

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY  
PATRICIA A. MATTHEWS

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 13, 1990

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

9884  
**RECEIVED**

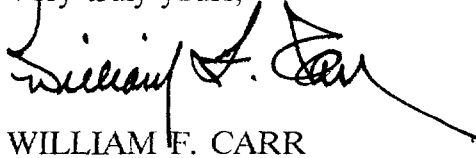
FEB 13 1990  
OIL CONSERVATION DIV.  
SANTA FE

Re: In the Matter of the Application of OXY USA, INC., for Compulsory  
Pooling, a Non-Standard Gas Proration Unit, and Simultaneous Dedication,  
Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the above-referenced application of OXY USA, INC. OXY USA, INC., respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on March 7, 1990.

Very truly yours,

  
WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Charlie Dickenson  
Post Office Box 50250  
Midland, Texas 79710

Mr. Rick Foppiano

BEFORE THE

**RECEIVED**

OIL CONSERVATION DIVISION FEB 13 1990

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIV.  
SANTA FE

IN THE MATTER OF THE APPLICATION OF  
OXY USA, INC. FOR COMPULSORY POOLING,  
A NON-STANDARD GAS PRORATION UNIT,  
AND SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.

CASE NO. 9884

**APPLICATION**

OXY USA, INC. ("OXY"), by and through its undersigned attorneys, and as provided by Section 70-2-17, N.M.S.A. (1978), hereby makes application to the New Mexico Oil Conservation Division for an order pooling all the mineral interests in the Eumont formation, Eumont Gas Pool, under the SE/4 of Section 5 and the NE/4 NE/4 of Section 8, both in Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico, to form a 200-acre non-standard gas proration unit, and in support thereof would show the Division:

1. OXY currently operates its Laughlin "B" Gas Unit which is comprised of the SE/4 of Section 5, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico. OXY also owns the oil and gas rights under the NE/4 NE/4 of Section 8, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico which is currently undedicated in the Eumont formation.

2. OXY proposes the formation of a 200-acre non-standard Eumont gas spacing or proration unit comprised of the SE/4 of Section 5 and the NE/4 NE/4 of Section 8 to be simultaneously dedicated to its Laughlin "B" No. 5 Well located 330 feet from the South line and 2310 feet from the East line of said Section 5, and its Laughlin "B" No. 1 Well located 1980 feet from the South and East line of said Section 5, which will be plugged back and recompleted in the Eumont formation.

3. OXY owns or represents approximately 80% of the working interest in and under the proposed 200-acre non-standard Eumont gas proration unit and OXY has the right to drill thereon.

4. OXY has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the proposed 200-acre non-standard Eumont gas proration unit except from ORYX Energy Company, Post Office Box 1861, Midland, Texas 79702, the owner of approximately 20% of the working interest in this proposed unit.

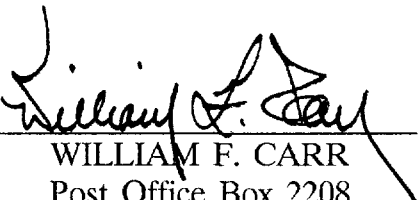
5. Said pooling of interests, approval of the proposed 200-acre non-standard Eumont gas proration unit and simultaneous dedication of the Laughlin "B" Wells Nos. 1 and 5, will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit OXY to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, simultaneous dedication authorized, the proposed non-standard 200-acre Eumont gas proration unit approved and OXY should be designated the operator of this unit and wells.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on March 7, 1990, and that after notice and hearing as required by law, the Division enter its order pooling the lands, authorizing simultaneous dedication, approving the proposed non-standard gas proration unit, and including provisions in its order for OXY to recover its costs of recompleting the Laughlin "B" No. 1 Well, its costs of supervision during reworking and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the applicant in reworking this well, and making such other and further provisions as may be proper.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

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

ATTORNEYS FOR OXY USA, INC.

BEFORE THE  
OIL CONSERVATION DIVISION

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SANTA FE

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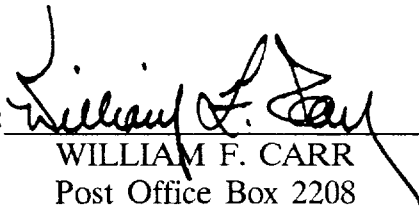
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