



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 15, 2006

OXY USA WTP Limited Partnership

Attn: Mr. David Stewart

Sr. Regulatory Analyst

P.O. Box 50250

Midland, TX 79710-0250

Administrative Order NSL-5487

Re: Lucky Dog Federal Com Well No. 2
API No. 30-015-34024
Unit I, Section 33, Twsp 16S, Range 27E
Eddy County

Dear Mr. Stewart:

Reference is made to the following:

- (a) your application (**administrative application reference No. pDRC06-28948605**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 16, 2006,
- (b) your electronic mail communications dated November 6 and November 13, 2006, and
- (c) the Division's records pertinent to your request.

OXY USA WTP Limited Partnership (OXY) has requested to complete its Lucky Dog Federal Com. Well No. 2 (API No. 30-015-34024) at an unorthodox Strawn and Upper Penn gas well location. This is a directional well that was drilled from a surface location 2330 feet from the South line and 660 feet from the East line (Unit I) of Section 33, Township 16 South, Range 27 East, N.M.P.M., in Eddy County, New Mexico, to a standard bottom hole location in the Morrow formation, 1635 feet from the South line and 779 feet from the East line of Section 33.

OXY now seeks to complete this well in the Strawn interval at a completion location 2240 to 2243 feet from the South line and 737 to 738 feet from the East line of Section 33, and in the Upper Penn interval at a completion location 2332 to 2334 feet from the South line and 735 feet from the East line of Section 33. The S/2 of Section 33 will be dedicated to this well to form a standard 320-acre gas spacing unit in Wildcat Upper Penn (96072) and in the West Crow Flats-Strawn Gas Pool (97476).

This location is governed by statewide Rule 104.C(2), which provides that a well shall be located at least 660 feet from any unit boundary. This well is located approximately 400 feet in the Strawn, and 307 in the Upper Penn, from the eastern boundary of the unit.

OXY's application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that this well was directionally drilled from an unorthodox surface location due to surface topography, with the intention that it would be completed in the Morrow at a standard location. Upon encountering production potential in the Strawn and Upper Penn, OXY sought this NSL approval in order to utilize the existing wellbore.

We further understand that due notice of this application has been given to all owners of working interests the N/2 of Section 33, the only unit toward which this location encroaches.

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

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad