

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

July 31, 1990

HAND DELIVERED

RECEIVED

JUL 31 1990

OIL CONSERVATION DIV.
SANTA FE

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

- Re: (1) Application of OXY USA Inc. for
Statutory Unitization for the Central
Corbin Queen Unit, Lea County,
New Mexico
- (2) Application of OXY USA for Authority
to Institute a waterflood project for
the Central Corbin Queen Unit, Lea County,
New Mexico.

Dear Mr. LeMay:

On behalf of OXY USA Inc, we would appreciate your setting the enclosed two Applications for a public hearing on the Division's Examiner docket now scheduled for August 22, 1990.

By copy of this letter to all parties to be subject to any orders issued in these cases, we are notifying them by certified mail-return receipt, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the Applicant's attorney to determine what additional rights they may have. In addition, they are advised that the entry of a statutory unitization order will affect their rights to share in the production from the subject unit.

Any party desiring to participate in the hearing should file a prehearing statement with the Division and the applicant's attorney by 4:00 P.M. on August 17, 1990.

Sincerely,

W. Thomas Kellahin

WTK/tic
Encl.

RECEIVED

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

JUL 31 1990
OIL CONSERVATION DIV.
SANTA FE

APPLICATION OF OXY USA, INC. FOR
STATUTORY UNITIZATION, CENTRAL
CORBIN QUEEN UNIT, LEA COUNTY,
NEW MEXICO

NO. 10062

A P P L I C A T I O N

OXY USA, INC. ("OXY") hereby applies to the New Mexico Oil Conservation Division for an order pursuant to the New Mexico Statutory Unitization Act (70-7-1 through 70-7-21 N.M.S.A. 1978) providing for the unitized management, operation and further development of the area and formation known as the Central Corbin Queen Unit, Lea County, New Mexico, and in support of its application states:

1. OXY USA, Inc. is a Delaware corporation authorized to transact business in the State of New Mexico, and is engaged in the business of, among other things, producing and selling oil and gas as defined by the New Mexico Statutory Unitization Act (70-7-1 through 70-7-21 N.M.S.A. 1978, hereinafter referred to as the "Act".)
2. The proposed area for which application is made for unitized operations pursuant to the Act is known as the Central Corbin Queen, Lea County, New Mexico (the "Unit

Area"), and consists of 1560 acres, more or less, in Lea County, New Mexico, being more particularly described in Exhibit "B" attached hereto and incorporated herein by reference. A map of the Unit Area is attached hereto and incorporated herein by reference as Exhibit "A".

3. "Unitized Formation" shall mean that interval underlying the Unit Area, the vertical limits of which extend from an upper limit described as 215 feet below mean sea level or at the top of the Queen formation, whichever is higher, to a lower limit at the base of the Queen formation; the geologic markers having been previously found to occur at 4200 feet and 4246 feet, respectively, in OXY USA, Inc.'s Federal "AA" No. 1 Well (located 990 feet from the North line and 1980 feet from the East line of Section 9, Township 18 South, Range 33 East, Lea County, New Mexico) and as recorded on the Schlumberger CNL-LDT Log taken on November 10, 1984, said log being measured from a kelly drive bushing elevation of 3985 feet above sea level. A copy of the Log for said well on said date is attached hereto and incorporated herein by reference as Exhibit "C".

4. The portion of the Unitized Formation included within the Unit Area has been reasonably defined by development.

5. OXY proposes to institute a project for the secondary recovery of oil and gas from the Unitized Formation within the Unit Area.

6. The proposed plan of unitization is embodied in the Unit Agreement, a true and correct copy of which is attached hereto and incorporated herein by reference as Exhibit "D", and said plan is fair, reasonable and equitable.

7. The proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid is embodied in the Unit Operating Agreement, a true and correct copy of which is attached hereto and incorporated herein by referenced as Exhibit "E".

8. OXY projects that the unitized management, operation and further development of the Unitized Formation will increase reserves by approximately 572 thousand barrels of oil and will improve the producing rate of this reservoir. It is therefore evident that the unitized management, operation and further development of the Unitized Formation is reasonably necessary in order to effectively carry on pressure maintenance and secondary recovery operations to substantially increase the ultimate recovery of oil and gas from the Unitized Formation within the Unit Area.

9. The method of operation which is proposed in the Unit Operating Agreement is feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the Unitized Formation than would otherwise be recovered.

10. The estimated additional costs of conducting unitized operations will not exceed the estimated value of the additional oil and gas to the recovered plus a reasonable profit.

11. The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unitized Formation of the Unit Area.

12. OXY has made a good faith effort to secure voluntary unitization within the Unitized Formation of the Unit Area.

13. Pursuant to Division rules, a copy of this application was mailed by certified mail, return-receipt requested, to all parties listed on Exhibit "F" notifying them of the hearing set for August 22, 1990.

14. The participation formula contained in the Unit Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis, and protects the correlative rights of all owners of interest within the Unit area.

15. The statutory unitization of the Unitized Formation within the Unit Area in accordance with the plan embodied in the Unit Agreement and Unit Operating Agreement will prevent waste and protect correlative rights.

WHEREFORE, OXY respectfully requests that this application be set for hearing before the Oil Conservation Division at the earliest practicable date and that the Division enter its order approving the Unit Agreement and Unit Operating Agreement and providing for the unitized management, operation and further development of the Unitized Formation and the Unit Area in accordance with the Act.

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

ATTORNEYS FOR OXY USA, INC.

EXHIBIT "F"

Working Interest Owners

Linda Ann Anderson
Dr. Dennis Alsofrom
832 Ravenstone Cir.
Modesta, CA 95355
.07143% WI

Homer Bankhead
209 Wildwood Place
Allen, Texas 75002
.07143% WI

Phillip R. Bishop
1800 Interfirst Bank Bldg.
Ft. Worth, TX 76102
.22251% WI

Jeff Bowman
P. O. Box 569
Giddings, TX 78942
.00605% WI

James H. Bozarth
P. O. Box 2383
Roswell, NM 88202
.07143% WI

Frances Buckler
1809 Adan Road
Fort Worth, TX 76116
.26788% WI

Pat Carlisle
7928 Roundrock Rd.
Dallas, TX 75248
.13077% WI

Binion H. Carr
Box 877
Wichita Falls, TX 76307
.26788% WI

Bart Coldwell
3024 Park North Dr.
El Paso, TX 79904
.14287% WI

Jack S. Kitchen
1800 N. Stanton
1007
El Paso, Texas 79902
.21429% WI

Jack S. Kitchen, Jr.
P. O. Box 110598
Anchorage, Alaska 99511
.01210% WI

C. E. LaRue
P. O. Box 470
Artesia, NM 88210
1.60725% WI

B. N. Muncy, Jr.
P. O. Box 470
Artesia, NM 88210
1.60725% WI

Marbob Energy Corp.
Box 304
Artesia, NM 88210
1.07149% WI

Dr. Roger Moore
8504 Fairway Drive
Fort Worth, TX 76179
.26788% WI

Maurice Mordka
1800 N. Grady
Tucson, AR 85715
.07143% WI

Richard Olson
P. O. Box 10
Roswell, NM 88201
.00605% WI

Dale M. Sanders
Box 83
Las Cruces, NM 88004
.01210% WI

Working Interest Owners (Continued)

V. Randolph Delk
P. O. Box 221107
El Paso, Texas 79913
.21429% WI

Chisos Operating Company
Box 10865
Midland, TX 79702

Dr. Robert W. King
912 NW 39th Street
Oklahoma City, OK 73118
.02420% WI

David Spoede
1505 Crystal Drive #1134
Arlington, Virginia 22202
.00605% WI

C. W. Stumhoffer
Frieda T. Stumhoffer
Riglea Bank Bldg # 1007
Fort Worth, TX 76116
.26788% WI

Dr. Fred Hadley Hamilton III
809 W. Alameda
Roswell, NM 88201
.07143% WI

Santa Fe Exploration Co.
Box 1136
Roswell, NM 88202
2.00833% WI

Conoco Inc.
10 Conoco Plaza
10 Desta Drive West
Midland, Texas 79705-4515
2.50173% WI

