



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 6, 1998

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: Richard E. Foppiano

Administrative Order NSL-3960

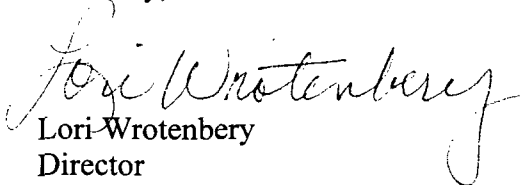
Dear Mr. Foppiano:

Reference is made to your application dated February 20, 1998 for a non-standard gas well location to be applicable to any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Morrow formation, which presently includes but is not necessarily limited to the Undesignated Hart Draw-Atoka Gas Pool and Undesignated Crow Flats-Morrow Gas Pool, for OXY USA, Inc.'s proposed Oxy Wallace State Com. Well No. 1 to be drilled 1350 feet from the North line and 1980 feet from the East line (Unit G) of Section 9, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico. The N/2 of said Section 9 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General 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