

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13789
ORDER NO. R-12644**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 28, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of October, 2006, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Oxy USA WTP Limited Partnership ("applicant"), seeks an order pooling all uncommitted mineral interests in the Morrow, Atoka and Strawn formations underlying the W/2 of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit for all formations and/or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated North Illinois Camp-Morrow Gas Pool and the Undesignated Logan Draw-Atoka Gas Pool.

(3) The above-described spacing and proration unit (the "Unit") is to be dedicated to the applicant's OXY Admiral Federal Well No. 1 (API No. 30-015-34907) which has been drilled at a standard location 660 feet from the North line and 1310 feet from the West line (Unit D) of Section 35.

(4) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(5) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and has drilled its OXY Admiral Federal Well No. 1 at a standard well location within the NW/4 NW/4 of Section 35 to test the Morrow, Atoka and Strawn formations.

(6) All of the working interests in the Unit have been voluntarily consolidated. However, there are owners of overriding royalty interest that have not agreed to pool their interest.

(7) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(8) The applicant should be designated the operator of the subject well and of the Unit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Oxy USA WTP Limited Partnership, all uncommitted mineral interests in the Morrow, Atoka and Strawn formations underlying the W/2 of Section 35, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit for all formations and/or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated North Illinois Camp-Morrow Gas Pool and the Undesignated Logan Draw-Atoka Gas Pool.

(2) The above-described spacing and proration Unit shall be dedicated to the applicant's OXY Admiral Federal Well No. 1 (API No. 30-015-34907) which has been drilled at a standard location 660 feet from the North line and 1310 feet from the West line (Unit D) of Section 35.

(3) Oxy USA WTP Limited Partnership is hereby designated the operator of the subject well and of the Unit.

(4) All proceeds from production from the well that are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.

(5) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(6) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.


(7) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, PE
Director