

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP 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

- [D] Other: Specify _____

RECEIVED
 FEB 24 2004
 Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

[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 Owners~~ in the W/2
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM ~~or BLM~~
 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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

~~NOTES: SIGNATURE MUST BE COMPLETED BY AN INDIVIDUAL WITH A POWER OF ATTORNEY OR SUPERVISORY CAPACITY.~~

David Stewart		Sr. Regulatory Analyst	2/20/04
Print or Type Name	Signature	Title	Date
		david_stewart@oxy.com	
		e-mail Address	



OXY USA WTP Limited Partnership

**PO Box 50250
Midland, TX 79710-0250**

February 20, 2004

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attention: Lori Wrotenbery

Re: ***Application for Administrative Approval of Unorthodox Gas Well Location
OXY Pal Federal #1 – 760 FSL 2020 FEL Unit O Section 26 T18S R30E
Eddy County, New Mexico***

Dear Ms. Wrotenbery:

OXY USA WTP Limited Partnership respectfully requests administrative approval under Rule 104 (F) of this application for the subject unorthodox gas well location. OXY proposes to designate the east half of the section as a 320-acre spacing unit and initially planned to stake the surface location at an orthodox location of 660 FSL 1980 FEL. However due to archeological and topographical reasons, the BLM required us to move the surface location to an unorthodox gas well location. The closest drillable location was at 760 FSL 2020 FEL, which makes the well 40 feet too close to the outer boundary of the spacing unit and encroaches on the W/2 spacing unit. Bob Doty, the geologist for this area has compiled and attached a narrative explaining the geological and topographic justification for the unorthodox location.

OXY will drill this well to test the Morrow formation (North Hackberry Morrow Gas Pool). Applicant requests unorthodox location approval for all gas zones below the top of the Wolfcamp to the base of the Morrow. To support this request, the following information has been submitted for your review:

1. BLM Form 3160-3 and NMOCD C-102 for the proposed well
2. Archaeological survey, topographic and location well pad map.
3. Isopach map with narrative.
4. List of affected offset parties which includes the affected offset operator and lessees in the W/2 of the section that own the right to drill and produce from the zones below the top of the Wolfcamp to the base of the Morrow, along with a copy of the certified letter. Copies of the signed certified receipts will be furnished upon request.

If you need any additional information, please call me at 432-685-5717.

Sincerely,

David Stewart
Sr. Regulatory Analyst
OXY USA WTP LP

Attachments

CC: NMOCD-Artesia
BLM-Roswell
Rick Foppiano-OXY-Houston

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-025503
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator OXY USA WTP Limited Partnership		7. Unit or CA Agreement Name and No.
3a. Address P.O. Box 50250 Midland, TX 79710-0250	3b. Phone No. (include area code) 432-685-5717	8. Lease Name and Well No. OXY Pal Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 760 FSL 2020 FEL SWSE(0) At proposed prod. zone		9. API Well No. 30-015- <i>No Yet Assigned</i>
14. Distance in miles and direction from nearest town or post office* 7 miles southeast from Loco Hills, NM		10. Field and Pool, or Exploratory Undsg. Hackberry Morrow, N.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 620'		11. Sec., T., R., M., or Blk. and Survey or Area Sec 26 T18S R30E
16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 320	12. County or Parish Eddy
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 12400'	13. State NM
20. BLM/BIA Bond No. on file 9312774	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3456'	22. Approximate date work will start* 4/1/04
23. Estimated duration 30 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) David Stewart	Date 2/4/04
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Title
Sr. Regulatory Analyst

Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on Reverse)

State of New Mexico

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-	Pool Code 96785	Pool Name Hackberry Morrow, North
Property Code	Property Name OXY PAL FEDERAL	Well Number 1
OGRID No. 192463	Operator Name OXY U.S.A. W.T.P., LP	Elevation 3456'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	26	18-S	30-E		760	SOUTH	2020	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill N	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

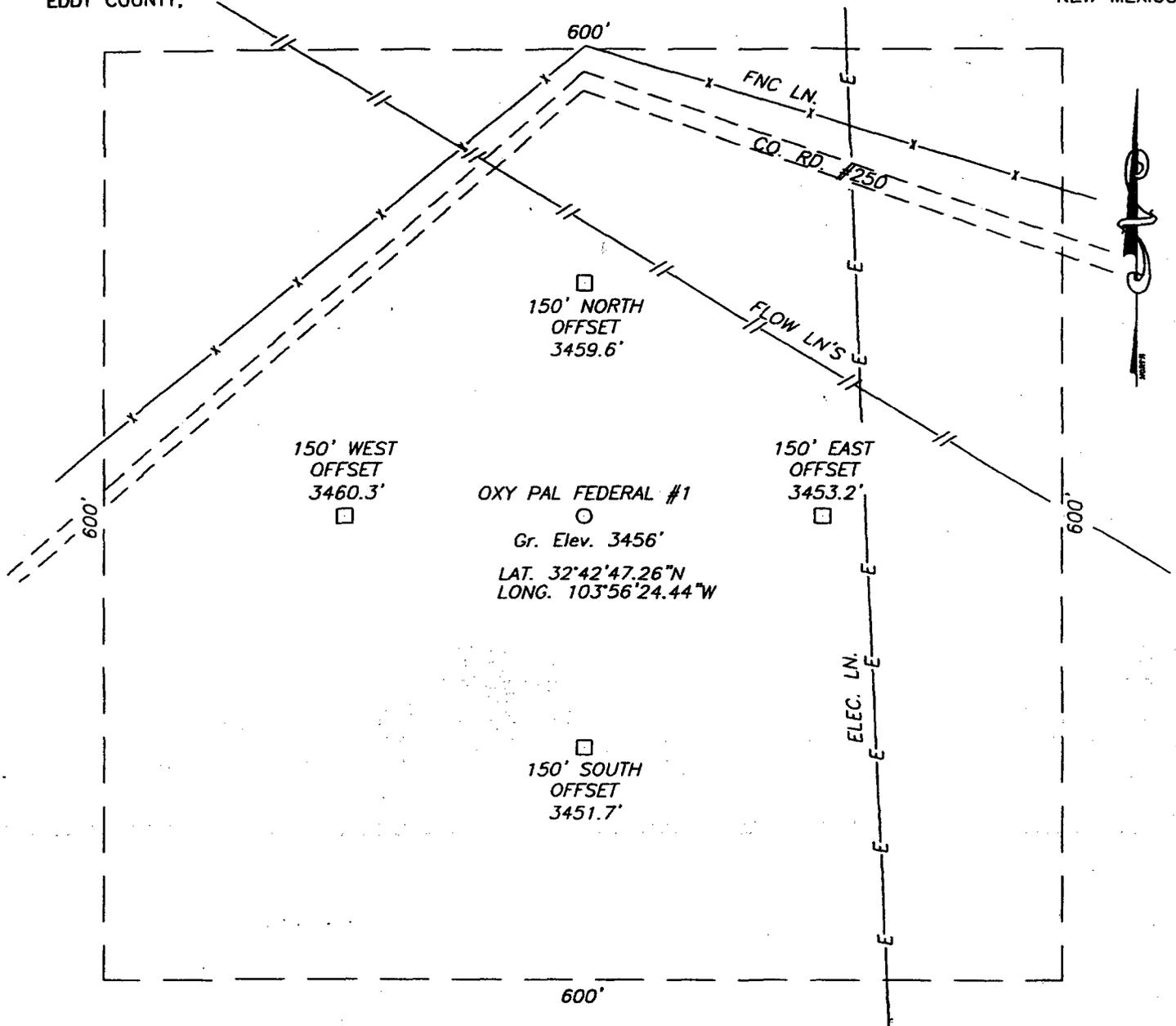
<p><i>Standard 640 ac Section</i></p> <p><i>No other wells in the E 1/2 of Sec. 26</i></p>	<p>GEODETIC COORDINATES</p> <p>NAD 27 NME</p> <p>Y = 623370.9 N</p> <p>X = 620940.7 E</p> <p>LAT. 32°42'47.26"N</p> <p>LONG. 103°56'24.44"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>David Stewart</i></p> <p>Signature</p> <p>David Stewart</p> <p>Printed Name</p> <p>Sr. Regulatory Analyst</p> <p>Title</p> <p>24/0f</p> <p>Date</p>
	<p>Diagram showing well location (1) Concho-3001520567 with dimensions: 600' x 760' and 2020' offset.</p>	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>December 29, 2003</p> <p>Date Surveyed</p> <p>AWB</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Gary Kidson 1/8/04</i></p> <p>03.11:1414</p> <p>Certificate No. GARY KIDSON 12641</p>

**TITLE PAGE/ABSTRACT/
NEGATIVE SITE REPORT
CFO/RFO**

1/03

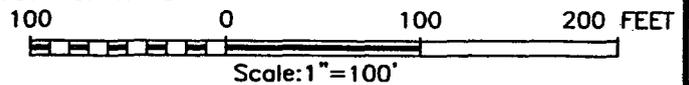
1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED () REJECTED ()		3. NMCRIS No. 86655		
4. Type of Report Negative(X) Positive ()						
5. Title of Report: : Class III Archaeological Survey for Oxy U.S.A. W.T.P., LP's Proposed Well Pad to Serve the Oxy Pal Federal No. 1 Well Author: Stephen Smith				6. Fieldwork Date: January 17, 2004		
				7. Report Date: January 18, 2004		
Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Name: Stephen Smith Phone: (505) 885-1352				9. Cultural Resource Permit No. 190-2920-03-E		
				10. Consultant Report No. BAS 01-04-07		
11. Customer Name: Oxy U.S.A. W.T.P., LP Responsible Individual: Dusty Weaver Address: 2028 Buffalo Levelland, Texas Phone: (806) 894-8307				12. Customer Project No.:		
13. Land Status		BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)		8.26	0	0	0	8.26
b. Area of Effect (acres)		3.67	0	0	0	3.67
14. Linear: Length: N/A Width: N/A Block: 600 ft by 600 ft						
15. Location: (Maps Attached if Negative Survey) a. State: New Mexico b. County: Eddy c. BLM Office: Carlsbad d. Nearest City or Town: Loco Hills, NM e. Legal Location: T 18S, R 30E, Section 24: W½SW¼SE¼, E½SW¼SE¼ f. Well Pad Footages: 760 ft FSL; 2020 ft FEL g. USGS 7.5 Map Name and Code Number: Hackberry Lake, NM (Provincial Edition 1985) 32103-F8						

SECTION 17, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF COUNTY ROAD #222 AND COUNTY ROAD #250. GO WEST 3.3 MILES ON COUNTY ROAD #250, THE LOCATION IS APPROX. 250' SOUTH OF ROAD.



