



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 22, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

OXY USA WTP Limited Partnership
P. O. Box 50250
Midland, Texas 79710-0250

Attention: David Stewart
david_stewart@oxy.com

Administrative Order NSL-5018

Dear Mr. Stewart:

Reference is made to the following: (i) your application dated February 20, 2004 (*administrative application reference No. pLR0-405647574*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe: all concerning OXY USA WTP Limited Partnership's ("OXY") request for a non-standard deep gas well location to be applicable to any and all formations and/or pools from the top of the Wolfcamp to the base of the Morrow formation that are:

- (1) developed on 320-acre spacing; and
- (2) governed under the provisions of either Division Rule 104.C (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which presently includes but is not necessarily limited to the North Hackberry-Morrow Gas Pool (96785).

The E/2 of Section 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico is to be dedicated to this well in order to form a standard 320-acre stand-up deep gas spacing unit.

This application has been duly filed under the provisions of Division Rule 104.F, as revised.

The geological interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the deeper Morrow interval, which is the primary zone of interest, then a well drilled at a location considered to be standard within the S/2 SE/4 of Section 26. Furthermore, topographic conditions further restrict placement of a drilling pad in Unit "O" of Section 26.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the following described well to be drilled at an unorthodox deep gas well location within this 320-acre unit is hereby approved:

OXY Pal Federal Well No. 1
760' FSL & 2020' FEL (Unit O).

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad