

ABOVE THIS LINE FOR DIVISION USE ONLY

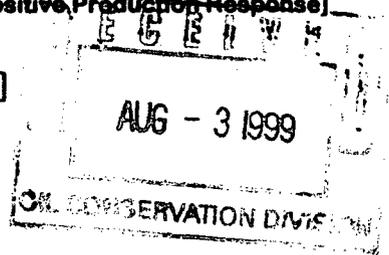
NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, ~~or personnel under my supervision~~, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

*Note: Statement must be completed by an individual with supervisory capacity.

David Stewart
Print or Type Name

David Stewart
Signature

Regulatory Analyst
Title

7/30/99
Date



OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

July 30, 1999

New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Attention: Mr. Michael E. Stogner

Re: ***Application of OXY USA Inc. for Unorthodox Well Location
OXY Skinny Saloon Federal #1
660 FSL 660 FEL Unit P Sec 11 T17S R27E
Eddy County, New Mexico***

Dear Mr. Stogner:

OXY USA Inc. respectfully requests administrative approval under Rule 104 (F) to drill and produce the referenced well at a non-standard gas well location for 320-acre spacing. OXY proposes to designate the south half of this section as a 320-acre spacing unit for production from any deep gas pool spaced on 320 acres, including but not limited to the Undesignated Crow Flats Morrow Gas Pool, and/or the Undesignated Logan Draw Morrow Gas Pool.

The need for the unorthodox location is due to the geology of the Morrow. Attached is a productive limit map that reveals the Morrow channel to be very localized. The potential for commercial production improves dramatically by moving the well location closer to the common boundary line between sections 11 and 12. Drilling the proposed OXY Skinny Saloon Federal #1 well 660 feet from this common boundary line affords us a greater chance of intersecting sufficient Morrow porosity to obtain commercial production than if we drilled at the most easterly orthodox location in SE/4 of section 11, hence the need for the NSL authority.

Also attached are a lease plat, Form C-102 and a "service list" which identifies all affected parties as defined in Rule 104 (F) (3). A copy of this cover letter and lease plat have been sent certified mail, return receipt requested, to all parties on the service list. By copy of this letter they are hereby notified that if they have any objection it must be filed within twenty days from the date of this notice.

NMOCD approval of this request will aid in protecting OXY's correlative rights and prevent waste. If I can provide any additional information to aid in processing this request, please call me at (915) 685-5717. Thank you for consideration of our application.

