

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF OXY U.S.A. INC., FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 10200

AFFIDAVIT

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>oxy</u>	EXHIBIT NO. <u>4</u>
CASE NO. <u>10200</u>	

WILLIAM F. CARR, attorney in fact and authorized representative of OXY U.S.A. Inc., the Applicant herein, being first duly sworn, upon oath, states that the notice provisions of Rule 1207 of the New Mexico Oil Conservation Division have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested persons entitled to receive notice as shown by Exhibit "A" attached hereto, and that pursuant to Rule 1207, notice has been given at the correct addresses provided by such rule.

William F. Carr
WILLIAM F. CARR

SUBSCRIBED AND SWORN to before me this 3rd day of January, 1991.

Frankel Ferrer
Notary Public

My Commission Expires:

August 19, 1991

EXHIBIT A

Arselia G. Ogas and
Robert D. Ogas
503 South Lake
Carlsbad, New Mexico 88220

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
ANNIE-LAURIE COOGAN

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

December 18, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arselia G. Ogas and
Robert D. Ogas
503 South Lake
Carlsbad, New Mexico 88220

Re: Application of OXY U.S.A., Inc. for Compulsory Pooling, Eddy County, New Mexico

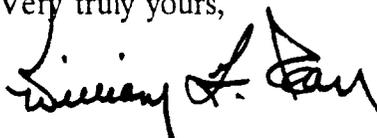
Dear Mr. and Mrs. Ogas:

This letter is to advise you that OXY U.S.A., Inc. has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation in and under the E/2 of Section 29, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. OXY U.S.A., Inc. proposes to dedicate the referenced pooled unit to its Simpson "A" Well No. 2 located at a standard location 1980 feet from the South and East lines (Unit J) of Section 29.

This application has been set for hearing before a Division Examiner on January 10, 1991. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR OXY U.S.A., INC.
WFC:mlh

P-106 678 301

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
INTERNATIONAL MAIL
(See Reverse)

Sent to: Arselia G. Ogas and Robert D. Ogas	
Street and No. 503 South Lake	
P.O. State and ZIP Code Carlsbad, New Mexico 88220	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date December 18, 1990	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-866 DOMESTIC RETURN RECEIPT

3. Article Addressed to: Arselia G. Ogas and Robert D. Ogas 503 South Lake Carlsbad, New Mexico 88220	
4. Article Number: P-106 678 301	
Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD <input type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Addressee's Address (ONLY if requested and fee paid)	
6. Signature - Agent X	
7. Date of Delivery 12-20-90	

SENDER: Complete items 1 and 2 when additional services are desired, and indicate items 3 and 4.
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this mail from being returned to you. The return receipt fee will provide you the name of the addressee delivered and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check boxes for additional services requested.
1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

PS Form 3800, June 1985

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10200
Order No. R-9247-A

APPLICATION OF OXY U.S.A. INC.
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of January, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

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(2) By Order No. R-9247, entered in Case No. 10010 on August 14, 1990, the Division, upon application of Oxy USA Inc. (Oxy), pooled mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool and East Carlsbad-Morrow Gas Pool. Said unit was to be dedicated to the applicant's proposed Simpson "A" Well No. 2 to be drilled at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 29.

(3) At the time Case No. 10010 was heard, Oxy believed it had an agreement with Mr. & Mrs. Robert D. Ogas, who own an interest in the E/2 of said Section 29, whereby Oxy would acquire said interest by lease agreement, and as a result, said interest was not specifically named among those parties being force pooled, and, said interest owners were not given notice of the original hearing.

(4) Subsequent to the hearing in said Case No. 10010, Oxy has been unable to secure a lease agreement with the parties described in Finding No. (3) above.

(5) The applicant, Oxy U.S.A. Inc., seeks, in the immediate case, to pool the interest as described in Finding No. (3) above under the same terms and conditions contained within Division Order No. R-9247.

(6) The evidence presented by the applicant indicates that the Simpson "A" Well No. 2, which was spudded during September, 1990, has been plugged and abandoned after reaching a total depth of 1640 feet due to problems encountered while drilling.

(7) The evidence further indicates that the replacement well, the Simpson "A" Well No. 2Y located 1880 feet from the South line and 1980 feet from the East line (Unit J) of said Section 29, which was spudded during October, 1990, was plugged and abandoned after reaching a total depth of 1907 feet due to problems encountered while drilling.

