

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 13774*

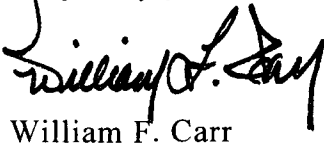
2006 AUG 15 PM 3 48

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

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of OXY USA WTP Limited Partnership in the above-referenced case 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, LEA COUNTY, NEW MEXICO.**

CASE NO. 43274

2006 AUG 15

PM 3

**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 N/2 of Section 29, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing, and the E/2 NW/4 for all formations and/pools developed on 80-acre spacing, and in support of its application states:

1. OXY USA WTP Limited Partnership is a working interest owner in the N/2 of said Section 29 and has the right to drill thereon.

2. OXY proposes to dedicate the above-referenced spacing or proration units to its Oxy Bat Hawk State Com Well No. 1 to be drilled as a wildcat well at a standard gas well location 1650 feet from the North line and 1980 feet from the West line (Unit F) of said Section 29, to an approximate depth of 13,000 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 obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

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.

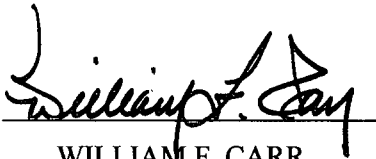
WHEREFORE, OXY USA WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 14, 2006 and, after notice and hearing as required by law, the Division enter its order:

- 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

Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR OXY USA WTP LIMITED  
PARTNERSHIP

**EXHIBIT A**

**APPLICATION OF  
OXY USA WTP LIMITED PARTNERSHIP.  
FOR COMPULSORY POOLING  
N/2 OF SECTION 29, TOWNSHIP 16 SOUTH, RANGE 32 EAST, N.M.P.M.  
LEA COUNTY, NEW MEXICO.**

**(OXY Bat Hawk State Com Well No. 1)**

Pogo Producing Company  
Attn :Mr. Terry Gant  
P. O. Box 10340  
Midland, Texas 79702

Latigo Petroleum Inc.  
Attn :Mr. Terry Gant  
P. O. Box 10340  
Midland, Texas 79702

**CASE 13774: Application of OXY USA WTP Limited Partnership for compulsory pooling, Lea 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 N/2 of Section 29, Township 16 South, Range 32 East, N.M.P.M., Lea County, New Mexico: the N/2 for all formations and/or pools developed on 320-acre spacing; the NW/4 for all formations and/or pools developed on 160-acre spacing, and the E/2 NW/4 for all formations and/pools developed on 80-acre spacing. OXY proposes to dedicate the above-referenced spacing or proration units to its Oxy Bat Hawk State Com Well No. 1 to be drilled at a standard gas well location 1650 feet from the North line and 1980 feet from the West line (Unit F) of said Section 29. 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 3 miles northwest Maljamar, New Mexico.



August 17, 2006

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**ALL AFFECTED INTEREST OWNERS**

Re: Application of OXY USA WTP Limited Partnership for compulsory pooling, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that OXY USA WTP Limited Partnership has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the N/2 of Section 29, Township 16 South, Range 32 East, NMPM, Lea County, New Mexico. Said units will be dedicated to OXY USA WTP Limited Partnership's Bat Hawk State Com Well No. 1 to be drilled at a standard gas well location 1650 feet from the North line and 1980 feet from the West line (Unit F) of said Section 29 to an approximate depth of 13,000 feet to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on September 14, 2006. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, 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 are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

ATTORNEY FOR OXY USA WTP LIMITED PARTNERSHIP

cc: Mr. David Evans