

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 13772

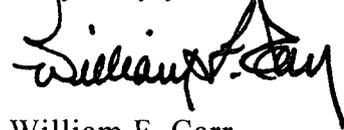
2006 AUG 15 PM 3 49

Re: Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico. (Big Spender 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, EDDY COUNTY, NEW MEXICO.**

CASE NO. 43772

2006 AUG 15 3 49 PM

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 developed on 320-acre spacing from the surface to the base of the Morrow formation in the N/2 of Section 16, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico which includes but is not necessarily limited to the Morrow formation, West Malaga-Morrow Gas Pool, and the Atoka formation, Undesignated West Malaga-Atoka Gas Pool; 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 16 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration units to its Big Spender State Com Well No. 1 to be drilled at a standard gas well location 660 feet from the North line and 700 feet from the West line (Unit D) of said Section 16, 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 the 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.

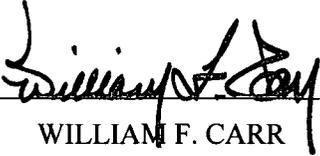
WHEREFORE, OXY WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 14, 2006 and, after notice and hearing as required by law, the Division enter its order:

- 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 16, TOWNSHIP 24 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

(Big Spender State Com Well No. 1)

Charlie Ray
P. O. Box 51608
Midland, Texas 79710

CASE 13772: 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 N/2 of Section 16, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the West Malaga-Morrow Gas Pool and the Undesignated West Malaga-Atoka Gas Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Big Spender State Com Well No. 1 to be drilled at a standard gas well location 660 feet from the North line and 700 feet from the West line (Unit D) of said Section 16. 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 2 miles West of Malaga, 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, Eddy 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 16, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to OXY USA WTP Limited Partnership's Big Spender State Com Well No. 1 to be drilled at a standard gas well location 660 feet from the North line and 700 feet from the West line (Unit D) of said Section 16 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