

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

November 13, 2001

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO: NOTICE OF THE HEARING OF THE FOLLOWING
NEW MEXICO OIL CONSERVATION DIVISION CASE:

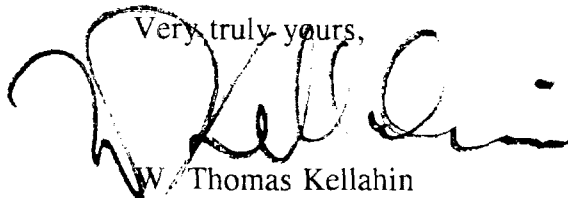
*Re: Application of OXY USA WTP Limited Partnership
for discovery oil allowable, pool creation and
adoption of special rules for the proposed West
Upper Pennsylvanian Pool, Eddy County, New Mexico*

On behalf of OXY USA WTP Limited Partnership, please find enclosed a copy of our referenced application which will be heard by the New Mexico Oil Conservation Division Examiner at 8:15 AM on December 6, 2001. The hearing will be held at the Division hearing room located in the Pinon Building, 1220 South St. Francis Drive, Santa Fe, New Mexico, 87505 (phone 505-476-3440).

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. You are not required to attend this hearing, but failure to appear at the hearing and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 1208.B, you are further notified that if you desire to appear in this case, then you are required to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, November 30, 2001, with a copy delivered to the undersigned. This statement must include: the names of the parties and attorneys; a concise statement of your position in this case; the names of all witnesses you will call to testify at the hearing; the approximate time you will need to present your case and identification of any procedural matters that area to be resolve prior to the hearing.

Very truly yours,



W. Thomas Kellahin

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

**APPLICATION OF OXY USA WTP LIMITED
PARTNERSHIP FOR DISCOVERY ALLOWABLE,
POOL CREATION AND THE ADOPTION OF
SPECIAL RULES AND REGULATIONS FOR THE
PROPOSED WEST UPPER PENNSYLVANIAN
POOL, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Comes now OXY USA WTP Limited Partnership ("OXY"), by its attorneys Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for an order creation of a new oil pool consisting of the SE/4 of Section 15, Township 18 South, Range 25 East, NMPM for Upper Pennsylvanian formation production from its Engelbert Well No. 1 located in Unit I of Section 15; the assignment of a discovery allowable and special pool rules including 160-acre oil proration and spacing units, a limitation of one well per unit; well locations not closer than 660 feet to the outer boundary of a spacing unit nor closer than 10 feet to any interior quarter-quarter section line; and in support thereof states:

1. OXY has drilled its Engelbert Well No. 1, located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 15, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

2. The well was permitted and drilled with the expectation it would be a gas well in the West Atoka-Upper Pennsylvanian Gas Pool which is located in Section 14 and other sections in T18S, R25E. However, after drilling, it tested for approximately 236 BOPD and 324 Mcf of gas per day.

3. This well constitutes a "new oil discovery" for the production of oil from the Upper Pennsylvanian formations.

4. Based upon this discovery, OXY seeks the creation of a new oil pool to be designated the West Upper Pennsylvanian Pool which shall be defined as all of the Upper Pennsylvanian formations as identified on the log of the discovery well, the top of which is located at 6665 feet and the bottom of which is located 7900 feet with an initial pool boundary consisting of:

TOWNSHIP 18 SOUTH, RANGE 25 EAST
Section 15: SE/4

5. In addition, OXY requests the adoption of the following Special Rules and Regulations for this pool:

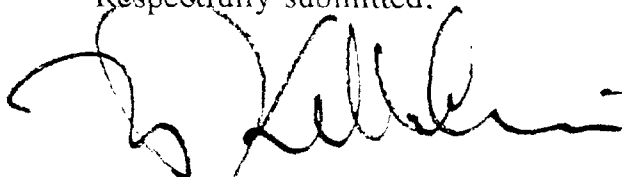
- (a) 160-acre oil spacing and proration units;
- (b) with no more than one producing well for each 160-acre spacing or proration unit;
- (c) well locations not closer than 660 feet of the outer boundary of a spacing or proration unit nor closer than 10 feet to any interior governmental quarter-quarter section line;
- (d) that each oil well completed or recompleted in the Upper Pennsylvanian formations within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

6. That special well locations when combined with 160-acre oil spacing and proration units and the limit of no more than one well per unit will prevent the drilling of unnecessary wells and will protect correlative rights and provide for the orderly development of the reservoir.

7. In accordance with Division Rule 1207, notification of this application and request for hearing to be held on December 6, 2001 has been sent to those parties identified on Exhibit "A" attached.