H. E. Yates Company
P. O. Box 1933
Roswell, NM 88202
.09796% WI

Santa Fe Energy Operating
Partners, L. P.
500 West Illinois, Suite 500
Midland, TX 79701
.09796% WI

OXY USA Inc.
Box 50250
Midland, Texas 79701
90.15904% WI

Sipes Properties, Inc.
Box 10849
Midland, Texas 79702
.03629% WI

Royalty Owners Tract 6

Mayes Story Spencer Estate
Box 2744
Palm Springs, Californ 92263

Jeanne Cina
Box 2744
Palm Springs, California 92263

Dale M. Sanders
Box 83
Las Cruces, New Mexico 88004
5% ORRI

Floyd B. Graham
2812 Dengar,
Midland, Texas 79705
9.375% ORRI

Overriding Royalty .6503125%

Kerr McGee Corp.
Box 11050
Midland, TX 79702

Larry Schulz
3904 Crest Ridge
Midland, Texas 79703

James B. Eubank
2917 Fairfax
Tyler, Texas 75703

Royalty Interest Owners - Tract 7

Pardue Farms
P. O. Box 2018
Carlsbad, NM 88220
Attn: Bruce D. Pardue
3.57107% ORRI

Kathleen C. Robbins
11172 Harcourt Avenue
Garden Grove, CA 92641
1.19042% ORRI

Stephenie Aldemir
134 Seneca
Anaheim, CA 92805
.39670% ORRI

Ronald Robbins
568 Sparks Rd.
Sebastopol, CA 95472
.39670% ORRI

Earl J. Walters
1209 West Ural
Carlsbad, New Mexico 88220

Patricia Lynn Womack
Anne D. O'Bryne
Penny Leigh Winfield
Daisy S. Winfield
Pamela Gage Winfield
c/o James M. Winfield
512 South 71st Streetld
Birmingham, Alabama 35209

Christine Campos
32772 Jonathon Circle
Dana Point, CA 92629
.39670% ORRI

Leona Stanger
c/o Bruce D. Pardue
P. O. Box 2018
Carlsbad, NM 88220
1.78594% ORRI

Carmex, Inc.
P. O. Box 1718
Carlsbad, NM 88220
Attn: John M. Caraway
1.26277% ORRI

Kugeler Brothers
4100 South Bellaire
Englewood, CO 80110
Attn: Herman Coors Kugeler
1.26277% ORRI

J. M. Phillips Trust
c/o First Natinal Bank,
Box 11426
Birmingham, Alabama 35202
.35712% ORRI

James M. Winfield
512 South 71st Street
Birmingham, AL 35206
.35712% ORRI

John F. Joyce, II
P. O. Box 356
Carlsbad, NM 88220
4.24875% ORRI

Melton Winfield
2919 19th Street
Birmingham, Alabama 35206
.23806% ORRI

Robert Phillips Handley
P. O. Box 446
Arlee, MT 59821
.17839% ORRI

Nell Arnold Handley
Route 6 - Box 87
Hamilton, AL 35570
.17839% ORRI

Merland, Inc
P. O. Box 548
Attn: Mary Frances Merchant
Carlsbad, NM 88220
1.26277% ORRI

Jerry Phillips Winfield
c/o Dept. Modern Languages
Mercer University
Macon, GA 35206
.41658% ORRI

Overriding Royalty 1.372462%ORRI

Siete Oil & Gas Corp.
Box 2523
Roswell, New Mexico 88201

Kerr-McGee Corp
Larry Schultz
3904 Crest Ridge
Midland, Texas 75703

William C. Anderson
Boz 1616
Roswell, New Mexico 88201

Overriding Royalty Interest Owners - Tracts 1A, 1B, 3

Selma E. Andrews Trust
c/o Texas National Bank
P. O. Box 852029
Dallas, Texas 75283-2029
1.07410% ORRI

