

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF OXY USA, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 1771

APPLICATION

OXY USA, INC. ("OXY"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in all formations developed on 640-acre spacing underlying Section 21, in all formations developed on 320-acre spacing underlying the N/2 of Section 21, in all formations developed on 160-acre spacing underlying the NW/4 of Section 21 and in all formations developed on 80-acre spacing underlying the E/2 NW/4 of Section 21, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. OXY owns a working interest in said Section 21 and has the right to drill thereon.
2. OXY proposes to dedicate the above-referenced spacing or proration unit to its Tiger Fed. Com. No. 1 Well which it proposes to drill a standard location 1650 feet from the North and West lines of said Section 21 to test the Morrow formation, North Osudo-Morrow Gas Pool, at an approximate depth of 11,400 feet.

3. OXY has sought and been unable to obtain voluntary agreement for the development of this spacing unit from the interest owners identified on Exhibit A to this application.

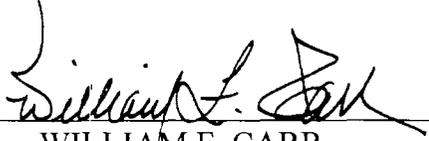
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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, Inc. should be designated the operator of the well.

WHEREFORE, OXY USA, Inc., requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 1, 1997 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions naming OXY operator of the pooled spacing and proration unit and the wells located thereon and authorizing OXY to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by OXY in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
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Santa Fe, New Mexico 87504
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ATTORNEYS FOR OXY USA, Inc.

**EXHIBIT A
NOTIFICATION LIST
APPLICATION OF OXY USA, Inc.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**SECTION 21,
TOWNSHIP 20 SOUTH, RANGE 36 EAST, N.M.P.M.**

Chevron U.S.A., Inc.
Post Office Box 1635
Houston, TX 77251
Attn: Mr. Robert Samples

Conoco Inc.
10 Desta Drive
Suite 100-W
Midland, TX 79705-4500
Attn: Mr. Warren Richardson

ARCO Permian
Post Office Box 1610
Midland, TX 79702-1610
Attn: Mr. Lee M. Scarborough

MW Petroleum Corporation
2000 Post Oak Boulevard
Suite 100
Houston, TX 77056-4400
Attn: Mr. Tim Custer

CASE 1171:

Application of OXY, USA, Inc. 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 all formations developed on 640-acre spacing underlying Section 21, in all formations developed on 320-acre spacing underlying the N/2 of Section 21, in all formations developed on 160-acre spacing underlying the NW/4 of Section 21, and in all formations developed on 80-acre spacing underlying the E/2 NW/4 of Section 21, Township 20 South, Range 36 East. Said unit is to be dedicated to its Tiger Fed. Com. No. 1 Well to be drilled at a standard location 1650 feet from the North and West lines of said Section 21. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 22.5 miles southwest of Hobbs, New Mexico.