

August 15, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13775

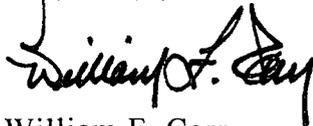
2006 AUG 15 PM 3 49

Re: Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico. (Whiptail State Com Well No. 1)

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of OXY USA WTP Limited Partnership in the above-referenced matter as well as a copy of the legal advertisement for this case. OXY USA WTP Limited Partnership requests that this matter be placed on the docket for the September 14, 2006 examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. David Evans
OXY USA WTP Limited Partnership

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

**IN THE MATTER OF THE APPLICATION
OF OXY USA WTP LIMITED PARTNERSHIP FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

2006 AUG 15 PM
CASE NO. 13725

APPLICATION

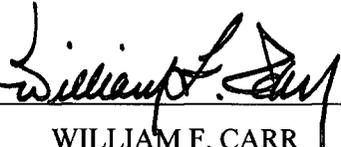
OXY USA WTP Limited Partnership, ("OXY") through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, §70-2-17, for an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 13, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Red Lake Atoka-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing, and the W/2 SE/4 for all formations and/pools developed on 80-acre spacing, and the SW/4 SE/4 for all formations and/or pools developed on 40-acre spacing, and in support of its application states:

1. OXY USA WTP Limited Partnership is a working interest owner in the E/2 of said Section 13 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration units to its Oxy Whiptail State Com Well No. 1 located at a standard gas well location 950 feet from the South line and 1900 feet from the East line (Unit O) of said Section 13, to an approximate depth of 10,500 feet to test any and all formations from the surface to the base of the Morrow formation.
3. OXY has sought and been unable to locate certain owners of overriding royalty interests in the subject spacing units and therefore cannot obtain their voluntary agreement for the development of these lands.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit OXY to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and OXY USA WTP Limited Partnership should be designated the operator of the well to be drilled.

WHEREFORE, OXY USA WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 14, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating OXY USA WTP Limited Partnership operator of these units and the well to be drilled thereon,
- C. authorizing OXY USA WTP Limited Partnership to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by OXY USA WTP Limited Partnership in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 
WILLIAM F. CARR

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Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR OXY USA WTP
LIMITED PARTNERSHIP

CASE 13775: Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 13, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Red Lake Atoka-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing, the W/2 SE/4 for all formations and/pools developed on 80-acre spacing, and the SW/4 SE/4 for all formations and/or pools developed on 40-acre spacing. OXY proposes to dedicate the above-referenced spacing or proration units to its Whiptail State Com Well No. 1 to be drilled at a standard gas well location 950 feet from the South line and 1900 feet from the East line (Unit O) of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA WTP Limited Partnership as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of Artesia, New Mexico.