Wilbur L. Sherrell
1819 S. Dal Paso
Hobbs, NM 88240
.08333% ORRI

Braille Institue of America
Inc.
c/o Texas National Bank
P. O. Box 852029
Dallas, TX 75283-2029
.92590% ORRI

Joseph Wallingford Trust
c/o Rufus Wallingford
1301 McKinney Street
Houston, TX 77010
.25000% ORRI

Harriett Justice Cochran
P. O. Box 128
Artesia, NM 88210
.12500% ORRI

Rufus Wallingford
1301 McKinney Street
Houston, TX 77010
.12500% ORRI

Daisy I. Corbin
806 W. Richardson Avenue
Artesia, NM 88210
1.50000% ORRI

J. S. Ward
101 South 4th Street
Artesia, NM 88210
.25000% ORRI

Higgins Trust Inc.
W. Sam Edwards, President
P. O. Box 2421
Gainesville, GA 30503
.50000% ORRI

Marideth Watkins
503 Caminito Drive
Roswell, NM 88201
.08334% ORRI

James Virgil Linam Trust
c/o First Interstate Bank
P. O. Box 25189
Oklahoma City, OK 73125
.43750% ORRI

Thelma A. Webber
P. O. Box 743
Hobbs, NM 88240
.43750% ORRI

Alleene D. Rowan

Martha W. West
P. O. Box 286
Cloudcroft, NM 88217
.12500% ORRI

Overrrding Royalty Interest Owners - Tracts 1A, 1B, 3 (cont.)

Sabin Royalty Trust
c/o Texas National Bank
Dept. #00887
Dallas, Texas 75284-0887
.50000% ORRI

H. Dillard Schenck Estate
c/o Liberty National Bank
Box 1627
Lovington, NM 88260
.06250% ORRI

Kirby D. Schenck
Box 1225
Lovington, NM 88260
.06250% ORRI

Floyd E. Sherrell Estate

Production Payment Tract 3

Texaco, Inc.
Box 3109
Midland Texas 79702
5%

Overriding Royalty 1B

Leo R. Sutton, et ux
Sybil D. Sutton
Box 54
Maljamar, NM 88264
5%

William A. Siegenthaler, et ux
Pearl W. Siegenthaler
P. O. Drawer Z
Artesia, NM 88210
.50000% ORRI

Homer R. Denius, et ux,
Grace Denius
1600 Sarno Rd. Suite
Melburne, Fla 32935
2.50000 ORRI

