

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 14, 2010

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

Administrative Order NSL-6180

Re: Federal 29 Well No. 11
API No. 30-015-36798
1930 feet FNL & 1650 feet FEL
Unit G, Section 29-23S-31E
Eddy County, New Mexico

Dear Mr. Stewart:

Reference is made to the following:

(a) your application (**administrative application reference No. pWVJ10-10330752**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 12, 2010, and

(b) the Division's records pertinent to this request.

OXY USA Inc. [OGRID 16696] (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: 1930 feet from the North line and 1650 feet from the East line
(Unit G) of Section 29, Township 23S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 1849 feet from the North line and 713 feet from the West line
(Unit E) of said section



The W/2 of Section 29 will be dedicated to the proposed well to form a project area comprising eight standard 40-acre spacing units in the 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 330 feet from the eastern boundary of the project area, and therefore outside the producing area. We understand that though this well will penetrate the Delaware formation in the SW/4 NE/4 of Section 29, which is not included in the project area, it will be completed only within the project area.

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

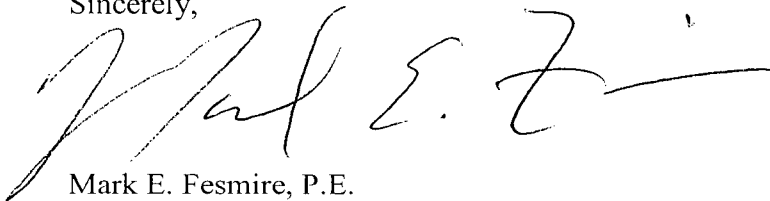
It is our understanding that you are seeking this location to avoid interference with potential potash development. It is further understood notice of this application to offsetting operators or owners is not required because all of the affected persons in all units towards which this location encroaches have executed waivers of their right to object.

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', followed by a horizontal line.

Mark E. Fesmire, P.E.
Acting Director

MEF/db

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