

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF OXY USA, Inc.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 11896

APPLICATION

OXY USA, Inc. ("OXY"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing units within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw Cisco-Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool ; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools

developed on 40-acre spacing within said vertical extent, and in support thereof states:

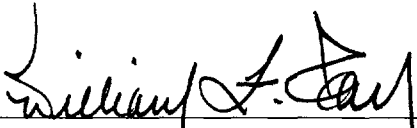
1. OXY owns working interest in the N/2 of said Section 17 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration unit to its Livan Fed. Com. No. 1 Well which it proposes to drill a standard location 660 feet from the North line and 1650 feet from the East line of said Section 17 to test the Morrow formation at an approximate depth of approximately 9400 feet.
3. OXY has sought and been unable to obtain voluntary agreement for the development of this spacing unit from the interest owners therein.
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 USA, Inc. should be designated the operator of the well.

WHEREFORE, OXY USA, Inc., requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 18, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions naming OXY operator of the pooled spacing and proration unit and the wells located thereon and authorizing OXY to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including

overhead charges, and imposing a risk factor for the risk assumed by OXY in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR OXY USA, Inc.

CASE 11896:

Application of OXY, USA, Inc. for compulsory pooling, Eddy 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 underlying the following described area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing units within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw Cisco-Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool ; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com No. 1 Well to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line of said Section 17. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately _____ miles _____ of _____, New Mexico.

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

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November 25, 1997

HAND-DELIVERED

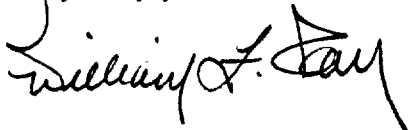
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of OXY USA, Inc., for Compulsory Pooling, Eddy County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate for filing is the Application of OXY USA, Inc. in the above-referenced case as well as a copy of the legal advertisement. OXY requests that this matter be placed on the docket for the December 18, 1997 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Kent Wooley
OXY USA, Inc.
Post Office Box 50250
Midland, TX 79710