponding application for hearing filed in this matter, finds and concludes a temporary stay of the Division's administrative approvals for these wells pending a hearing is necessary to avoid unnecessary surface disturbance, to prevent waste and to protect correlative rights.



IT IS THEREFORE ORDERED THAT the Division's administrative approval of the horizontal spacing units and API numbers identified on the Division Form C-102 for each of the four wells identified above are hereby STAYED until such time as the Division or the Commission has an opportunity to set this matter for hearing and receive testimony and evidence on the issues raised by the Applicant.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION/COMMISSION
