

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy 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-6083

Re: Federal 29 Well No. 5
API No. 30-015
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. pWVJ09-26139149**) 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 as a horizontal well in the Delaware formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 330 feet from the North line and 2460 feet from the West line
(Unit C) of Section 29, Township 23S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 332 feet from the North line and 376 feet from the West line
(Unit D) of said section



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The N/2 NW/4 of Section 29 will be dedicated to the proposed well to form an 80-acre project area comprising two standard 40-acre spacing units 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 unorthodox because a portion of the producing interval will be less than 33 feet from the eastern boundary of the project area, and therefore outside the producing area.

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.

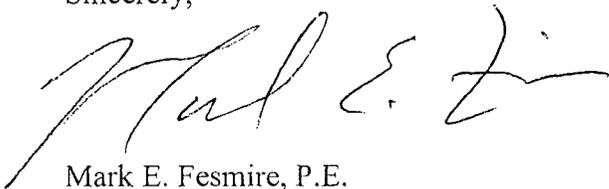
It is also understood that notice of this application to offsetting operators or owners is unnecessary because all working interest owners in the offsetting unit to the east have waived their right to protest, and OXY owns 100% of the working interest in the offsetting unit to the northeast.

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". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

Mark E. Fesmire, P.E.
Director

MEF/db

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