



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 6, 1996

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

Administrative Order NSL-3705

Dear Mr. Stewart:

Reference is made to your application dated August 16, 1996 to drill the proposed Oxy "22" Federal Well No. 1 at an unorthodox gas well location 660 feet from the South line and 1060 feet from the West line (Unit M) of Section 22, Township 20 South, Range 28 East, NMPM, to test the Undesignated South Burton-Yates Gas Pool, Eddy County, New Mexico.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

It is our understanding that it is necessary for OXY to drill at the proposed unorthodox location in order to satisfy the United States Bureau of Land Management's request to avoid a cave/karst feature.

The SW/4 of said Section 22 shall be dedicated to the well to form a standard 160-acre gas spacing and proration unit for the subject pool.

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

Sincerely,

by William J. LeMay
Reputy Dir.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad