



August 29, 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 13784*

2006 AUG 29 PM 3 58

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

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 28, 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**

2006 AUG 29 PM 3 58

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

CASE NO. 13789

**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 the Morrow, Atoka and Strawn formations developed on 320-acre spacing and proration units in the W/2 of Section 35, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico which includes but is not necessarily limited to the North Illinois Camp-Morrow Gas Pool, and in support of its application states:

1. OXY USA WTP Limited Partnership is a working interest owner in the W/2 of said Section 35 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration units to its Admiral Federal Well No. 1 that has been drilled at a standard gas well location 660 feet from the North line and 1310 feet from the West line (Unit D) of said Section 35, to an approximate depth of 9850 feet to test the Morrow, Atoka and Strawn Morrow formations.
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.

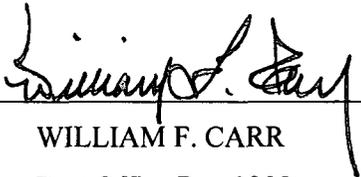
WHEREFORE, OXY USA WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 28, 2006 and, after notice and hearing as required by law, the Division enter its order:

- 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  
W/2 OF SECTION 35, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.  
EDDY COUNTY, NEW MEXICO.**

**(Admiral Federal Well No. 1)**

First Interstate Bank of Arizona  
u/w/o Howard B. Wright, Deceased  
Phoenix, Arizona 85072

Joan Hudson Moore  
81 North Street  
Naples, Florida 34108

Jonel Susan Grasso  
11 ocean Ridge  
Laguna Niguel, California 92677

Jane Ann Hudson Davis  
6770 Wolf Creek Court  
Rio Rancho, New Mexico 87144

**CASE 13789 : 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 in the Morrow, Atoka and Strawn formations developed on 320-acre spacing and proration units in the W/2 of Section 35, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico which includes but is not necessarily limited to the North Illinois Camp-Morrow Gas Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Admiral Federal Well No. 1 that has been drilled at a standard gas well location 660 feet from the North line and 1310 feet from the West line (Unit D) of said Section 35. 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 eight miles southeast of Artesia, New Mexico.



August 29, 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 an order pooling all mineral interests in the Morrow, Atoka and Strawn formations developed on 320-acre spacing and proration units in the W/2 of Section 35, Township 17 South, Range 27 East, N.M.P.M., Eddy County, New Mexico which includes but is not necessarily limited to the North Illinois Camp-Morrow Gas Pool. OXY proposes to dedicate the above-referenced spacing or proration units to its Admiral Federal Well No. 1 that has been drilled at a standard gas well location 660 feet from the North line and 1310 feet from the West line (Unit D) of said Section 35.

This application has been set for hearing before a Division Examiner on September 28, 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