

OIL CONSERVATION DIVISION
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July 19, 1991

Mr. Michael E. Stogner
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

TELECOPY: (505) 827-5741

Re: Application of OXY USA, Inc.
for an Order Affecting its
Citgo Empire-Abo Pressure
Maintenance Project,
NMOCD Case No. 10356

Dear Mr. Stogner:

Our firm represents OXY USA, Inc. and has filed the referenced application which is now set for hearing on your docket for July 25, 1991.

On June 5, 1991, representatives of OXY and ARCO and their respective attorneys met with you and representatives of the Division concerning the docketing of previously submitted applications by both companies raising issues against each other concerning their respective Empire Abo projects.

The Division advised that it was unwilling to docket the ARCO show cause application against OXY and visa-versa. As a result of the Division suggestions at that meeting, we amended our application to include additional issues concerning these projects.

Mr. Michael E. Stogner
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By letter dated July 12, 1991, but not received by me until July 16, 1991, Mr. Carr, on behalf of ARCO, again seeks to docket what amounts to another show cause application against OXY. Mr. Carr's letter contains certain erroneous contentions which he submits to you as statements of fact. In addition, the ARCO application is predicated upon unsupported allegations which OXY believes to substantially misrepresent the OXY operations.

At OXY's request, two meetings have been held with ARCO personnel since the June 5th Division meeting. At the first meeting, OXY presented calculations contesting ARCO's allegations of unit overproduction. Despite this, ARCO has refused on both occasions to even discuss the basis of their allegations, much less make any reasonable attempts to reach a mutually satisfactory solution.

ARCO continues to frustrate OXY's ability to try to resolve these questions, even though the Division has suggested that the parties settle the disputes. In addition, ARCO continues to request more and more data from OXY. I have just received another letter from Mr. Carr dated July 17th in which he has a two page list of additional data requests.

Accordingly, as a result of ARCO continued unwillingness to co-operate, OXY is unable to properly prepare for hearing on July 25, 1991. Therefore, OXY hereby moves the Division to continue the OXY case until August 23, 1991 and to dismiss with prejudice the ARCO application filed by letter of July 12, 1991.

Further, OXY requests that a pre-hearing conference be docketed on August 8, 1991 to have the Division establish the procedures for hearing of this matter including determining what data will be produced and when the data for all parties will be exchanged.

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I anticipate that it will take an entire day to present this case to the Division and request that this case appear on a supplemental docket for Division hearing on Friday, August 23, 1991.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', with a large, sweeping flourish extending from the end of the signature.

W. Thomas Kellahin

WTK/ept

cc: Mr. Richard Foppiano
OXY USA, Inc.
Post Office Box 50250
Midland, Texas 79710

Copy Hand Delivered to William F. Carr.