

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 23, 2009

OXY USA, Inc.
Attn: Mr. David Stewart
P.O. Box 50250
Midland, TX 79710-0250

Administrative Order NSL-6082

Re: Federal 29 Well No. 1
API No. 30-015
330 feet FNL and 2510 feet FWL
Unit C, Section 29-23S-31E
Eddy County, New Mexico

Dear Mr. Stewart:

Reference is made to the following:

- (a) your application (**administrative application reference No. pWVJ0926138832**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 17, 2009, and
- (b) the Division's records pertinent to this request.

OXY USA, Inc. (OXY) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NE/4 SW/4 of Section 29 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated West Sand Dunes Delaware Pool (53815). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because all working interest owners in the offsetting unit to the east have waived



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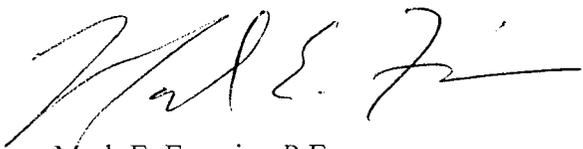
their right to protest, and OXY owns 100% of the working interest in the offsetting unit to the northeast.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to, Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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