



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

April 19, 1999

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

*Administrative Order NSL-4258*

Dear Mr. Stewart:

Reference is made to your application dated March 26, 1999 for OXY USA, Inc. to drill its proposed Oxy Wallace State Well No. 3 (API No. 30-015-30608) at an unorthodox Morrow gas well location 1800 feet from the South line and 660 feet from the West line (Unit L) of Section 9, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

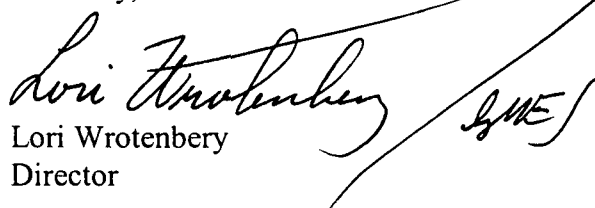
The S/2 of Section 9, being a standard 320-acre lay-down gas spacing and proration unit for either the Undesignated Logan Draw-Morrow Gas Pool or the Undesignated Crow Flats-Morrow Gas Pool, is to be dedicated to this well.

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 SW/4 of Section 9.

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