

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

March 5, 2008

HAND DELIVERED

Mark Fesmire, P.E. Chairman
Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

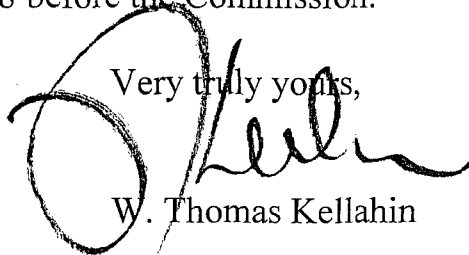
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Re: NMOCD Case 13945
Application of Occidental Permian LTD. for cancellation
of a drilling permit, for determination of the right to drill and
approval of a drilling permit, Lea County, New Mexico

Dear Mr. Fesmire:

In behalf of EOG Resources, Inc. and Cimarron Exploration Company, please find enclosed our Verified Motion to Dismiss the referenced case currently set for hearing on April 10, 2008 before the Commission.

Very truly yours,



W. Thomas Kellahin

cc: Cheryl Bada, Esq.
Attorney for the Commission
David K. Brooks, Esq.
Attorney for the Division
J. Scott Hall, Esq.
Attorney for Occidental,
James Bruce, Esq.
Attorney for EOG

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

**IN THE MATTER OF THE APPLICATION OF
OCCIDENTAL PERMIAN LTD. FOR CANCELLATION
OF A DRILLING PERMIT, FOR DETERMINATION OF THE
RIGHT TO DRILL AND APPROVAL OF A DRILLING PERMIT,
LEA COUNTY, NEW MEXICO**

CASE NO. 13945

ORDER RE 13832

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VERIFIED MOTION TO DISMISS

EOG Resources, Inc. ("EOG") and Cimarron Exploration Company ("Cimarron") move that the New Mexico Oil Conservation Commission ("Commission") dismiss the application of Occidental Permian Ltd. ("OPL") because the Commission lacks jurisdiction to grant OPL the relief it requests, and in support states:

(1) STATEMENT OF THE CASES

These two cases involve a dispute between EOG and OPL over the SW/4NW/4 of Section 17, T18S, R34E. In Case 13912, EOG is seeking to pool OPL. In order to avoid being pooled, OPL, in Case 13945, is attempting to have the Commission decide OPL's claim of a forfeiture that supposedly occurred some ten years ago in 1997 by EOG's predecessor in interest, Union Texas Petroleum Corporation.

In both cases, OPL wants the Commission to determine that EOG's title is invalid and thus to cancel EOG's APD and allow OPL to avoid being compulsory pooled. At no time during the hearing before the Division has OPL claimed that the Division acted improperly on March 14, 2007 when it granted approval of EOG's APD or that on that date that EOG did not have a "good faith claim of title" and a good faith belief that it was authorized to drill the well applied for-being the Cimarron 17 State Well No. 1. (API # 30-025-38347)

In doing so, OPL has ignored Commission Order R-11700-B, dated April 26, 2002, in a similar dispute over the issuance of approved APDs where the Commission held:

“The Oil Conservation Commission has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease. Exclusive jurisdiction of such matters resides in the courts of the State of New Mexico.”

EOG has obtained its APD in good faith and has complied with Finding 33 of Commission’s Order R-12343-E and Findings 27 and 28 of Commission’s Order R-11700-B:

“27. When an application for permit to drill is filed, the Division does not determine whether an applicant can validly claim a real property interest in the property subject to the application, and therefore whether the applicant is ‘duly authorized’ and ‘is in charge of the development of a lease or the operation of a producing property.’ The Division has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease. Exclusive jurisdiction of such matters resides in the courts of the State of New Mexico. The Division so concluded in its Order in this matter. See Order No. R-11700 (December 13, 2001).

28. It is the responsibility of the operator filing an application for a permit to drill to do so under a good faith claim to title and a good faith belief that it is authorized to drill the well applied for...”

EOG and the Division have complied with the requirements of Order R-11700-B in this case.

(2) OPL HAS REQUESTED THE WRONG RELIEF

OPL has claimed the wrong relief—OPL claims that EOG does not have title. However, the issue is not whether EOG holds a right, title or interest in the spacing units for the Cimarron 17 State Well No. 1, but whether EOG at the time it filed for approval of its APD had a “good faith claim of title and a good faith belief that its is authorized to drill the well applied for.” *See* *Magnolia Petroleum Co. vs. Railroad Commission et al*, (Texas Supreme Court, 1943) 141 Tex. 96, 170 S.W.2d 189; *see also* Commission Order R-12343-E, dated March 16, 2007 (Samson-Chesapeake dispute over the KF State 4-1 wellbore) *and* Commission Order R-11700-B, dated April 26, 2002 (TMBR/Sharp-Arrington-Ocean dispute over APDs).

(3) THE UNCONTESTED EVIDENCE

At the time EOG filed its APD on March 14, 2007, the uncontested evidence is that:

- i. EOG had no knowledge that OPL claimed the 1985 Amoco Assignment was not valid,
- ii. EOG and OPL had already entered into two separate JOAs covering acreage subject to the 1985 Amoco Assignment,
- iii. OPL, without objection and with OPL's full support and approval, has allowed EOG to drill, complete and pay proceeds to OPL for THREE wells (the Cimarron 18 State Wells No. 1, No. 2 and No. 3) under the terms of the foregoing JOAs, all on acreage subject to the 1985 Amoco Assignment,
- iv. Mr. Hurlbut on behalf of EOG had talked with Mr. Evans of OPL about participating in the Cimarron 17 State Well No. 1 prior to March 14, 2007 and only AFTER that date did anyone at OPL advise him or others at EOG that there might be a title problem,
- v. OPL had not filed its unilateral declaration of termination,
- vi. OPL had signed three prior Division Orders as verification of ownership of EOG's interest in acreage subject to the 1985 Amoco Assignment,
- vii. At OPL's request, EOG has paid its share of the annual rentals on the State of New Mexico Oil & Gas Lease that the 1985 Amoco Assignment covers,
- viii. EOG had no notice from OPL that OPL claimed that the 1985 Amoco Assignment was not valid.
- ix. EOG has more than just a "good faith claim of title" to its mineral interests underlying the SW/4NW/4 of Section 17, T18S, R34E. In fact, EOG has title to such interests. In any event, however, EOG's application is supported by the requisite good faith claim of title.

It was only after EOG obtained its approved APD for the Cimarron 17 Well No. 1, that OPL, without notice to EOG, recorded on April 30, 2007 its unilateral declaration that EOG's predecessor, Union Texas, as of October 31, 1997 had failed to sustain production from other lands subject to this 1985 Amoco Assignment and that EOG's interest terminated sixty days after October 31, 1997.

(4) QUIET TITLE SUIT

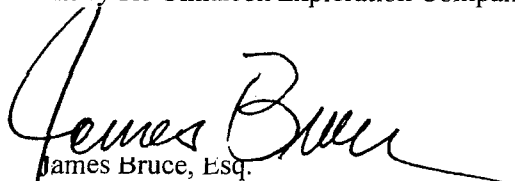
On February 6, 2008, Cimarron sent pleadings to the District Court Clerk for the Fifth Judicial District to commence Quiet Title Litigation against OPL. See complaint has been assigned Case number CV-08-99 (without attachments) Exhibit "A" attached. Any question about this title dispute that OPL has raised before the Commission is now before the court in New Mexico with proper jurisdiction to decide this matter. EOG most likely will seek to join in that action to quiet its title as against OPL's claims.

(5) SUMMARY

In summary, Cimarron contends that EOG's permit is valid until such time as a district court with proper jurisdiction to hear OPL's title claim enters an order in favor of OPL. The Commission should dismiss OPL's application for lack of jurisdiction and enter an order granting EOG's application to compulsory pool OPL.



W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
Phone 505-982-4285
Fax 505-982-2047
E-mail: tkellahin@comcast.net
Attorney for Cimarron Exploration Company

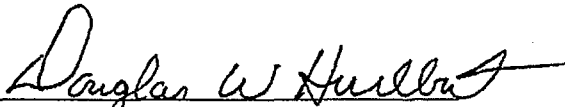


James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
Attorney for EOG Resources, Inc.

VERIFICATION

STATE OF TEXAS)
)ss.
COUNTY OF MIDLAND)

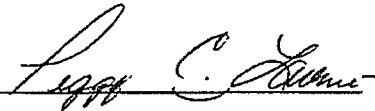
I, Douglas W. Hurlbut, a Land Specialist for EOG Resources, Inc., declare that I have read the following pleading and know its contents which are true to my own knowledge except for those matters stated on information and belief, and as to those matters I believe them to be true.



Douglas W. Hurlbut

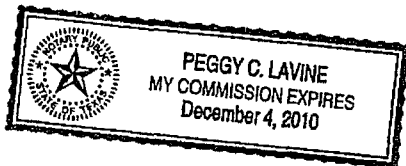
SIGNED AND SWORN TO before me this 28 th day of February 2008 by
Douglas W. Hurlbut.

Notary Public



(Seal) My commission expires:

_____ 12-4-10 _____



FIFTH JUDICIAL DISTRICT
COUNTY OF LEA
STATE OF NEW MEXICO

CIMARRON EXPLORATION, LLC,
GENERAL PARTNER OF
HUNT CIMARRON LIMITED
PARTNERSHIP d/b/a CIMARRON
EXPLORATION COMPANY,

Plaintiff,

v.

