

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

**APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP
FOR A DISCOVERY OIL ALLOWABLE, POOL CREATION CASE 12776
AND ADOPTION OF SPECIAL RULES FOR THE
WEST UPPER-PENNSYLVANIAN POOL,
EDDY COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA WTP Limited Partnership, as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

OXY USA WTP Limited Partnership
580 Westlake Park Blvd.
Houston, TX 77079
c/o Rick Foppiano
(281) 552-1303

ATTORNEY

W. Thomas Kellahin
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STATEMENT OF THE CASE

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.

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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.

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PROPOSED EVIDENCE

APPLICANT:

WITNESSES

Richard E. Foppiano (PE)
Tom Smith (geology)

EST. TIME EXHIBITS

30 min. @ 4 exhibits
20 Min @ 3 exhibits

PROCEDURAL MATTERS

None anticipated

KELLAHIN AND KELLAHIN

By: 

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