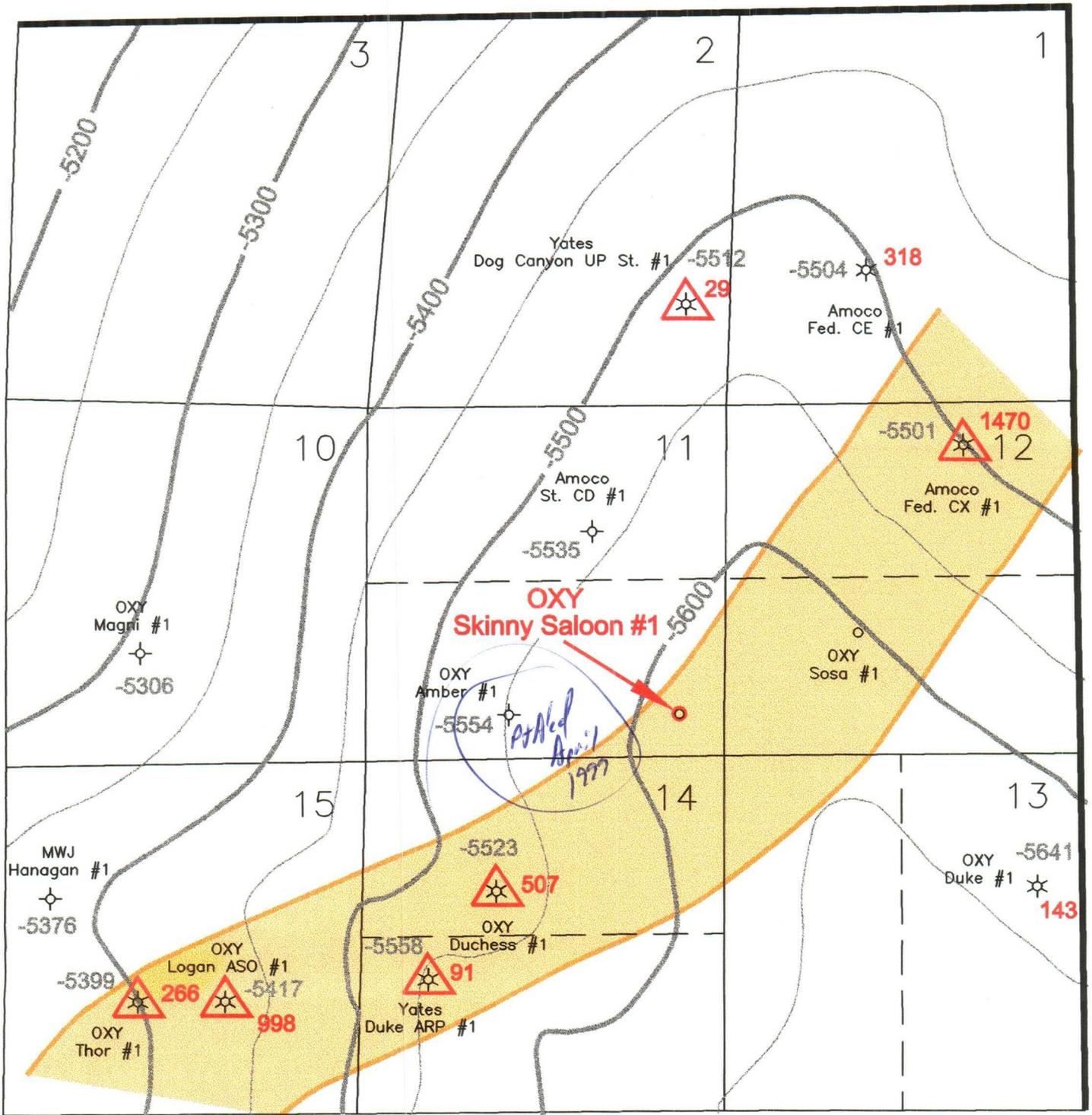
Sincerely,

David Stewart
Regulatory Analyst
OXY USA Inc.

Attachments

CC: NMOCD – Artesia Office
BLM – Roswell Office
R. Foppiano – OXY USA Inc.
Service List

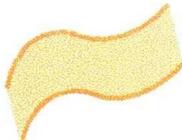
R 27 E



T
17
S

Atoka Structure
C.I.=50 ft.

 **-5417 1254** Morrow Cum (MMCF)
producing from "Duchess Sand"

 Estimated Extent
of "Duchess Sand"

