

February 10, 2004

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Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals &
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13226

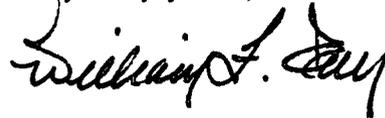
Re: Application of OXY USA WTP, Limited Partnership for rescission of the approval of an application for permit to drill and for compulsory pooling, Eddy County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed in triplicate is an Application of OXY USA WTP Limited Partnership in the above-referenced case as well as a copy of a legal advertisement. OXY respectfully requests that this matter be placed on the docket for the March 4, 2004 Examiner hearings.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr
Attorney for OXY USA WTP Limited
Partnership

Enclosures

cc: Gail MacQuesten, Esq.
Mr. Rick Foppiano

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

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

IN THE MATTER OF THE APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP FOR RESCISSION OF THE APPROVAL OF AN APPLICATION FOR PERMIT TO DRILL AND FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 13226

APPLICATION

OXY USA WTP Limited Partnership ("OXY"), through its undersigned attorneys, hereby makes application for an order (1) rescinding the Division's approval of an application for permit to drill and, (2) pursuant to the provisions of NMSA 1978, §70-2-17, pooling all mineral interests in all formations in the following described spacing and proration units located in Section 15, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated South Carlsbad Morrow Gas Pool, and in support of its application states:

1. OXY is a working interest owner in the W/2 of Section 15, Township 22 South, Range 27 East, NMPM, on which it proposes to drill its Redemption Well No. 1 at a standard oil and gas well location 660 feet from the South and West lines of the section to an approximate total depth of 12,400 feet to

test any and all formations from the surface through the base of the Morrow formation.

2. By letter dated January 15, 2003, OXY proposed the drilling of the Redemption Well No. 1 to the other working interest owners in the W/2 of Section 15 and provided each with a Joint Operating Agreement and AFE for the well. When OXY filed its Application for Permit to Drill this well, the Division returned the APD and advised OXY that Tom Brown, Inc. had filed an Application for Permit to Drill covering the West half of this section and that the Tom Brown, Inc. APD had been approved by the Division.

3. Tom Brown, Inc. does not own all of the working interest in the acreage to be dedicated to a well drilled in the SW/4 of Section 15 and has not proposed the drilling of a well on this acreage to the other working interest owners in the W/2 of Section 15.

4. OXY is guaranteed by the Oil and Gas Act the opportunity to produce without waste its just and equitable share of the oil and gas or both located under the property it owns in the W/2 of Said Section 15. This right is denied if OXY is prevented from combining the interests in a spacing unit and developing these property rights simply because another working interest owner in the proposed spacing unit races to the Division and is the first of several owners with the right to drill to obtain an approved drilling permit from the Division.

5. OXY has sought and been unable to obtain a voluntary agreement for the development of this acreage from the owners of interest in the W/2 of Section 15 identified on Exhibit A to this application to whom notice of this application will be provided in accordance with the rules of the Division.

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

7. 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, the prior approval of the Tom Brown, Inc. Application for Permit to Drill should be rescinded and OXY should be designated the operator of the well.

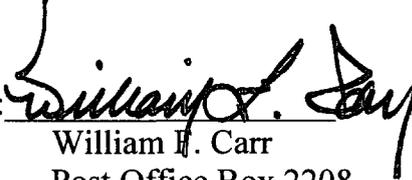
WHEREFORE, OXY USA WTP Limited Partnership requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 4, 2004, and, after notice and hearing as required by law, the Division enter its order:

- A. rescinding the Division's approval of the Tom Brown, Inc. Application for Permit to Drill on a W/2 spacing and proration unit in said Section 15,
- B. pooling all mineral interests in the subject spacing and proration units,

- C. designating OXY USA WTP Limited Partnership operator of the unit and the well to be drilled thereon,
- D. authorizing OXY to recover its costs of drilling, equipping and completing the well,
- E. 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
- F. imposing a 200% penalty for the risk assumed by OXY in drilling and completing the well against any working interest owner and any unleased mineral interest owners who does not voluntarily participate in 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 RESCISSION OF THE APPROVAL OF
AN APPLICATION FOR PERMIT TO DRILL
AND FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

NOTICE LIST

Tom Brown, Inc.
Attention: Willis D. Price
Post Office Box 2608
Midland, Texas 79702

CASE 13226 :

Application of OXY USA WTP Limited Partnership for rescission of the approval of an application for permit to drill and for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks rescission of the Division's prior approval of an Application for Permit to Drill covering the W/2 of Section 15, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico and an order pooling all mineral interests in the W/2 of said Section 15 in all formations and/or pools in developed on 320-acre spacing and proration units which includes but is not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Applicant proposes to dedicate the pooled units to its Redemption Well No. 1 to be drilled at a standard gas well location 660 feet from the South and West lines of said Section 15. 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 2 miles East of Carlsbad, New Mexico.