



June 6, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13742

2006 JUN 6 PM 4 31

Re: Application of OXY USA WTP Limited Partnership for compulsory pooling, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of OXY USA WTP Limited Partnership in the above-referenced case as well as a copy of the legal advertisement for this case. OXY USA WTP Limited Partnership requests that this matter be placed on the docket for the July 6, 2006 examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. David Evans
OXY USA WTP Limited Partnership

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

**IN THE MATTER OF THE APPLICATION
OF OXY USA WTP LIMITED PARTNERSHIP
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

2006 JUN 6 PM 4:31
CASE NO. 13742

APPLICATION

OXY USA WTP Limited Partnership, ("OXY") through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, §70-2-17, for an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 31, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Fren Northeast-Morrow Gas Pool, and support of its application states:

1. OXY USA WTP Limited Partnership is a working interest owner in the S/2 of said Section 31 and has the right to drill thereon.

2. OXY proposes to dedicate the above-referenced spacing or proration units to its Great Horned Owl State Well No. 1 to be drilled at a standard gas well location 1120 feet from the South line and 1930 feet from the East line (Unit O) of said Section 31, to an approximate depth of 13,000 feet to test any and all formations from the surface to the base of the Morrow formation.

3. OXY has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who 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.

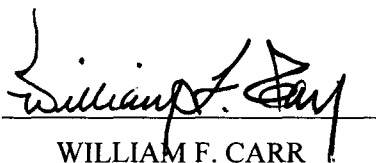
5. In order to permit the OXY to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and OXY USA WTP Limited Partnership should be designated the operator of the well to be drilled.

WHEREFORE, OXY WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating OXY USA WTP Limited Partnership operator of these units and the well to be drilled thereon,
- C. authorizing OXY USA WTP Limited Partnership 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 penalty for the risk assumed by OXY USA WTP Limited Partnership 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: 
WILLIAM F. CARR

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ATTORNEYS FOR OXY USA WTP LIMITED
PARTNERSHIP

EXHIBIT A

**APPLICATION OF
OXY USA WTP LIMITED PARTNERSHIP.
FOR COMPULSORY POOLING
S/2 OF SECTION 31, TOWNSHIP 16 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

Chevron U.S.A. Inc.
Attn :Mr. Robert Nunmaker
1111 South Wilcrest
Houston, Texas 77009

Chevron U.S.A. Inc.
Post Office Box 36366
Houston, Texas 77236

Chase Corporation
Mack C. Chase as trustee of the
Mark C. and Marilyn Y. Chase Trust
Robert C. Chase
Richard L. Chase
Gerene Dianne Chase Crouch
Attn: Mr. Ron Lanning
Post Office Box 1767
Artesia, New Mexico 88211-1767

CASE 13742: Application of OXY USA WTP Limited Partnership for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 31, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Fren Northeast-Morrow Gas Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Great Horned Owl State Well No. 1 to be drilled at a standard gas well location 1120 feet from the South line and 1930 feet from the East line (Unit O) of said Section 31. 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 OXY USA WTP Limited Partnership as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3 miles northwest of Maljamar, New Mexico.