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(8) The applicant proposes to dedicate the E/2 of said Section 29 to its previously plugged and abandoned Simpson "A" Well No. 2Z, which is located 1980 feet from the North line and 810 feet from the East line (Unit H) of said Section 29, which will be reentered and directionally drilled to an unorthodox bottomhole location 2346 feet from the South line and 1788 feet from the East line (Unit J) of said Section 29 under the authority of Division Administrative Order No. DD-56(NSBHL).

(9) To avoid the drilling of unnecessary wells, to protect correlative rights, to avoid waste, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the production in any pool completion resulting from this order, the subject application should be approved by pooling the interest of Mr. & Mrs. Robert D. Ogas underlying the E/2 of said Section 29.

(10) The interest of Mr. & Mrs. Robert D. Ogas should be subject to Ordering Provisions 1, 2 and 5 through 15 of said Division Order No. R-9247, including risk penalty charges and overhead supervision rates.

(11) Mr. & Mrs. Robert D. Ogas should be afforded the opportunity to pay their share of estimated well costs to the operator in lieu of paying their share of reasonable well costs out of production.

(12) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of Mr. & Mrs. Robert D. Ogas, all other provisions contained within Division Order No. R-9247 should remain in full force and effect.

(13) This order should have no effect on those interest owners within the subject unit whose interest was pooled by said Order No. R-9247.

(14) This order should reflect that the subject unit will be dedicated to the applicant's Simpson "A" Well No. 2Z as described in Finding No. (8) above.

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IT IS THEREFORE ORDERED THAT:

(1) The application of Oxy U.S.A. Inc. for an order pooling the interest of Mr. & Mrs. Robert D. Ogas from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Said unit shall be dedicated to the previously plugged and abandoned Simpson "A" Well No. 2Z, which is located 1980 feet from the North line and 810 feet from the East line (Unit H) of said Section 29, and which will be reentered and directionally drilled to an unorthodox bottomhole location 2346 feet from the South line and 1788 feet from the East line (Unit J) of said Section 29 under the authority of Division Administrative Order No. DD-56(NSBHL).

(3) Within 30 days after the effective date of this order, the operator shall furnish the Division and Mr. & Mrs. Robert D. Ogas an itemized schedule of estimated well costs.

(4) Mr. & Mrs. Robert D. Ogas shall have the right to pay their share of estimated well costs to the operator in lieu of paying their share of reasonable well costs out of production, provided however, Mr. & Mrs. Robert D. Ogas shall have 30 days from the date the schedule of estimated well costs is furnished to them to pay such costs.

(5) In addition, should Mr. & Mrs. Robert D. Ogas elect to pay their share of estimated well costs as provided above, they shall remain liable for operating costs but shall not be liable for risk charges.

(6) The interest of Mr. & Mrs. Robert D. Ogas shall be subject to Ordering Provisions 1 and 2 and 5 through 15 of said Division Order No. R-9247, including risk penalty charges and overhead supervision rates.

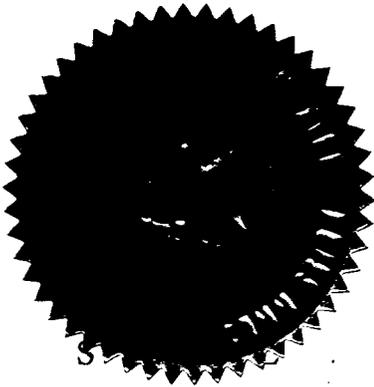
(7) With the exception of Ordering Paragraph Nos. 3 and 4 as they pertain only to the interest of Mr. & Mrs. Robert D. Ogas, all other provisions contained within Division Order No. R-9247 shall remain in full force and effect.

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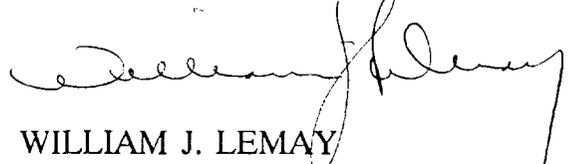
(8) This order shall have no effect on those interest owners within the subject unit whose interests were pooled by said Order No. R-9247.

(9) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director