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April 26, 2011

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Jami Bailey
Division Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14651

Re: Application of Occidental Permian Limiting Partnership for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.

Dear Ms. Bailey:

Enclosed is the application of Occidental Permian LP in the above-referenced case as well as a copy of a legal advertisement. OXY requests that this matter be placed on the docket for the May 26, 2011 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Bob Doty

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

**IN THE MATTER OF THE APPLICATION
OF OCCIDENTAL PERMIAN LP FOR A
NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 14651

APPLICATION

OCCIDENTAL PERMIAN LP ("OXY") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order: (1) creating a non-standard spacing unit comprised of the W/2 W/2 of Section 33, Township 19 South, Range 32 East, NMPM, which will be the project area for the Fecta 33 Federal Com Well No. 1H and (2) pooling all mineral interests in the Bone Spring formation in the following described project area located in the W/2 W/2 of Section 33, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico to form a 160-acre project area in the Bone Spring formation. In support of its application, OXY states:

1. OXY is a working interest owner in the W/2 W/2 of Section 33 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration unit to its Fecta 33 Fed Com Well No. 1H to be drilled from a surface location 330 feet from the North line and 990 feet from the West line of Section 33 and a bottomhole location 330 feet from the South line and 660 feet from the West line of Section 33.

3. OXY has sought and been unable to obtain voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit OXY to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and OXY should be designated the operator of the well to be drilled.

WHEREFORE, Occidental Permian Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 26, 2011 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Bone Spring formation comprised of the W/2 W/2 of Section 33, Township 19 South, Range 32 East, NMPM;
- B. pooling all mineral interests in the subject project area,
- C. designating OXY operator of this project area and the well to be drilled thereon,
- D. authorizing OXY to recover its costs of drilling, equipping and completing the well,
- E. 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
- F. imposing a 200% penalty 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,
HOLLAND & HART LLP

By: Ocean Munds-Dry
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
(505)988-4421

ATTORNEYS FOR OCCIDENTAL PERMIAN LP

EXHIBIT A

**APPLICATION OF
OCCIDENTAL PERMIAN LP
FOR A NON-STANDARD SPACING AND PRORATION UNIT AND
COMPULSORY POOLING**

Notification List for Pooling:

Apache Corporation
303 Veterans Air Park Lane Ste 300
Midland, TX 79705

Pure Energy Group, Inc.
22610 US Highway, 281 North, Ste 218
San Antonio, TX 78258

Cross Border Resources
22610 US Highway 281 North, Ste 218
San Antonio, TX 78258

Cimarex Energy Co. of Colorado
600 N. Marienfeld Ste 600
Midland, TX 79701

Notification List for Non-Standard Spacing Unit:

Chisos Ltd.
670 Dona Ana Road, SW
Deming, NM 88030

Sue Ann & Will E. Craddock
670 Dona Ana Rd. SW
Deming, NM 88030

Devon Energy Production Company, LP
20 North Broadway
Oklahoma City, OK 73102-8260

COG Operating, LLC
500 W Texas Ave Ste 100
Midland. TX 79701

CASE 14651:

Application of Occidental Permian LP for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the W/2 W/2 of Section, Township 19 South, Range 32 East, NMPM and (2) pooling all mineral interests in the Bone Spring formation in the non-standard spacing unit which will be the project area for the Fecta 33 Fed Com No. 1H to be drilled from a surface location 330 feet from the North line and 990 feet from the West line and a bottomhole location 330 feet from the South line and 660 feet from the West line of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Occidental Permian LP as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 5 miles northeast of US Highway 62/180 and State Highway 176, New Mexico.