3/29/99	4/19/99	MS	KV	NSL

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]

RECEIVED
MAR 29 1999
OIL CONSERVATION DIVISION

[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	[signature]	Regulatory Analyst	3/26/99
Print or Type Name	Signature	Title	Date

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

March 26, 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 Wallace State #3
1800 FSL 660 FWL Unit L Sec 9 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 8 and 9. Drilling the proposed OXY Wallace State #3 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 westerly orthodox location in SW/4 of section 9, hence the need for the NSL authority. This location is also necessary to protect our S/2 proration unit from drainage by the recently drilled Yates/Riverside ASS State #1 well, located 660 feet on the other side of this common boundary line. Yates Petroleum Corporation has waived any protest to this request (see attached waiver).

OXY currently operates another well on this same proration unit, the OXY Wallace State #2. This well is perforated in the Atoka and is currently Shut-In, pending engineering evaluation of completion in an upper zone.

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.

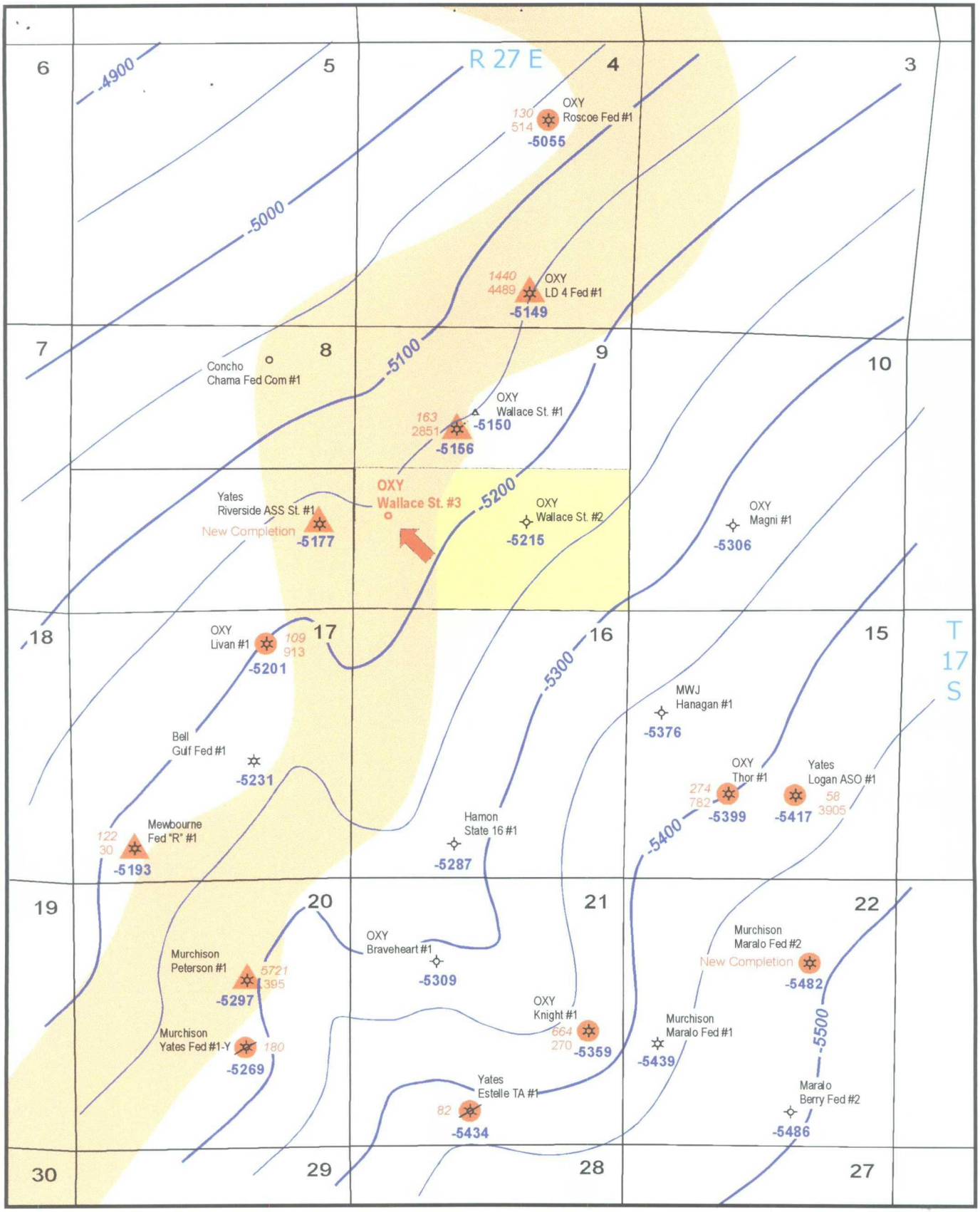
NMOCD approval of this request will aid in protecting OXY's correlative rights and prevent waste. If I can provide any additional information to aid in processing this request, please call me at (915) 685-5717. Thank you for consideration of our application.

