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W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 20, 2000

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

12447

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OIL CONSERVATION DIV.

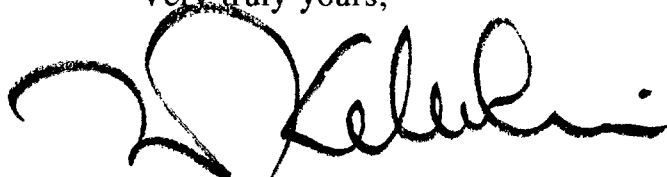
Re: Application of OXY USA, Inc. to rescind Division Order R-4949 which adopted the special rules and regulations for the North Burton Flats-Wolfcamp Gas Pool, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

On behalf of OXY USA, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for July 13, 2000.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: OXY USA, Inc.  
Attn: Mr. Richard E. Foppiano

## PROPOSED ADVERTISEMENT

CASE 12447 Application of OXY USA, Inc. to rescind Division Order R-4949 which adopted the special pool rules for the North Burton Flats-Wolfcamp Gas Pool, Eddy County, New Mexico. Applicant seeks an order rescinding the special pool order for the North Burton Flats-Wolfcamp Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. The current boundaries of the pool includes all or portions of Sections 3,4,9,10,11,12,14,15,16,19,20,21,23,28 through 33, T20S, R28E, NMPM. This pool is located in the approximately 8 miles north-northeast from Carlsbad, New Mexico.

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

**APPLICATION OF OXY USA INC.  
TO RESCIND DIVISION ORDER R-4949  
WHICH ADOPTED THE SPECIAL POOL ORDERS  
FOR THE NORTH BURTON FLATS-WOLFCAMP  
GAS POOL, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 2447**

**A P P L I C A T I O N**

Comes now OXY USA INC. ("OXY"), by its attorneys Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order rescinding Division Order R-4949 which adopted the special pool rules for the North Burton Flats-Wolfcamp Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104; AND in support thereof states:

(1) On January 8, 1975, the Division issued Order R-4949 which established the North Burton Flats-Wolfcamp Gas Pool and adopted special rules and regulations including:

Rule 2: the presumption that each 320-acre GPU is limited to one well (See Finding (4) of Order R-4949;

Rule 4: confining well location to being not closer than 1980 feet from the end boundary of a GPU;

Rule 5: which sets gas production limits for each GPU of 1500 MCFPD

Rules 9 to 18: which deal with prorationing of gas and assignment of allowables for the GPUs in this pool.

(2) The current boundaries for the North Burton Flats-Wolfcamp Gas Pool are as follows:

Township 20 South, Range 28 East, NMPM

Sections 3,4,9,10,11:	all
Section 12:	W/2
Sections 14,15:	all
Section 16:	E/2
Section 19:	S/2
Section 20:	S/2
Section 21:	S/2
Sections 22,23,28 through 33:	all

(3) All wells within one mile of the current boundaries of the pool are subject to the rules for this pool.

(4) Currently, there are 14 producing gas wells dedicated to this pool, all of which are operated by Chi Operating Inc., Yates Petroleum Corporation, Vision Energy Inc., Exxon-Mobil or OXY USA Inc.

(5) OXY has determined that it is unnecessary to restrict the location or limit the production for wells in this pool as provided in Order R-4949. In addition, OXY has determined that it is no longer necessary to have special rules for these pools including those dealing with production limits (prorationing and allowables).

(6) OXY has determined that wells subject to these special rules can best be managed by reverting to the Division's statewide general rules including allowing for two gas wells per GPU as provided for in General Rule 104.

(7) Therefore, OXY requests that the special order for the North Burton Flats-Wolfcamp Gas Pool be rescinded.

NMOCD Application

OXY USA Inc.

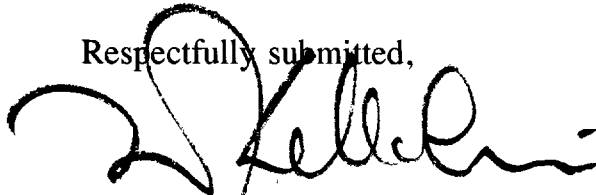
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(8) Based upon data currently available, approval of OXY's application will prevent waste, protect correlative rights and provide for the orderly development of the reservoir.

(9) In accordance with Division Rule 1207, notification of this application and request for hearing to be held on July 13, 2000 has been sent to those persons identified on Exhibit "A" attached.

Wherefore, Applicant requests that, after notice and hearing, this application be granted.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W' and a long, sweeping horizontal stroke at the end.

W. Thomas Kellahin

Kellahin & Kellahin

P. O. Box 2265

Santa Fe, New Mexico 87504

June 20, 2000  
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## SERVICE LIST

Chi Operating Inc.  
P. O. Box 1709  
Midland, TX 79702  
Attention: Mr. Bill Bergman

Yates Petroleum Corp.  
105 South 4<sup>th</sup> Street  
Artesia, NM 88210  
Attention: Mr. Randy Patterson

Vision Energy Inc.  
P. O. Box 2459  
Carlsbad, NM 88221

Exxon-Mobil  
P. O. Box 4358  
Houston, TX 77201-4358  
Attention: Mr. Bill Duncan

MWJ Producing Co.  
400 W Illinois, Suite 1100  
Midland, TX 79701

Penroc Oil Corp.  
P. O. Box 5970  
Hobbs, NM 88241

Saga Petroleum LLC  
415 South Wall  
Midland, TX 79701

Billy R. Wilson - Robinson Bro. Drilling Co.  
112 Tanglewood  
New Braunfels, TX 78130