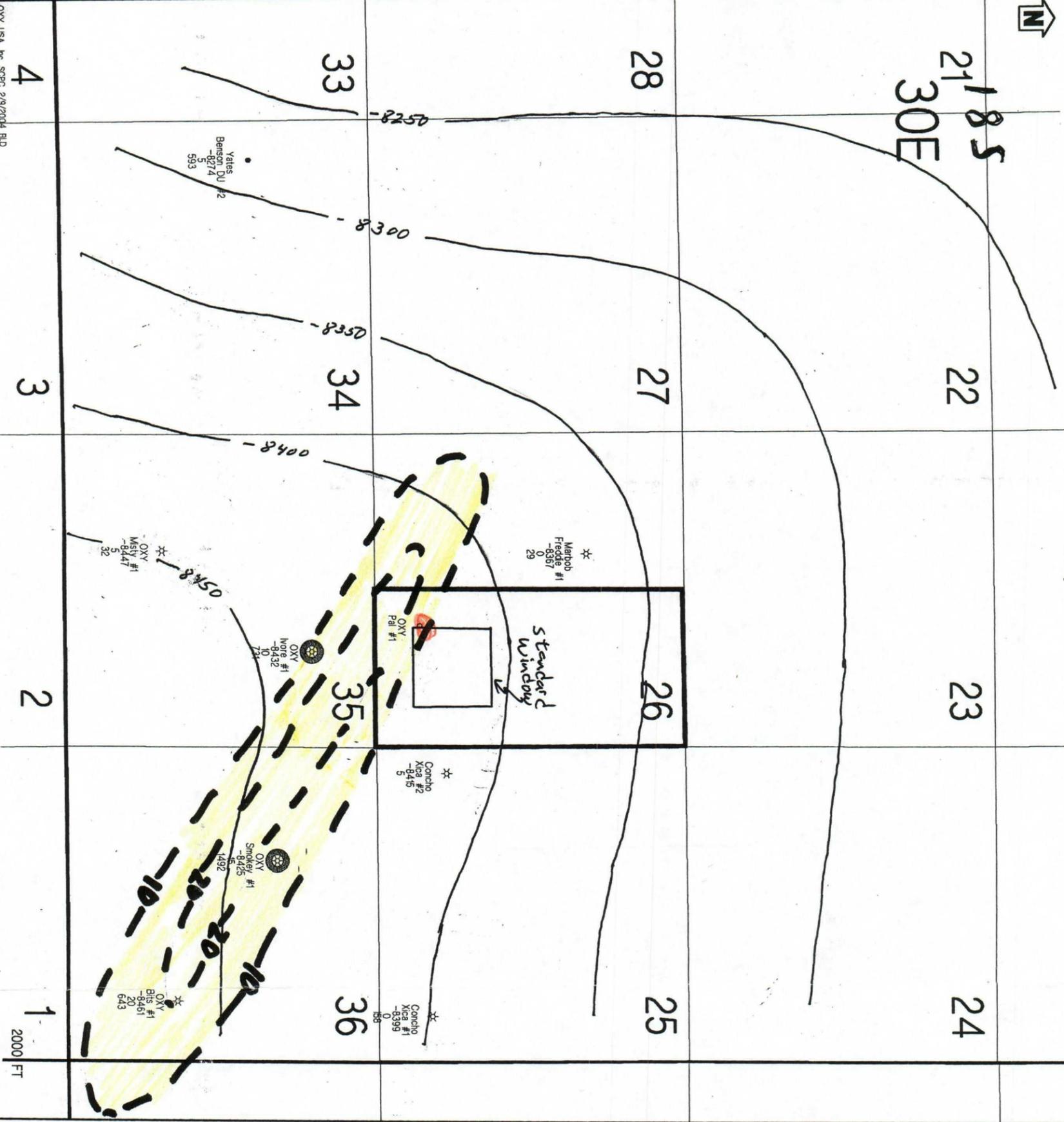
OXY U.S.A. W.T.P., LP

OXY PAL FEDERAL #1 WELL LOCATED
 760' FROM THE SOUTH LINE AND 2020'
 FROM THE EAST LINE OF SECTION 26,
 TOWNSHIP 18 SOUTH, RANGE 30 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 12/29/03	Sheet 1 of 1 Sheets
W.O. Number: 03.11.1414	DRAWN BY: A.W.B
Date: 12/31/03	DISK: CD#10
OxyU.S.A.1414	Scale: 1"=100'



Eddy



Oxy USA WTP Limited Partnership
 Oxy Pal Federal #1
 760 FSL & 2020 FEL
 Section 26 (E/2), 18S 30E
 Eddy County, NM

Lower Morrow Structure (CI = 50 ft) ~~~~~
 Upper Mid-Morrow Net Pay Isopach (CI = 10 ft) - - - - -