Sincerely,

David Stewart
Regulatory Analyst
OXY USA Inc.

Attachments

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



LD200-02.cdr

Morrow Completion

5721 Cummulative Production (MMCF)
395 Current Rate of Production (MCFD)

Completed in LD4 Morrow Channel

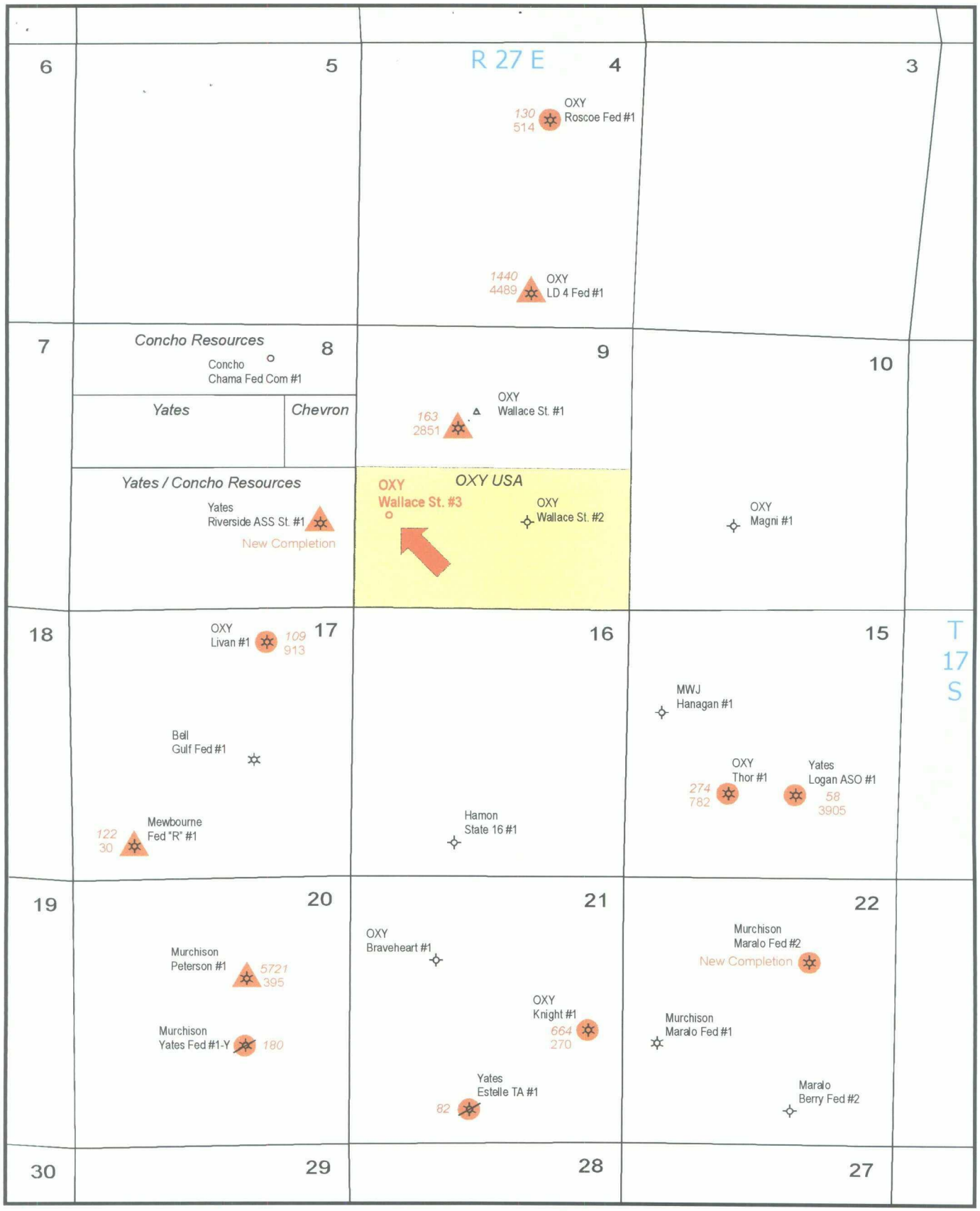
LD4 Channel Productive Area

Logan Draw
OXY Wallace St. #3
Eddy County, New Mexico

Atoka Structure and Morrow (LD-4 Channel) Productive Area

C.I. = 50 feet
2000 FT

Geol: R.L. Doty
Date: March, 1999



LD200-03.cdr

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OXY Wallace St. #3
Eddy County, New Mexico

