

February 6, 1997

Oxy USA, Inc. P.O. Box 50250 Midland, Texas 79710-0250

Attention: Mr. Rick Foppiano

Re: Positive Production Response - Myers Langlie-Mattix Waterflood Project.

Dear Mr. Foppiano:

Pursuant to your request dated November 1, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the Myers Langlie-Mattix Waterflood Project on August 1, 1995.

All Langlie-Mattix Pool producing wells within the following described area, which currently number nineteen as shown on Exhibit 'A' of Division Order R-4680-A, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),

NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4

SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 NE/4

(equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4

and NE/4 SE/4 SE/4

Oxy USA, Inc. shall notify the Division:

a) of the change in status of any of the producing wells shown on Exhibit 'A' of R-4680-A;

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- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

William J. LeMay

Division Director

xc: File: EOR-23