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JASON KELLAHIN (RETIRED 1991)

March 13, 2001

HAND DELIVERED

Case 12629

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

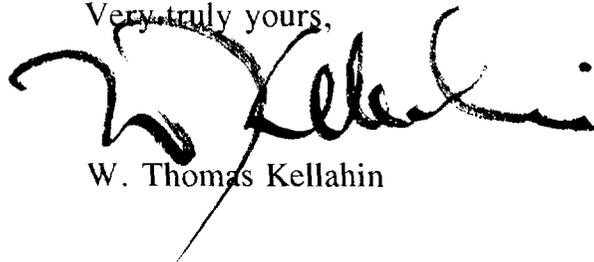
Re: **Trombone Well No. 1**
S/2 Section 2, T18S, R25E
Application of OXY USA WTP Limited Partnership
for Compulsory Pooling
Eddy County, New Mexico

01 APR 13 PM 4:17
OIL CONSERVATION DIVISION

Dear Ms. Wrotenbery:

On behalf of OXY USA WTP Limited Partnership, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for April 5, 2001. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: OXY USA WTP Limited Partnership
Attn: Richard Foppiano
Don McClung

CASE 12629 Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b), seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 2, T18S, R25E, NMPM, Eddy County, New Mexico and in the following manner: the S/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the West Atoka-Morrow Gas Pool, the West Atoka-Upper Pennsylvanian Gas Pool, Eagle Creek-Permo Pennsylvanian Gas Pool, the Eagle Creek-Strawn Gas Pool or the Richard Knob-Atoka-Morrow Gas Pool; the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; the SE/4SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. The unit(s) is to be dedicated to OXY's Trombone Well No. 1 to be drilled and completed at a standard gas well location in Unit P of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in this well. This well will be located approximately 5-1/2 miles southwest from Artesia, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT**

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

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

CASE NO. 12629

APPLICATION

OXY USA WTP Limited Partnership ("OXY") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) and Division Rule 1207.A(1)(b), applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 2, T18S, R25E, NMPM, Eddy County, New Mexico and in the following manner: the S/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the West Atoka-Morrow Gas Pool, the West Atoka-Upper Pennsylvanian Gas Pool, Eagle Creek-Permo Pennsylvanian Gas Pool, the Eagle Creek-Strawn Gas Pool or the Richard Knob-Atoka-Morrow Gas Pool; the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; the SE/4SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. The unit(s) is to be dedicated to OXY's Trombone Well No. 1 to be drilled and completed at a standard gas well location in Unit P of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in this well.

In support of its application, OXY states:

1. OXY has a working interest ownership in the oil and gas minerals from the surface to the base of the Morrow formation underlying the S/2 of Section 2, T18S, R25E, NMPM, Eddy County, New Mexico.
2. This well will be located within one mile of the West Atoka-Morrow Gas Pool, the West Atoka-Upper Pennsylvanian Gas Pool, Eagle Creek-Permo Pennsylvanian Gas Pool, the Eagle Creek-Strawn Gas Pool and the Richard Knob-Atoka-Morrow Gas Pool.

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Oxy USA, Inc.
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EXHIBIT "A"

Kemp Lumber Company,
a New Mexico corporation

McDonald Lumber Company,
a Minnesota corporation

3. This well is to be drilled at a standard well location in the SE/4SE/4 (Unit P) of Section 2 to test any and all formations in the pooled interval from the surface to the base of the Morrow formation.

4. OXY has the voluntary agreement of a majority of the working interest ownership of the oil & gas minerals from the surface to the base of the Morrow formation underlying the various possible spacing units within this unit.

5. The S/2 of Section 2 consists of three tracts:

Tract 1 is a federal lease covering the NW/4SW/4

Tract 2 is a fee lease covering the N/2SE/4 and NE/4SW/4

Tract 3 is a fee lease covering the S/2S/2

6. As of 1965, Kemp Lumber Company, a defunct corporation in Roswell, New Mexico held 1/4th unleased mineral interest in Tract 3.

7. OXY has had a search conducted of appropriate public records and has compiled a list of individuals who may be successors to the Kemp Lumber Company interest and who may claim an interest in Tract 3. **See Exhibit A**

8. OXY, despite its good faith effort, has been unable to obtain appropriate voluntary agreements with the persons set forth on Exhibit A.

9. 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, OXY needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

10. OXY requests that this application be processed in accordance with Division Rule 1207.A(1)(b) and at the time of hearing will submit the data required by this rule.

11. 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 5, 2001.