Application for
Non Standard Location

2000 FT

Geol: R.L. Doty
Date: March, 1999

OXY USA Inc.
5 Greenway Plaza, Suite 2400
P.O. Box 27570, Houston, TX 77227-7570

November 23, 1998

Mr. Randy Patterson
Yates Petroleum Corp.
Artesia, NM

*** BY FAX **

Re: **Application of Yates Petroleum Corporation for Unorthodox Gas Well Location, Riverside ASS Federal Com Well No. 1, 1650 FSL & 660 FEL, S/2 of Section 8, Township 17 South, Range 27 East, Eddy County, NM**

Dear Randy:

OXY USA Inc. has reviewed the subject application. We agree to waive any objection to the subject unorthodox location, provided Yates waives any objection to an unorthodox well location that is no closer than 660 feet from the west line of Section 9 for any pools spaced on 320 acre spacing in the S/2 of Section 9, Township 17 South, Range 27 East.

Please evidence Yates' agreement by signing below and returning a copy to me. Thanks for your help on this, and good luck on your well. If you need anything else, please don't hesitate to call me at 713-215-7317. My fax number is 713-350-4618.

Sincerely,

Rick

Richard E. Foppiano, P.E.
Senior Advisor – Regulatory Affairs

REF: ref

YATES PETROLEUM CORPORATION

Agreed to this date by: John Yates Jr

Date signed: 11-25-98

SERVICE LIST
OXY USA INC.
OXY WALLACE STATE #3
SEC 9 T17S R27E
EDDY COUNTY, NM

Chevron U.S.A. Inc.
P.O. Box 1635
Houston, TX 77251

Chevron U.S.A. Inc.
P.O. Box 1150
Midland, TX 79702

Concho Resources, Inc.
110 W. Louisiana, Ste. 410
Midland, TX 79701

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210

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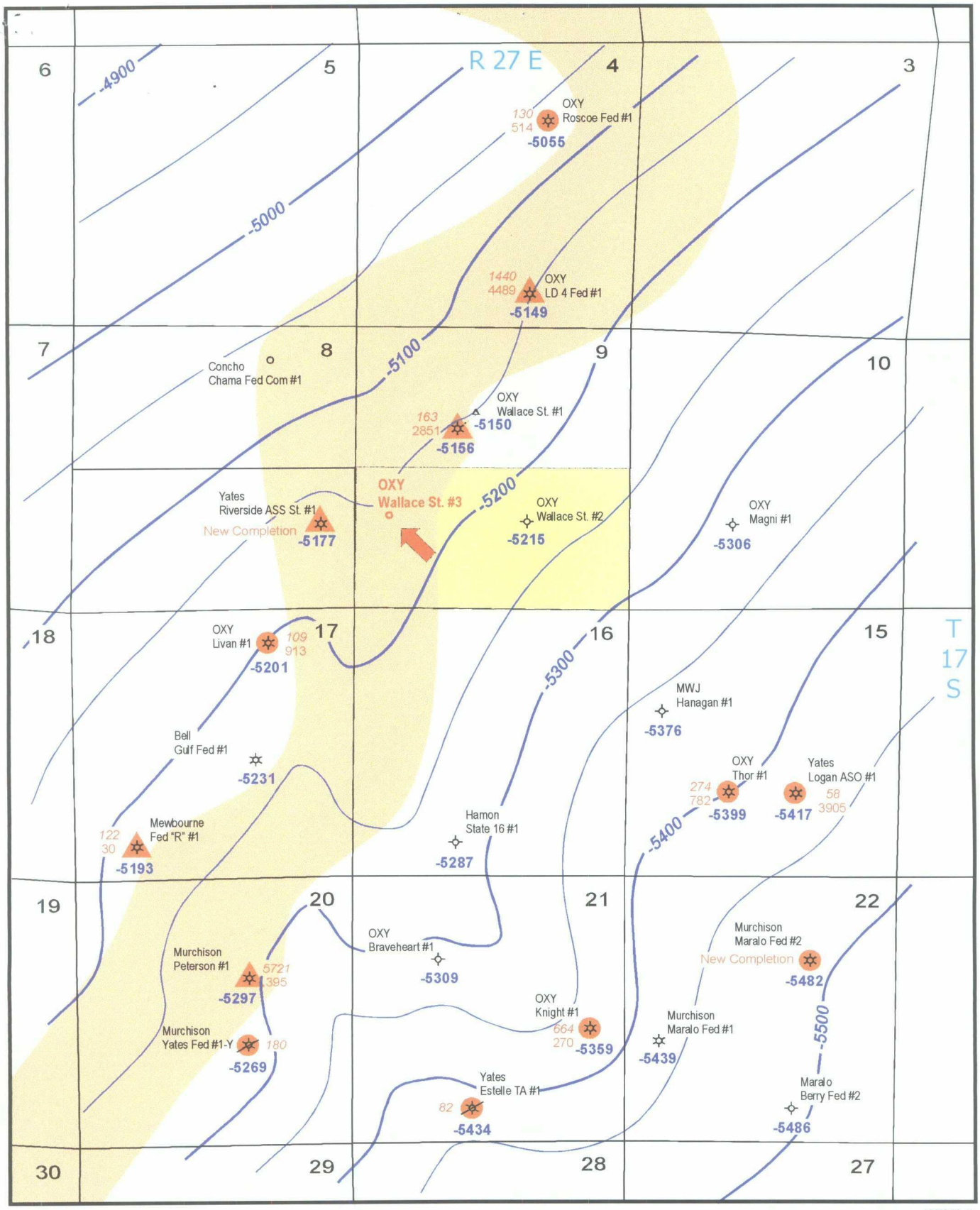