R.L. Doty
7/99



OXY USA INC.
EXPLORATION AND PRODUCTION

PERMIAN ASSET GROUP - MIDLAND - DRAFTING SERVICES

SKINNY SALOON FED. #1

LOGAN DRAW AREA

EDDY COUNTY, NEW MEXICO



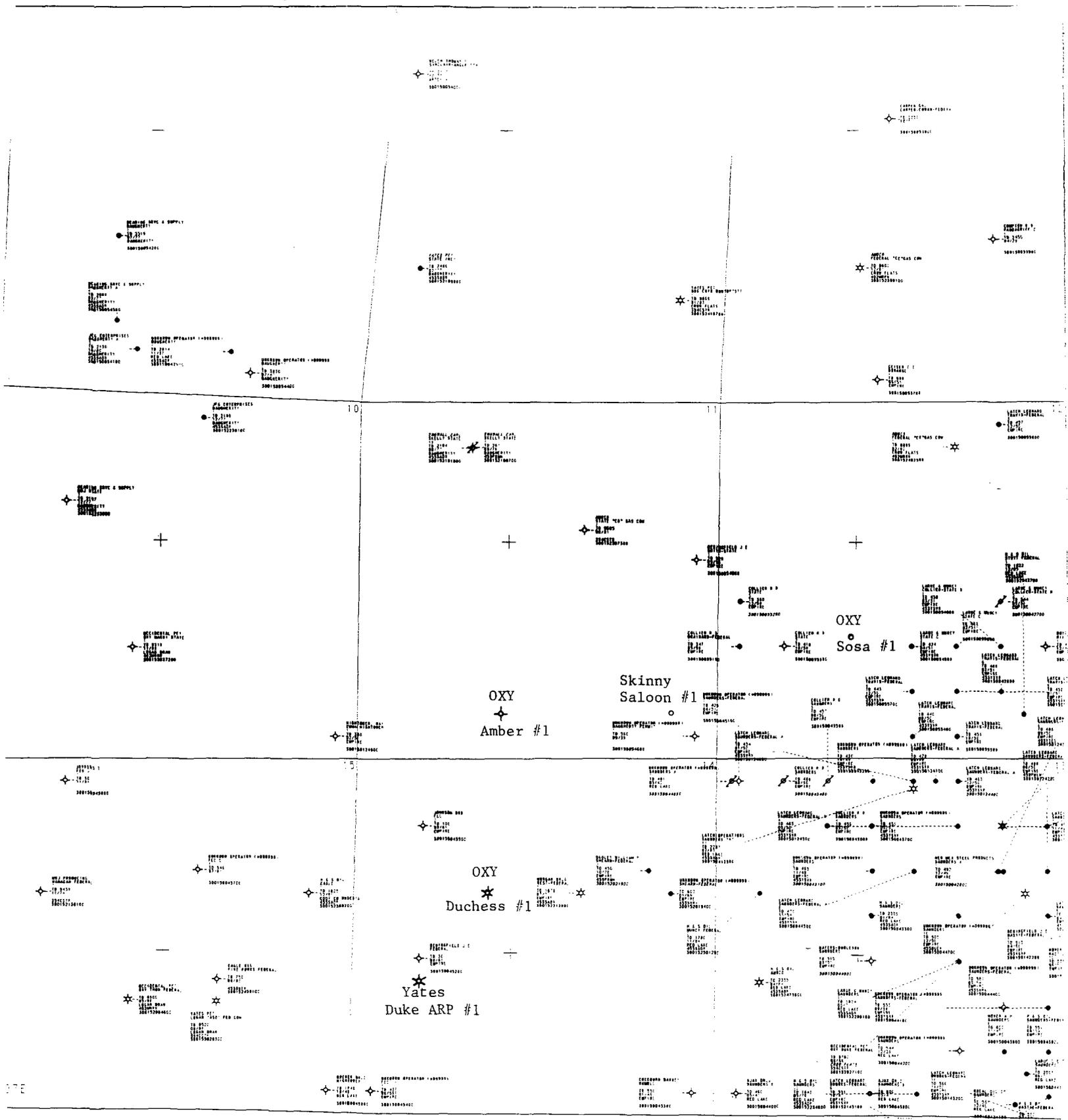
July 26, 1999

LEASE PLAT

OXY USA Inc.

OXY Skinny Saloon Federal #1

Sec 11 T17S R27E Eddy Cty NM



DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code 75720	Pool Name Undesignated Crow Flat Morrow
Property Code	Property Name Oxy Skinny Saloon Federal	Well Number 1
OGRID No. 16696	Operator Name Oxy USA Inc.	Elevation 3464'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	17 S	27 E		660	South	660	East	Eddy

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	N		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>Lat.: N32°50'36" Long.: W104°14'35"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i> Signature</p> <p>David Stewart Printed Name</p> <p>Regulatory Analyst Title</p> <p>7/30/99 Date</p>
	<p>3461.6' 3463.5' 3465.2' 3470.9'</p> <p>660' 660'</p>	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>July 15, 1999 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature & Seal of Professional Surveyor NEW MEXICO 7977</p> <p>W.O. No. 9256A Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR BASIC SURVEYS</p>

**SERVICE LIST
OXY USA INC.
OXY SKINNY SALOON FEDERAL #1
SEC 11 T17S R27E
EDDY COUNTY, NM**

McCombs Energy, LLC
Attn: Larry Wyont
5599 San Felipe, Ste. 1200
Houston, TX 77056-2794

Wilson & Barr
Pathfinder Exploration Co.
500 W. Texas, Ste. 1220
Midland, TX 79701

Andrews & Corkran, LLC
1001 Loop 360 S., Bldg L, Ste. 100
Austin, TX 78746

Yates Petroleum Corp.
Abo Petroleum Corp.
Myco Industries, Inc.
Yates Drilling Co.
105 S. 4th Street
Artesia, NM 88210

J. Cleo Thompson &
James Cleo Thompson Jr.
Attn: Eddie Ayers
325 Saint Paul St., Ste. 4500
Dallas, TX 75201-3828

Mark D. Wilson
Rio Pecos Corp.
4501 Green Tree Blvd.
Midland, TX 79707

Cannon Exploration Co.
3608 SCR 1184
Midland, TX 79706

Hollyhock Corp.
3907 Crestgate Ave.
Midland, TX 79707

Tarajon Corp.
6003 Meadow View Lane
Midland, TX 79707

Sol West, III
P.O. Box 10151
El Paso, TX 79992-0151

Martin Living Trust
400 W. Illinois, Ste. 1120
Midland, TX 79701-4310

R. Ken Williams
P.O. Box 10626
Midland, TX 79702-7626

Judson Operations, LTD
P.O. Box 3340
Midland, TX 79702-3340

Texaco E&P Inc.
Attn: Ronald W. Lanning
P.O. Box 3109
Midland, TX 79702-3109

Harvey E. Yates Co.
Attn: Vernon D. Dyer
P.O. Box 1933
Roswell, NM 88202-1933

Yates Energy Corp.
Attn: Fred G. Yates
P.O. Box 2323
Roswell, NM 88202-2323

Jalapeno Corp.
Attn: Harvey E. Yates, Jr.
P.O. Box 484
Albuquerque, NM 87103-0484

Southwestern Energy Prod. Co.
Attn: Samuel G. Thompson
2350 N. Sam Houston Pkwy, E.
Houston, TX 77032

OXY USA Inc.
P.O. Box 50250
Midland, TX 79710-0250

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/05/99 11:10:23
OGOMES -TPVE
PAGE NO: 1

Sec : 11 Twp : 17S Rng : 27E Section Type : NORMAL

<p>D 40.00 Federal owned</p>	<p>C 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>B 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>A 40.00 Federal owned</p>
<p>E 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>F 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>G 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>H 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/05/99 11:10:32
OGOMES -TPVE
PAGE NO: 2