John W. Boonetust
2703 Ardsley rive
Orlando, Florida 32801
.5000% ORRI

EXHIBIT B

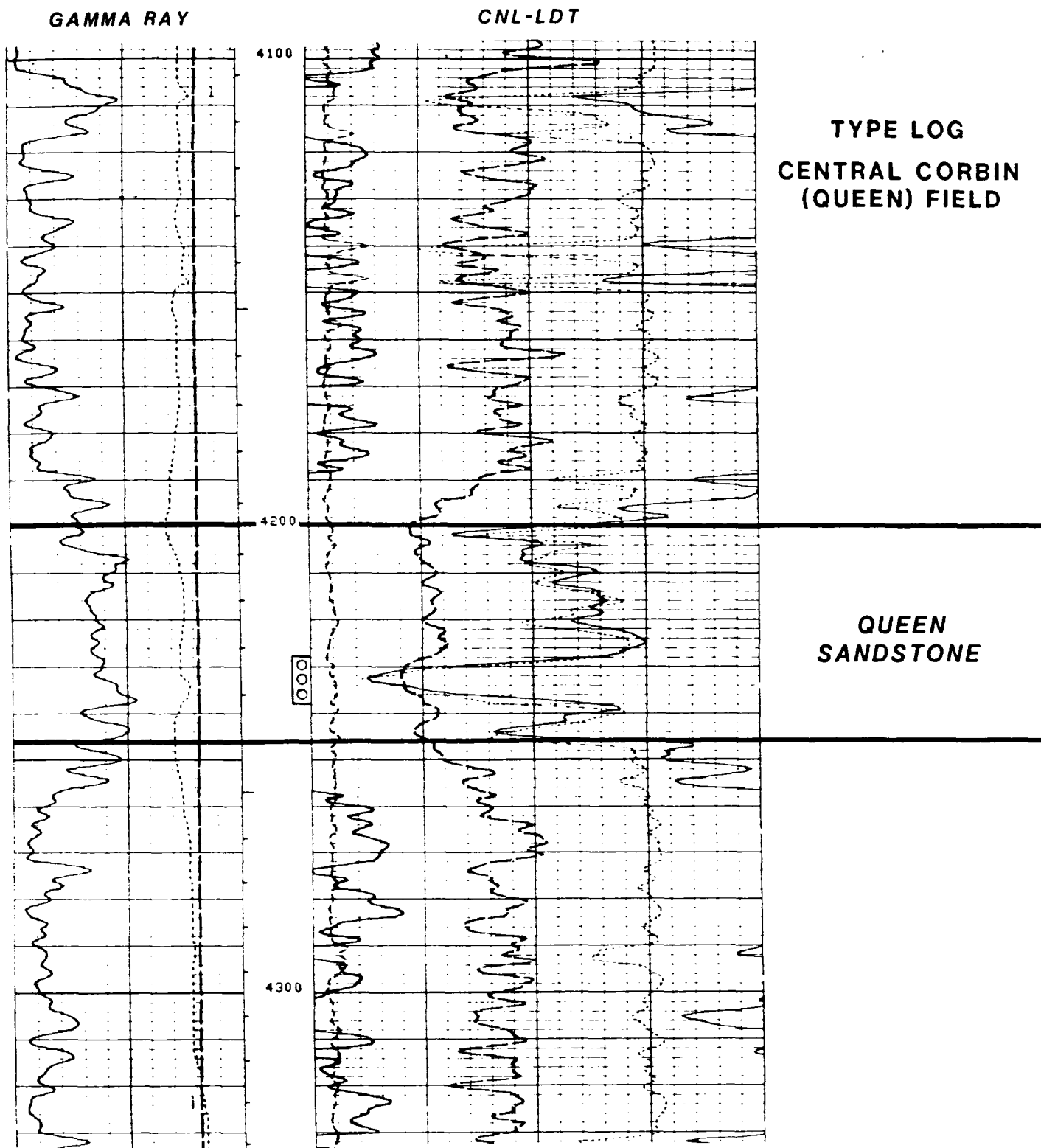
Description of Proposed Unit Area Central Corbin (Queen) Field

Tr.	Portion	Sec.	Township-Range	Acres
1a	NE/4	9	T18s-R33E	160
1b	SE/4	9	T18S-R33E	160
2a	Lot 4, SW/4 NW/4	3	T18S-R33E	80.18
2a	Lot 3, S/2 NW/4, S/2	4	T18S-R33E	440.40
2b	Lot 1, Lot 2, S/2 NE/4	4	T18S-R33E	160.61
3	W/2 NW/4, NW/4 SW/4	10	T18S-R33E	120
4	NW/4, N/2 SW/4, SE/4 SW/4	9	T18S-R33E	280
5	E/2 NE/4	8	T18S-R33E	80
6	SW/4 SW/4	3	T18S-R33E	40
7	NW/4 SW/4	3	T18S-R33E	40

Total Area = 1561.19 acres

**OXY USA INC.
FEDERAL "AA" #1**

990' FNL & 1980' FEL
Sec. 9, T-18-S, R-33-E
Lea County, New Mexico
KB 3985'



PF 4228-38' IPF 482 BOPD

EXHIBIT C