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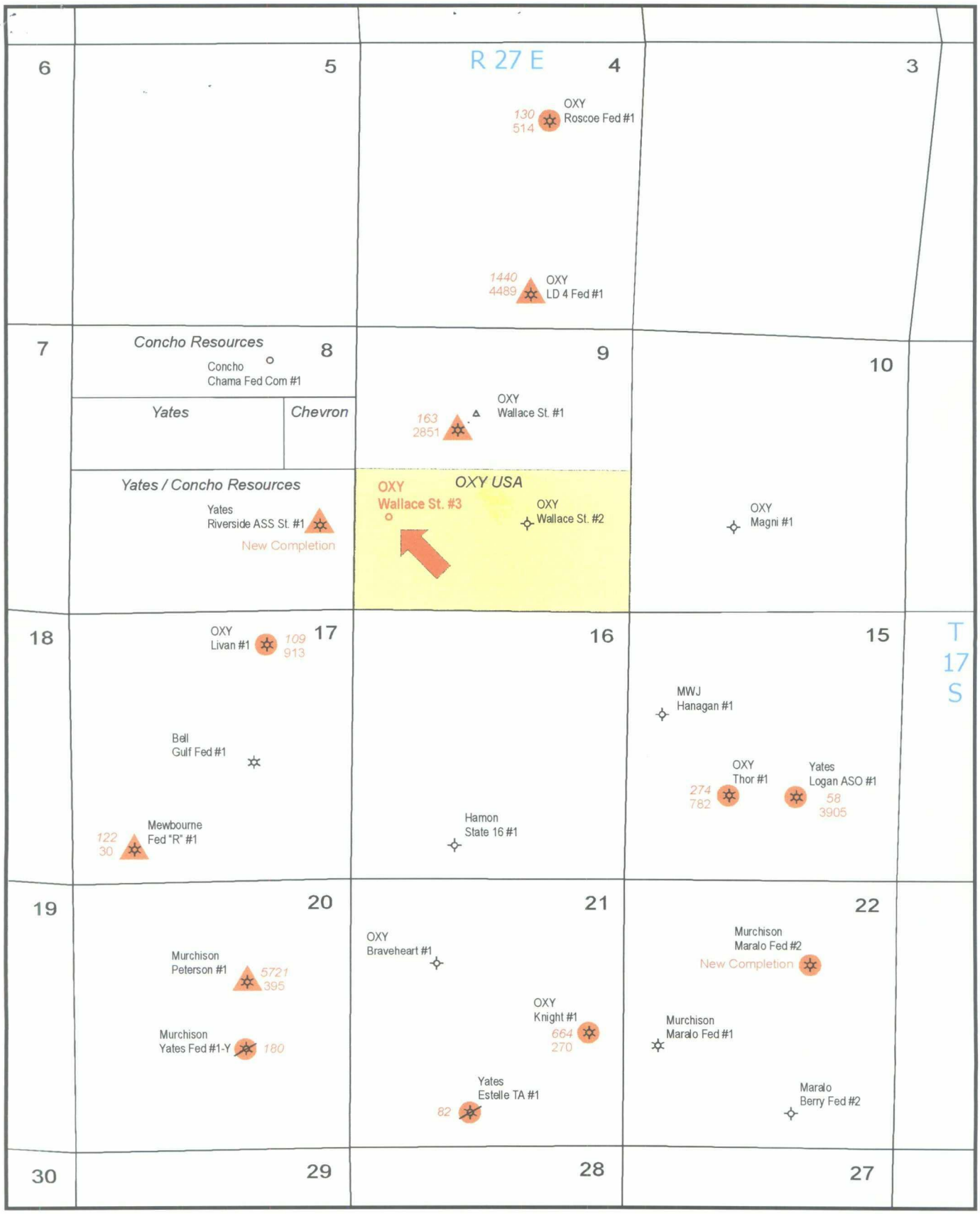

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Richard E. Foppiano, P.E.
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REF: ref

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110 W. Louisiana, Ste. 410
Midland, TX 79701

Yates Petroleum Corp.
105 S. Fourth St.
Artesia, NM 88210

CMD : ONGARD 04/05/99 11:10:43
OG5SECT INQUIRE LAND BY SECTION OGOMES -TPZI
PAGE NO: 2

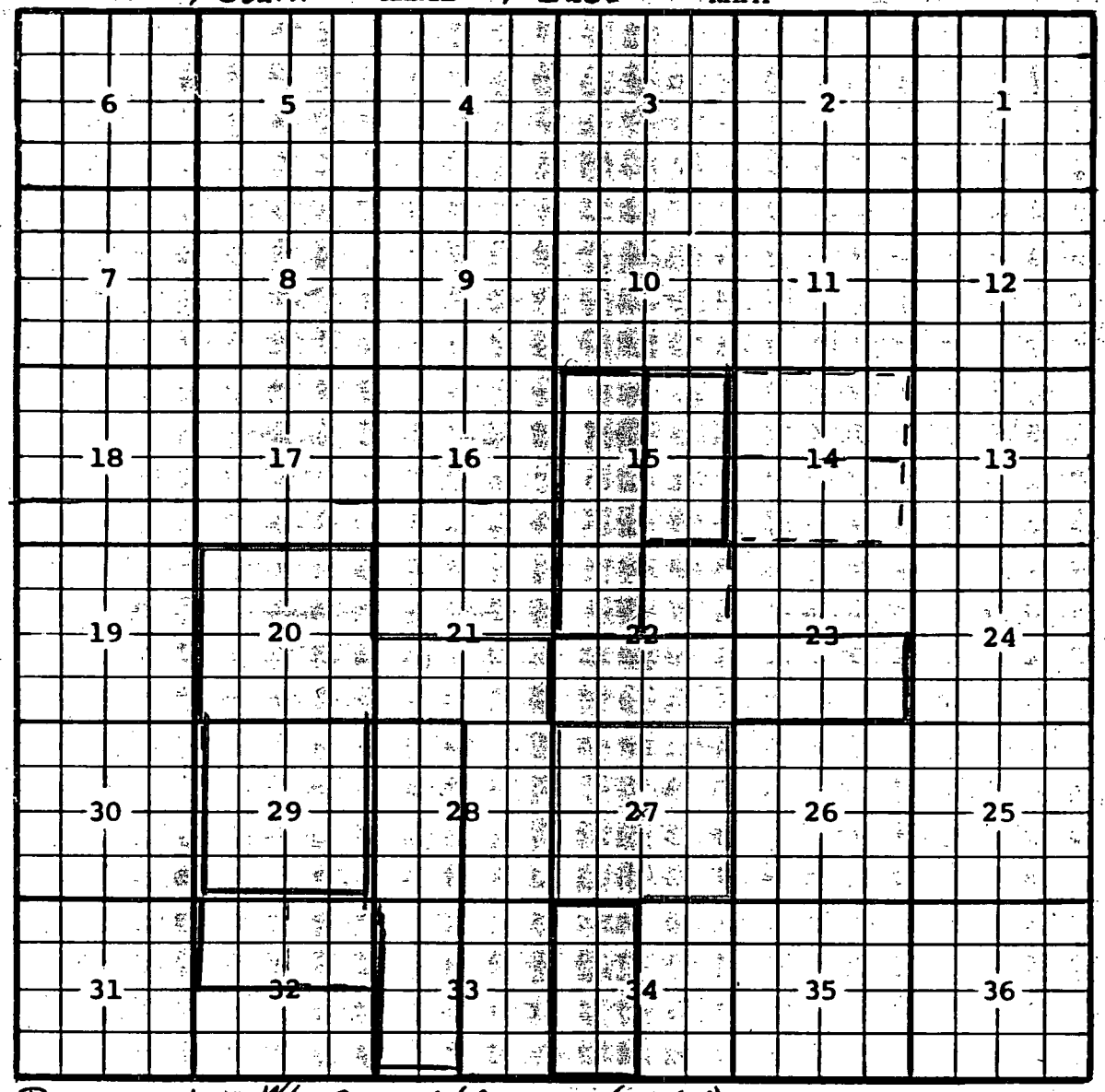
Sec : 09 Twp : 17S Rng : 27E Section Type : NORMAL

