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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
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September 18, 1999

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

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

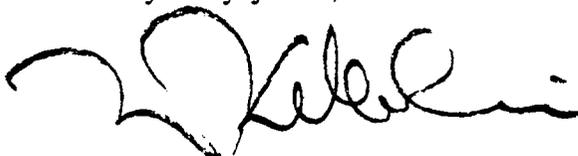
*Re: Application of OXY USA Inc.
for salt water disposal for its
Government "AB" Well No. 9
Eddy County, New Mexico.*

On behalf of OXY USA, Inc., please find enclosed our a copy of its referenced application. This case has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for October 21, 1999. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico.

As 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. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, October 15, 1999, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

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JASON KELLAHN (RETIRED 1991)

September 17, 1999

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **APPLICATION FOR HEARING**
Government Well No. 9
Unit A Section 10, T20S, R28E, NMPM
Application of OXY USA, Inc.
for Salt Water Disposal,
Eddy County, New Mexico

99 SEP 17 AM 7:25
OIL CONSERVATION DIV

Dear Ms. Wrotenbery:

On July 28, 1999, the Division received OXY USA, Inc.'s ("OXY") administrative application (Division Form C-108) for approval to convert the referenced well to salt water disposal well in the Bone Springs formation of the Old Millman Ranch-Bone Springs Associated Pool.

OXY has been advised by the Division that there are one or two potential "problem wells" within the one-half mile radius of review for this salt water disposal well which, in the absence of a hearing, will require OXY to undertake remedial work on those wellbores to insure that these wellbores will not allow produced water introduced in the Bone Springs formation to escape from that formation.

OXY requests that this matter be set for hearing on the next available Examiner's docket now scheduled for October 21, 1999 so that OXY can present evidence to demonstrate that salt water disposal can be approved for this well without requiring the workover these wellbores.

Oil Conservation Division
September 17, 1999
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We have enclosed a suggested notice of hearing for this case and have sent notice to the affected owners/operators set forth on Exhibit "A" attached.

Very truly yours,

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

W. Thomas Kellahin

cc: OXY USA, Inc.
Attn: Richard E. Foppiano