

KELLAHIN
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Case 13459

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FAX TRANSMITTAL FORM

To

From

Name: Florene Davidson
Agency:
Oil Conservation Division
Fax: 476-3462

W. Thomas Kellahin

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- Urgent
- For Review
- Please Comment
- Please Reply

Date sent: 3-15-05
Time sent: 12:30 pm
Number of pages including cover page:

-6-

Re: Case for April 7th Examiner's docket.

Dear Florene:

Attached for filing is my application for another OXY concerning compulsory pooling. This case is for its Legend State Com Well No 1.

Because the OCD is closed today because of the snow storm, I'm filing this by facsimile

Regards,



NOTICE OF CONFIDENTIALITY

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KELLAHIN & KELLAHIN Attorney at Law

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Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

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March 14, 2005

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

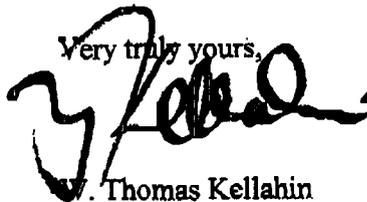
Case 13459

Re: OPL Legend State Com. Well No. 1 (Unit F)
Dedication: N/2 of Section 10, T17S, R27E
Application of Occidental Permian Limited Partnership
for compulsory pooling,
Eddy County, New Mexico

Dear Mr. Fesmire:

On behalf of Occidental Permian Limited Partnership, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for April 7, 2005. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Occidental Permian Limited Partnership
Attn: Doug Huribut

CASE 13459: Application of Occidental Permian Limited Partnership for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 10, T17S, R27E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Logan Draw-Morrow Gas Pool. This unit is to be dedicated to its OPL Legend State Com Well No. 1 to be drilled at a standard well location in Unit F of this section. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well. This unit is located approximately 7 miles East from Artesia, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF OCCIDENTAL PERMIAN LIMITED
PARTNERSHIP FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 13459

APPLICATION

Occidental Permian Limited Partnership ("OPL") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 10, T17S, R27E, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any production for any and all formations/pools developed on 320-acre spacing within that vertical extent, including but not limited to the Logan Draw-Morrow Gas Pool. This unit is to be dedicated to its OPL Legend State Com Well No. 1 that is to be drilled at a standard well location Unit F of this section. Also to be considered will be the costs of the drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a risk charge of 200% for the risk involved in this well.

In support of its application OPL states:

- (1) OPL is a working interest ownership in the oil and gas minerals underlying the N/2 of Section 10, T17S, R27E, NMPM, Eddy County, New Mexico, to be dedicated as a standard 320-acre gas proration and spacing unit consisting of the N/2 of this section for its OPL Legend State Com Well No. 1 located in Unit F of this section.
- (2) On January 4, 2005, OPL sent to ConocoPhillips Company its written well proposal, including an AFE, for its OPL Legend State Com Well No. 1 to be drilled at a standard well location in Unit F of Section 10, T17S, R27E, Eddy County, New Mexico and dedicated to the N/2 of this section.

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- (3) On March 7, 2005, OPL advise ConocoPhillips that the well location had changed due to BLM requirements.
- (4) Except for ConocoPhillips, OPL believes that it will reach a voluntary agreement with all other working interest owners in this spacing unit.
- (5) Despite reasonable efforts, OPL was unable to conclude a voluntary agreement with ConocoPhillips Company.
- (6) Pursuant to Commission Order R-11992, effective August 15, 2003, OPL requests that the 200% risk charge be applied.
- (7) This spacing unit is within 1 mile of the Logan Draw-Morrow Gas Pool and subject, among other things, to Division Rule 104 providing for standard 320-acre spacing unit.
- (8) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, OPL needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (9) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for April 7, 2005.

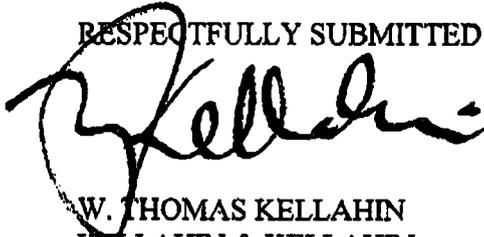
WHEREFORE, OPL, as applicant, requests that this application be set for hearing on April 7, 2005 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) OXY USA WTP LP be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the well;

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- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%.
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



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EXHIBIT "A"

ConocoPhillips Company
P. O. Box 2197
Houston, Texas 75231
Attn: Linda Hicks