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EXHIBIT HAS  
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AND IS LOCATED  
IN THE NEXT FILE

DATE WHEN ISSUED

DEBATE TIME



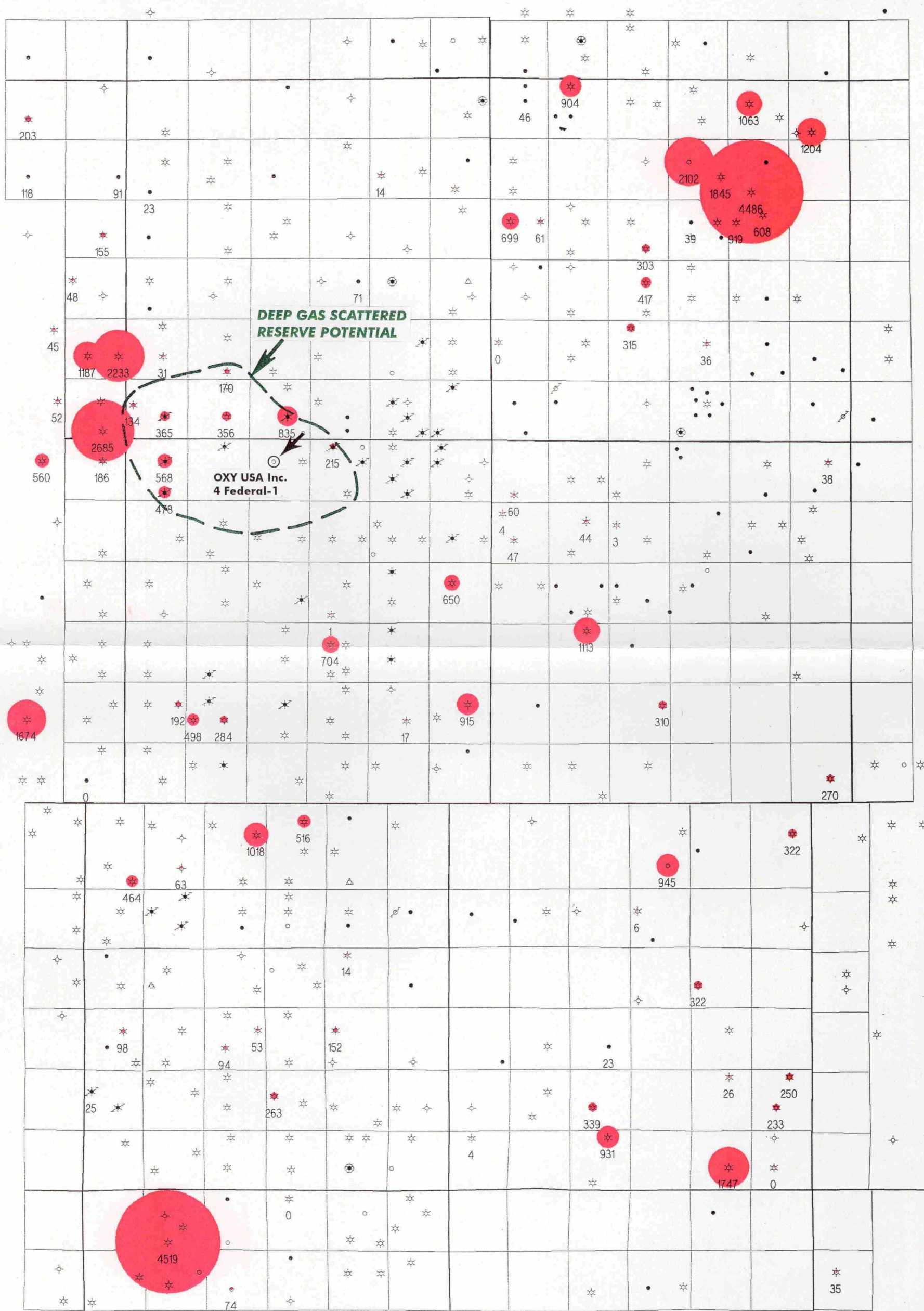
8735  
Radius

8735 FT

# Atoka Cumulative Gas

DEFOUR 112  
OIL CONSERVATION DIVISION  
Case No. 11454 Exhibit No. 5  
Submitted By: OXY USA Inc.  
Hearing Date: February 8, 1996

DEFOUR 112



8735  
Radius  
8735 FT

### Strawn Cumulative Gas

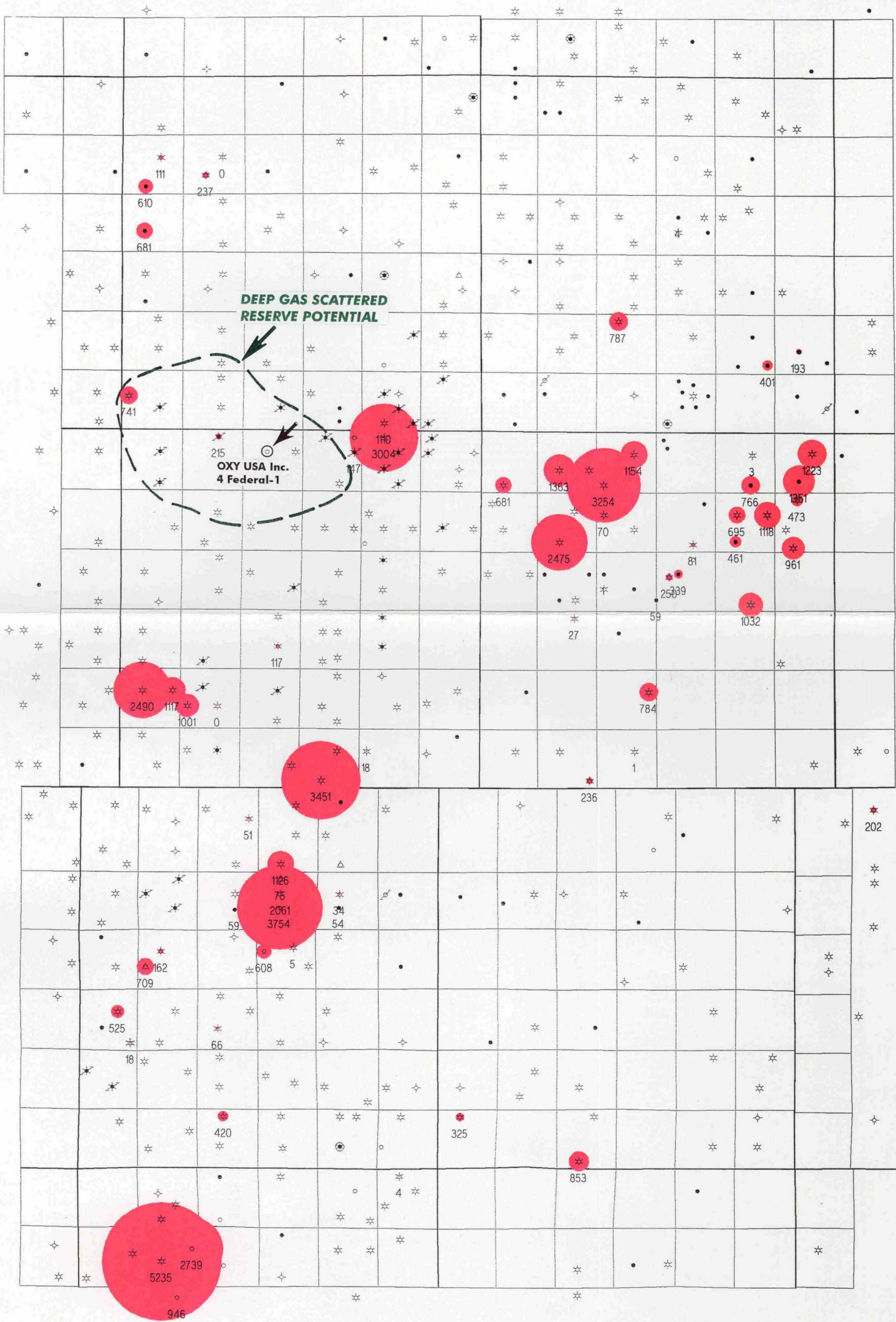
BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 4

Submitted By: OXY USA Inc.

Hearing Date: February 8, 1996

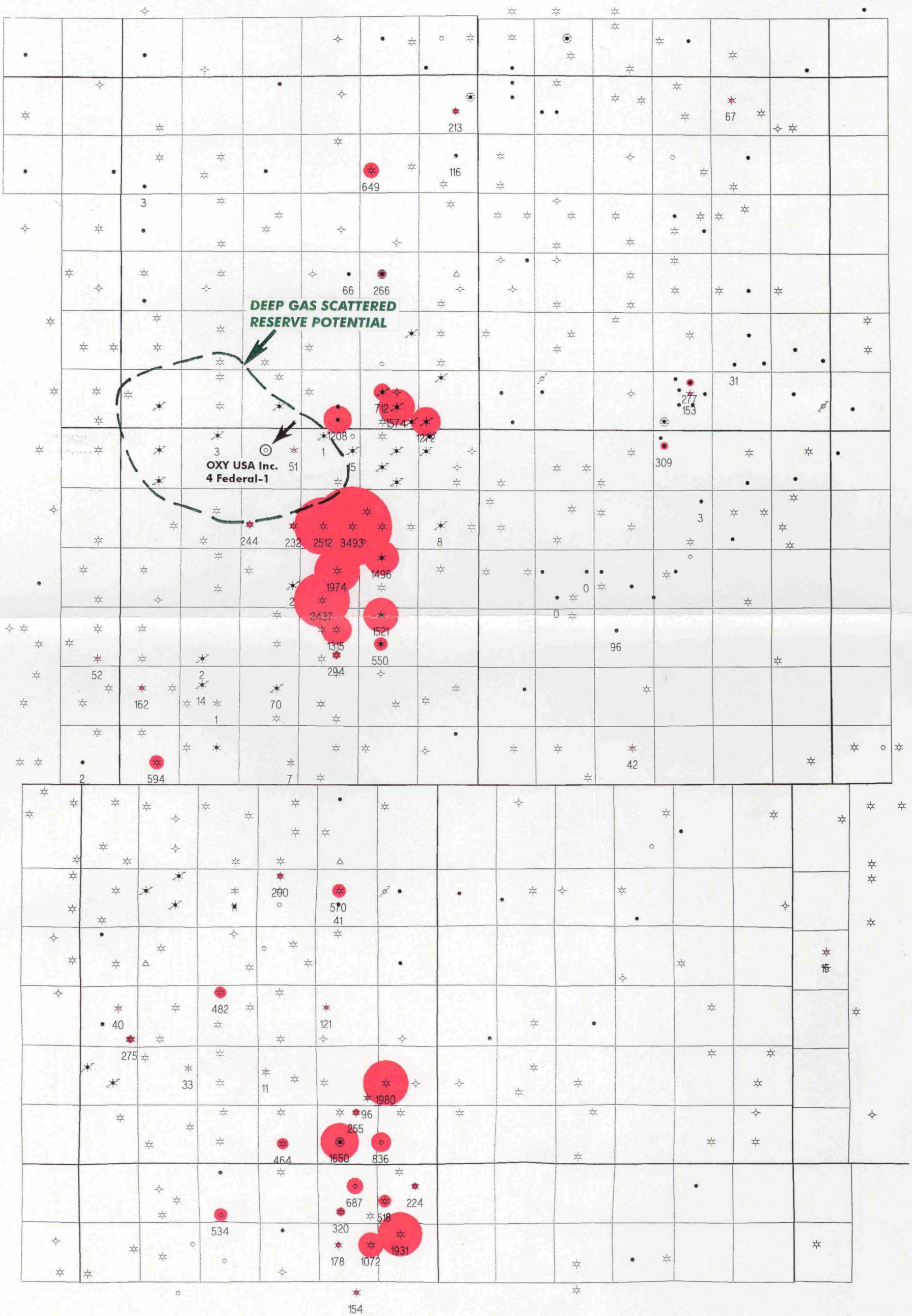


8735  
Radius

8735 FT

### Wolfcamp Cumulative Gas

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11454 Exhibit No. 7  
Submitted By: OXY USA Inc.  
Hearing Date: February 8, 1996



8735  
Radius  
8735 FT

# Reservoir Data Sheet - Pools Within the "Reserve Potential Area" Only

Well Name

Federal 4-1

| Pool Name                   | Old Millman Ranch<br>(Bone Springs) | Burton Flat North<br>(Wolfcamp) | Burton Flat North<br>(Strawn ) | Angell Ranch<br>(Atoka) | Winchester<br>(Atoka) | Burton Flat<br>(Morrow) | Winchester<br>(Morrow) |
|-----------------------------|-------------------------------------|---------------------------------|--------------------------------|-------------------------|-----------------------|-------------------------|------------------------|
| Date of First Production    | 8/91                                | 4/78                            | 7/81                           | 1/76                    | 6/76                  | 5/89                    | 1/77                   |
| Cumulative Gas (MMCF) *     | 3,159                               | 55                              | 999                            | 1,916                   | 1,227                 | 1,048                   | 2,275                  |
| Cumulative Oil (MBO)        | 37                                  | 18                              | 103                            | 9                       | 11                    | 3                       | 5                      |
| Number of Active Wells #    | 2                                   | 0                               | 1                              | 1                       | 0                     | 1                       | 1                      |
| Current Gas Rate (MCF/D) ** | 1,563                               | 0                               | 266                            | 27                      | 0                     | 604                     | 158                    |
| Current Oil Rate (BO/D)     | 17                                  | 0                               | 12                             | 2                       | 0                     | 2                       | 0                      |
