



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 11, 1998

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: David Stewart

Administrative Order NSL-4032

Dear Mr. Stewart:

Reference is made to the following: (i) your initial application to the Division dated April 17, 1998; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner, Engineer, dated April 22, 1998; (iii) your response by faxed letter dated May 4, 1998; and, (iv) the records of the Division in Santa Fe: all of which concern OXY USA, Inc.'s ("OXY") request 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 Winchester-Upper Pennsylvanian Gas Pool, Winchester-Strawn Gas Pool, Undesignated Winchester-Atoka Gas Pool, and Undesignated Winchester-Morrow Gas Pool, for your proposed DWU Federal Well No. 7 to be drilled 1650 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico.

The N/2 of said Section 35 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit.

It is our understanding that the subject well is to be drilled to a sufficient depth in order to test the Morrow formation; however, the shallower Strawn formation is the primary zone of interest. The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Winchester-Strawn Gas Pool than a well drilled at a location considered to be standard within the subject 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 within the 320-acre unit comprising the N/2 of said Section 35 for OXY's proposed DWU Federal Well No. 7 in the Undesignated Winchester-Upper Pennsylvanian, Winchester-Strawn, Undesignated Winchester-Atoka, and Undesignated Winchester-Morrow Gas Pools is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad