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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

September 17, 1999

HAND DELIVERED

12265

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

CLERK OF DISTRICT COURT
50 SEP 17 AM 7:25

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 over the typed name.

W. Thomas Kellahin

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

SERVICE LIST - C-108 APPLICATION
OXY USA INC.
GOVERNMENT AB #9
SEC 10 T20S R28E

STATE OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505
CCR - Z 236 294 008

STATE OF NEW MEXICO
ENERGY & MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
811 S. 1ST STREET
ARTESIA, NM 88210-2834
CCR - Z 236 294 009

SURFACE OWNER:

UNITED STATES DEPT OF INTERIOR
BUREAU OF LAND MANGEMENT
2909 WEST SECOND STREET
ROSWELL, NM 88201
CCR - Z 236 294 010

PARDUE LTD.
P.O. BOX 2018
CARLSBAD, NM 8821-2018
CCR - Z 236 294 005

OFFSET OPERATORS:

CHI OPERATING INC.
P.O. BOX 1799
MIDLAND, TX 79702
CCR - Z 236 294 006

HILLIN PRODUCTION CO.
P.O. BOX 152
ODESSA, TX 79760
CCR - Z 236 294 007

OXY USA INC.
P.O. BOX 50250
MIDLAND, TX 79710-0250



Proposed notification/advertisement for OCD docket

Case 12265: Application of OXY USA Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks approval to convert its Government Well No. 9, with a surface location of 330 feet FNL and 230 feet FEL and a subsurface location 772 feet FNL and 660 feet FEL (Unit A) of Section 10, T20S, R28E, NMPM, to a salt water disposal well by injection in the perforated interval from 6378 feet to 6619 feet of the Bone Springs formation of the Old Millman Ranch-Bone Springs Associated Pool. This well is located approximately 15 miles east of Seven Rivers, New Mexico