L	K	J	I
40.00 CS VA1527 0001 12/01 CHI ENERGY INC	40.00 CS VA1527 0001 12/01 CHI ENERGY INC	40.00 CS VA1527 0001 12/01 CHI ENERGY INC A	40.00 CS VA1527 0001 12/01 CHI ENERGY INC
M	**N**	**O**	**P**
40.00 Federal owned	40.00 Federal owned	40.00 Federal owned	40.00 Federal owned

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



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

County Eddy Pool Crow Flats-Morrow Gas

TOWNSHIP 17 South Range 27 East NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

EXT: All sec 1, N/2 sec 12 (R-6994, 5-28-82)

Ext: All Sec. 2 (R-7248, 3-30-83) Ext: S/2 Sec. 3, S/2 Sec. 4 (R-11013, [illegible]-30-98)

Ext: N/2 Sec. 4, SE/4 Sec. 12, E/2 Sec. 13 (R-11087, 12-10-98)

Ext: N/2 Sec. 9 (R-11120, 1-21-99)

CMD : ONGARD 04/05/99 11:10:32
OG5SECT INQUIRE LAND BY SECTION OGOMES -TPZI
PAGE NO: 1

Sec : 09 Twp : 17S Rng : 27E Section Type : NORMAL

D	C	B	A
40.00	40.00	40.00	40.00
Federal owned	Federal owned	Federal owned	Federal owned
C	C	C	C
E	F	G	H
40.00	40.00	40.00	40.00
CS	CS	CS	CS
E05313 0000 06/61	VA1527 0001 12/01	VA1527 0001 12/01	VA1527 0001 12/01
CHEVRON U S A INC	CHI ENERGY INC	CHI ENERGY INC	CHI ENERGY INC
C	C	C	C
		A	

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

```
CMD :                              ONGARD                          04/19/99 13:17:14
OG6C101             C101-APPLICATION FOR PERMIT TO DRILL              OGOMES -TP8C

OGRID Idn      :  16696 API Well No: 30  15 30608 APD Status(A/C/P): A
Opr Name,  Addr: OXY USA INC                        Aprvl/Cncl Date  : 04-05-1999
                 PO BOX 50250
                 MIDLAND,TX 79710

Prop Idn:  24438 OXY WALLACE STATE                                Well No:   3

               U/L Sec  Township Range  Lot Idn  North/South      East/West
               --- ---  -------- -----  -------  ------------    ------------
Surface Locn : L    9   17S      27E             FTG 1800 F S   FTG  660 F W
OCD U/L      : L    API County :  15

Work typ(N/E/D/P/A)      : N Well typ(O/G/M/I/S/W/C): G   Cable/Rotary (C/R) : R
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation :  3369

State Lease No:            Multiple Comp (Y/N)      : N
Prpsd Depth   :  9200 Prpsd Frmtn   : MORROW

        E0009: Enter data to modify record
PF01 HELP    PF02          PF03 EXIT    PF04 GoTo    PF05          PF06 CONFIRM
PF07         PF08          PF09 PRINT   PF10 C102    PF11 HISTORY PF12
```