No. CV-2008- 99

SANTA FE EXPLORATION
COMPANY and OCCIDENTAL
PERMIAN LIMITED PARTNERSHIP,

Defendants.

COMPLAINT TO QUIET TITLE

COMES NOW Plaintiff, by and through the undersigned attorney, and for its cause of action against Defendants states:

1. Plaintiff is a Nevada limited liability company serving as general partner of Hunt Cimarron Limited Partnership, a Nevada limited partnership who does business as Cimarron Exploration Company and whose principal place of business is in Chaves County, New Mexico.

2. Defendant Santa Fe Exploration Company was simultaneously a Texas and New Mexico corporation whose Articles of Incorporation have been revoked by appropriate regulatory action of both said states and prior to such revocation, had its principal place of business in Chaves County, New Mexico.

3. Upon information and belief, Defendant Occidental Permian Limited Partnership is a Texas limited partnership whose general partner is Occidental Permian Manager, LLC, a Delaware limited liability company whose principal place of business is in Harris County, Texas.

4. The lands that are the subject matter of this action are located in Lea County, New Mexico.

5. Plaintiff owns in fee simple those interests shown below in the oil, gas and mineral estate in and under the following described lands in Lea County, New Mexico:

Township 18 South, Range 34 East, NMPM

Section 7: NW/4SE/4 (a 9.375% working interest from the base of the Queen formation down to 14,100 feet subsurface)

Section 8: SW/4SW/4 (a 9.375% working interest from the base of the Queen formation down to 14,100 feet subsurface)

Section 17: NE/4NW/4, S/2N/2, N/2SW/4 (a 37.5% working interest below the base of the Queen formation down to 14,100 feet subsurface)

Section 18: N/2NE/4 (a 2.8125% overriding royalty interest from the base of the Queen formation down to the base of the Bone Springs formation and a 37.5% working interest below the base of the Bone Springs formation down to 14,100 feet subsurface)

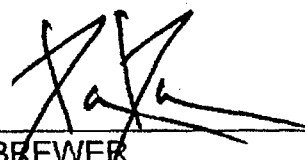
Section 18: E/2SE/4 (a 37.5% working interest below the base of the Queen formation down to 14,100 feet subsurface)

6. The interests of Plaintiff set forth above arise from oil and gas leases executed by the State of New Mexico, bearing Serial No. LG-1284 as to the lands in Sections 7 and 8 and Serial No. LG-1125 as to the lands in Sections 17 and 18.

7. Although Defendant Santa Fe Exploration Company may make claim to the property described in Paragraph 5 above, said claim is inferior in law and in equity to the claim of Plaintiff in and to said property.

8. Although Defendant Occidental Permian Limited Partnership may make claim to the property in Sections 17 and 18 described in Paragraph 5 above by reason of instruments entitled Termination of Assignment of Operating Rights dated December 20, 2006, recorded in Book 1490, Page 953 of the Clerk's Records of Lea County and dated April 26, 2007, recorded in Book 1510, Page 571 of said Clerk's Records, said claim is inferior in law and in equity to the claim of Plaintiff in and to said property. Copies of the instruments referenced above are attached hereto as Exhibit "A".

WHEREFORE, Plaintiff prays that its title in and to the above-described real property be established as against the adverse claim of the Defendants, and each of them; that said Defendants and all persons claiming by, through or under them be barred and forever estopped from having or claiming any lien upon or right, title or interest to the premises adverse to the Plaintiff; that Plaintiff's title be forever quieted and set at rest; and for such other and further relief as the Court may deem just and proper.



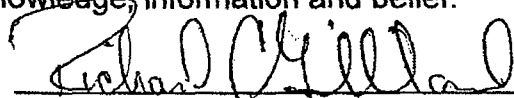
PHIL BREWER
ADRIANN RAGSDALE
P.O. Box 298
Roswell, New Mexico 88202
(505) 625-0298
Attorneys for Plaintiff

VERIFICATION

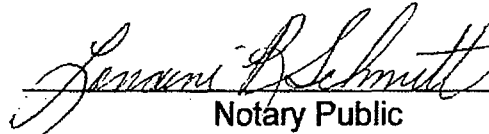
STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

RICHARD GILLILAND, the Vice President of Cimarron Exploration, LLC, being first duly sworn upon his oath, states:

That he has read the foregoing pleading and that the statements contained therein are true and correct to the best of his knowledge, information and belief.


Richard Gilliland

SUBSCRIBED AND SWORN to before me this 6th day of February, 2008.


Notary Public

My Commission Expires:
4-09-2010