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May 9, 2006

Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 13725*

Dear Florene:

Enclosed for filing, on behalf of WJP Exploration, LLC, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the June 8, 2006 Examiner hearing. Thank you.

Also enclosed is a pre-hearing statement for this matter.

Very truly yours,

  
James Bruce  
Attorney for WJP Exploration, LLC

PERSONS BEING POOLED

OXY USA WTP Limited Partnership  
P.O. Box 50250  
Midland, Texas 79710

Abo Petroleum Corporation  
MYCO Industries, Inc.  
Yates Drilling Company  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF WJP EXPLORATION,  
LLC FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 13725

APPLICATION

WJP Exploration, LLC applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$  of Section 16, Township 23 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

2006 MAY 10 AM 10 06

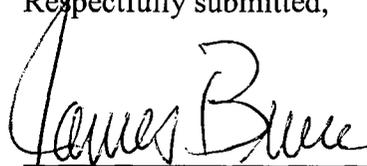
1. Applicant has the right to drill a well in the E $\frac{1}{2}$  of Section 16.
2. Applicant proposes to drill its Renata "16" State Well No. 1, at an orthodox location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 16, to a depth sufficient to test the Morrow formation, and seeks to dedicate the E $\frac{1}{2}$  of Section 16 to the well to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Bandana Point-Strawn Gas Pool, Undesignated Robina Draw-Atoka Gas Pool, and Undesignated Bandana Point-Strawn Morrow Pool.
3. Applicant has, in good faith, sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$  of Section 16 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E $\frac{1}{2}$  of Section 16, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 16 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 16, from the surface to the base of the Morrow formation;
- B. Designating Preston Exploration, LLC as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
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Attorney for WJP Exploration, LLC

PROPOSED ADVERTISEMENT

Case No. 13725 : **Application of WJP Exploration, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 16, Township 23 South, Range 24 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Bandana Point-Strawn Gas Pool, Undesignated Robina Draw-Atoka Gas Pool, and Undesignated Bandana Point-Strawn Morrow Pool. The unit is to be dedicated to the proposed Renata "16" State Well No. 1, to be drilled at an orthodox location in the NE/4NE/4 of Section 16. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Preston Exploration, LLC as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 11-1/2 miles northwest of Whites City, New Mexico.

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