



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

August 23, 1999

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: David Stewart

Administrative Order NSL-4349

Dear Mr. Stewart:

Reference is made to your application dated July 30, 1999 for OXY USA, Inc. to drill its proposed OXY Skinny Saloon Federal Well No. 1 at an unorthodox Morrow gas well location 660 feet from the South and East lines (Unit P) of Section 11, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

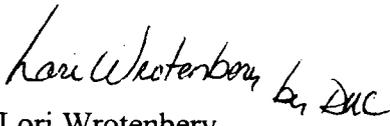
The S/2 of Section 11, being a standard 320-acre lay-down gas spacing and proration unit for either the Undesignated Logan Draw-Morrow Gas Pool or the Undesignated Crow Flats-Morrow Gas Pool, is to be dedicated to this well.

The geologic 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 Morrow formation than a well drilled at a location considered to be standard within the SE/4 of Section 11.

The application has been duly filed under the provisions of New Mexico Oil Conservation Division ("Division") Rule 104.F.

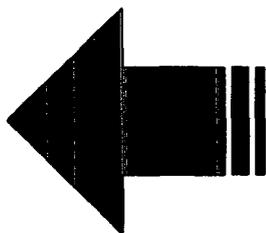
By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
U. S. Bureau of Land Management - Santa Fe



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