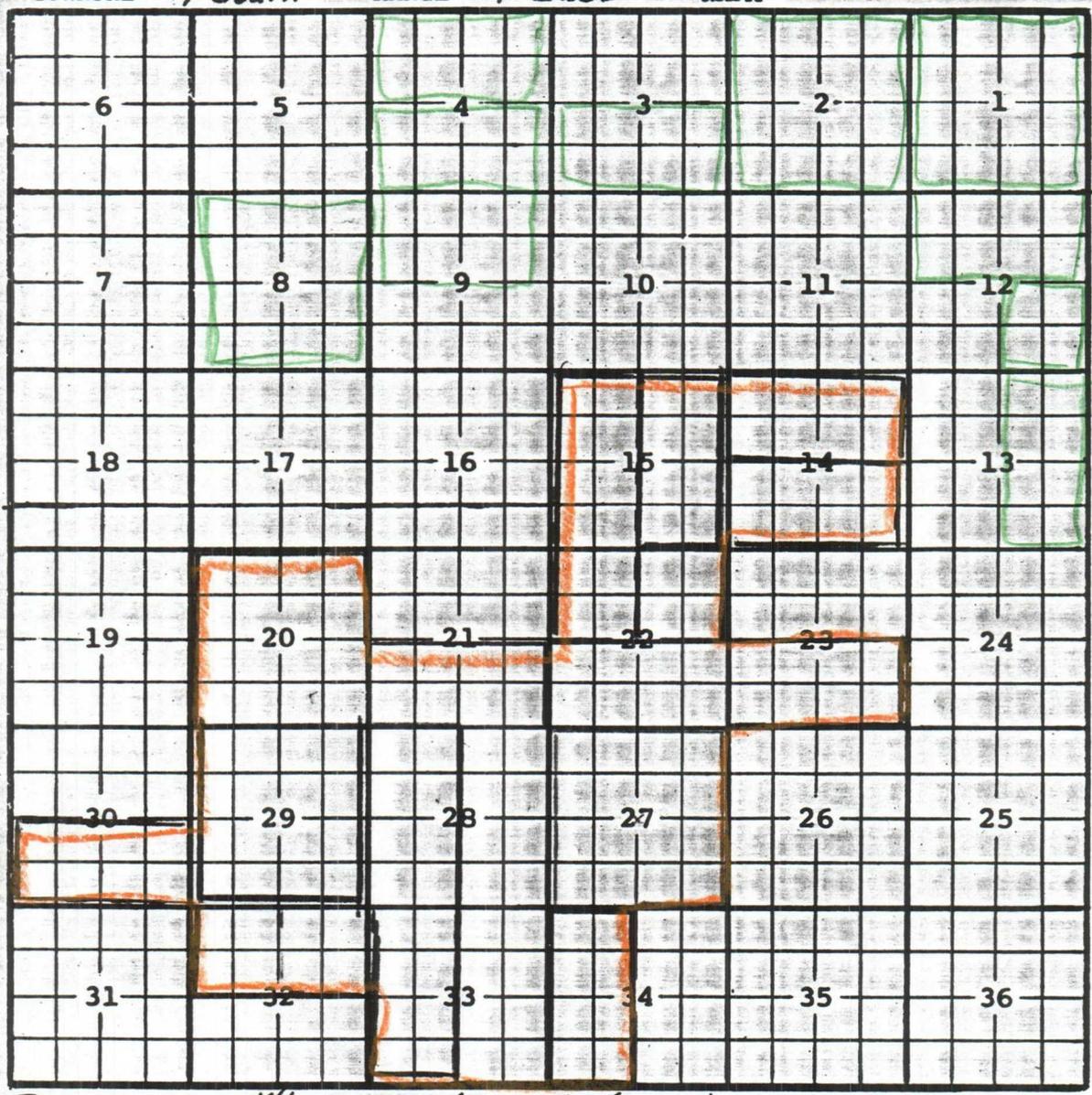
Sec : 11 Twp : 17S Rng : 27E Section Type : NORMAL

<p>L 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>K 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>J 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>I 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>
<p>M 40.00 CS V05102 0000 07/02 SOUTHWESTERN ENER</p>	<p>N 40.00 Federal owned A</p>	<p>O 40.00 Federal owned</p>	<p>P 40.00 Federal owned</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

COUNTY Eddy POOL Logan Draw - Morrow Gas

TOWNSHIP 17 South RANGE 27 East NMPM



*Crow
Flats
Morrow*

Description: $\frac{1}{2}$ Sec. 34 (R-3758, 6-1-69)
Ext: All Sec 27 (R-4734, 3-1-74) Ext: All Sec. 20, $\frac{5}{2}$ Sec. 21,
 $\frac{E}{2}$ Sec. 28, $\frac{E}{2}$ Sec. 33 (R-6328, 5-1-80) Ext: All Sec. 29 (R-10619, 7-2-96)
Ext: $\frac{W}{2}$ Sec. 28, $\frac{W}{2}$ Sec. 33 (R-10787, 4-9-97)
Ext: $\frac{N}{2}$ Sec. 32 (R-10822, 6-16-97) Ext: $\frac{S}{2}$ Sec. 22, $\frac{S}{2}$ Sec. 23 (R-10844, 7-16-97)
Ext: $\frac{W}{2}$ Sec. 15, $\frac{NW}{4}$ Sec. 22 (R-11013, 7-30-98) Ext: $\frac{E}{2}$ Sec. 15 (R-11120, 1-21-99)
Ext: $\frac{N}{2}$ Sec. 14, $\frac{NE}{4}$ Sec. 22 (R-11160, 4-7-99) Ext: $\frac{S}{2}$ Sec. 14 (R-11172, 5-5-99)
Ext: $\frac{S}{2}$ Sec. 30 (R-11203, 6-14-99)