Wherefore, Applicant's request that, after notice and hearing, this application be granted.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

OWNERSHIP

Township 18 South, Range 25 East, N.M.P.M.
Section 15: S/2, containing 320 acres, more or less
Eddy County, New Mexico

MINERAL ESTATE:

Pitch Energy Corporation
P.O. Box 227
Artesia, New Mexico 88210
Telephone: 505/748-3303
FAX: 505/748-2523 50.00000%

Sharbro Oil Ltd. Co.
105 South Fourth Street
Artesia, New Mexico 88210
Telephone: 505/748-4346
FAX: 505/748-4572 25.00000%

Estate of Lillie M. Yates, deceased,
Frank Yates, Jr., Attorney in Fact
105 South Fourth Street
Artesia, New Mexico 88210
Telephone: 505/748-4346
FAX: 505/748-4572 25.00000%

TOTAL 100.00000%

LEASEHOLD ESTATE:

ONY USA WTP Limited Partnership
Attn: Primary Landman-New Mexico
P.O. Box 50259
Midland, TX 79710
Telephone: 915/685-5769
FAX: 915/685-5742 20.31250%

McCombs Energy, LLC
Attn: Larry Wyant
5599 San Felipe, Suite 1200
Houston, TX 77056-2754
Telephone: 713/621-0033
FAX: 713/621-1679 20.31250%

Cactus Energy, Inc.
Attn: Richard H. Coats, President
P.O. Box 2412
Midland, TX 79702
Telephone: 915/684-5824
FAX: 915/686-7109 3.90625%

Thomas R. Smith, et ux
1409 SCR 1130
Midland, TX 79706
Telephone: 915/682-1753
FAX: 915/655-3277 1.56250%

Wendell W. Iverson, Jr., et ux
P.O. Box 285
Midland, TX 79702
Telephone: 915/684-4007
FAX: 915/686-7109 3.90625%

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210
Telephone: 505/748-4346
FAX: 505/748-4572 50.00000%

TOTAL 100.00000%



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach Sharbro Oil Ltd Co, 105 South Fourth Street, Artesia, NM 88210

1. Article

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) **PATTI CARLILE** B. Date of Delivery **NOV 15 2001**
- C. Signature *Patti Carlile* D. Agent Address ☐ Yes ☐ No
- delivery address different from item 1? ☐ Yes ☐ No
- YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

7001 0320 0004 4159 3368

102525 100 00-03-02

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach Pitch Energy Corp, PO Box 227, Artesia, NM 80210

1. Article

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) **MISTY McLEARY** B. Date of Delivery **11/13/01**
- C. Signature *Misty McLeary* D. Agent Address ☐ Yes ☐ No
- delivery address different from item 1? ☐ Yes ☐ No
- YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Domestic Return Receipt

7001 0320 0004 4159 3375

102525 100 00-03-02

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on Estate of Lillie M Yates deceased Frank Yates Jr, Attorney in Fact, 105 South Fourth St, Artesia, NM 88210

1. Article

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) **PATTI CARLILE** B. Date of Delivery **NOV 15 2001**
- C. Signature *Patti Carlile* D. Agent Address ☐ Yes ☐ No
- delivery address different from item 1? ☐ Yes ☐ No
- YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

PS Form 3811, July 1999

Don

7001 0320 0004 4159 3382

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on Myco Industries, Inc, 105 Fourth Street, Artesia, NM 88210

1. Article A

COMPLETE THIS SECTION ON DELIVERY

- A. Received by (Please Print Clearly) **PATTI CARLILE** B. Date of Delivery **NOV 15 2001**
- C. Signature *Patti Carlile* D. Agent Address ☐ Yes ☐ No
- delivery address different from item 1? ☐ Yes ☐ No
- YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

PS Form 3811, July 1999

7001 0320 0004 4159 3429

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach or on

Cactus Energy, Inc
PO Box 2412
Midland, TX 79702
Attn: Richard H Coats Pres.

1. Article

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Richard H Coats B. Date of Delivery 11/13/01

C. Signature [Signature] ☐ Agent ☐ Addressee
delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

7001 0320 0004 4159 3412
Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if no return address is required.

1. Article
Wendell W Iverson Jr et ux
PO Box 205
Midland, TX 79702

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Wendell W Iverson Jr B. Date of Delivery 11/13/01

C. Signature [Signature] ☒ Agent ☐ Addressee
delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

7001 0320 0004 4159 3436
PS Form 3811, July 1999

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if no return address is required.

1. Article
Thomas R Smith et ux
1409 SCR 1130
Midland, TX 79706

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Thomas R Smith B. Date of Delivery 11/13/01

C. Signature [Signature] ☐ Agent ☐ Addressee
delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

7001 0320 0004 4159 3405
Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if no return address is required.

1. Article
McCombs Energy, LLC
5599 San Felipe Ste 1200
Houston, TX 77056-2794
Attn: Larry Wyent

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Larry Wyent B. Date of Delivery 11/13/01

C. Signature [Signature] ☐ Agent ☐ Addressee
delivery address different from item 1? ☐ Yes ☐ No
YES, enter delivery address below:

OXY USA
West Upper Penn Pool
December 6, 2001
11/13/01

2. Article Number (Copy from service label)

7001 1140 0002 5603 8477
Domestic Return Receipt

PS Form 3811, July 1999

102595-00-M-0952