- ☼ OXY Smokey #1
- 8425 Lower Morrow subsea elevation (feet)
- 15 Upper Mid-Morrow Net Pay (feet)
- 1492 Morrow Cumulative Production (MMCF)

Darkened well produces from Upper Mid-Morrow

The primary objective for the Oxy Pal Federal #1 is an Upper Mid-Morrow sandstone producing to the southwest in the Oxy Ivore Federal #1 and the Oxy Smokey State #1. Regional production analogs suggest a minimum of 10 feet of Upper Mid-Morrow sandstone is required for economic production. Other Morrow sandstones may be present at the proposed location, but none are expected to be of sufficient thickness to alone justify the cost of drilling the well. To economically justify the cost of drilling, the Oxy Pal Federal #1 must be located to encounter the maximum amount of Upper Mid-Morrow sandstone. Location "O" is the only governmental quarter-quarter meeting this criteria. There is a primary power line running in a north-south direction 160 feet east of the proposed location. The BLM would not approve a surface location in location "O" east of the power line due to the abundance of archaeological artifacts in this area. Our proposed location is as close to the power line as safely practical, but is still 40 feet non-standard. The risks and additional costs to directional drill the 40 feet may add up to \$40,000, and will jeopardize the risked economics of the well. This is the only location in the E/2 spacing unit that can economically justify the cost of drilling and the protection of correlative right. Approval of our NSL application is requested.

RL Doty
 Oxy USA WTP Limited Partnership
 2/1/2004

2000 FT

**Attachment - OXY Pal Federal #1
Unorthodox Location Application
Affected Offset Parties**

Cannon Exploration Co.
3608 SCR 1184
Midland, TX 79706

Charmar, LLC
6212 Osuna Rd. NE
Albuquerque, NM 87109-2561

ConocoPhillips Co.
4001 Penbrook
Odessa, TX 79762

Dillard, Fisher & Heasley Partnership
405 West Wall, Ste. 1510
Midland, TX 79701

DRM Properties, Inc.
4110 East 37th Street
Odessa, TX 79762

Featherstone Development Corp.
1801 West Second St.
Roswell, NM 88201

Hollyhock Corporation, GP
4105 Baybrook Dr.
Midland, TX 79707

KLM Petroleum Corp.
1305 Terra Court
Midland, TX 79705

Magnum Hunter Resources, Inc.
3500 William D. Tate Avenue, Ste. 200
Grapevine, TX 76051

Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227

McCombs Energy, LLC
5599 San Felipe, Ste. 1200
Houston, TX 77056-2794

Mike Miller
3905 Northfield Court
Midland, TX 79707

Southwestern Energy Production Co.
2350 N. Sam Houston Pkwy E, Ste. 300
Houston, TX 77032

Scott E. Wilson - Richard K. Barr
500 West Texas, Ste. 1200
Midland, TX 79701

Jim Woodard
3613 Imperial
Midland, TX 79707



PO Box 50250
Midland, TX 79710-0250

February 20, 2004

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Marbob Energy Corporation
P.O. Box 227
Artesia, NM 88211-0227

Re: *Application for Administrative Approval of Unorthodox Gas Well Location
OXY Pal Federal #1 – 760 FSL 2020 FEL Unit O Section 26 T18S R30E
Eddy County, New Mexico*

Ladies and Gentlemen:

Enclosed is a copy of an application, filed with the New Mexico Oil Conservation Division by OXY USA WTP Limited Partnership, requesting administrative approval under Rule 104 (F) of an unorthodox gas well location. As an affected party, notice is being provided to you pursuant to Rule 104 (F). The well is located in the E/2 of Section 26 T18S R30E, Eddy County, NM. If you object to the well's location, you must notify the Division in writing no later than 20 days from the date the application is received by the NMOCD (1220 South St. Francis Drive, Santa Fe, NM 87505; Attention: Lori Wrotenbery).

If you need any additional information, please call me at 432-685-5717.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Stewart".

David Stewart
Sr. Regulatory Analyst
OXY USA WTP LP

Attachments