| Drive Mechanism             | Depl / Sol'n Gas                    | Depletion                       | Depletion                      | Depletion               | Depletion             | Depletion               | Depletion              |

\* Cumulative Production through July/August 1995 - limit of currently available public information

\*\* Current Rate = July/August 1995 Average Daily Rate

# Wells located within the "Deep Gas Reserve Potential Area"

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 6

Submitted By: OXY USA Inc.

Hearing Date: February 8, 1996

# Deep Production in the "Reserve Potential Area"

Federal 4-1

| Pool/Zone                 | Location                                                              | Well                                                                                                     | Cum Production *<br>Gas (MCF)                       | Oil (BO)                                  | Ult Recovery<br>Gas (MMCF)                          | Oil (MBO)                                 | Status                                            |
|---------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------|-----------------------------------------------------|-------------------------------------------|---------------------------------------------------|
| Burton Flat, No. Wolfcamp | 5B 20S 28E<br>3C 20S 28E<br>4H 20S 28E                                | CITGO 5 FEDERAL COM #1<br>GOVERNMENT AN COM #1<br>WINCHESTER FEDERAL #1                                  | 3,080<br>1,005<br>50,540                            | 172<br>0<br>17,352                        | 3,080<br>1,005<br>50,540                            | 172<br>0<br>17,352                        | P&A<br>P&A<br>Inactive                            |
| Total Wolfcamp            |                                                                       |                                                                                                          | 54,625                                              | 17,524                                    | 54,625                                              | 17,524                                    |                                                   |
| Burton Flat, No. Strawn   | 31E 19S 28E<br>5B 20S 28E                                             | PACHECO FEDERAL COM. #3<br>CITGO 5 FEDERAL COM #1                                                        | 783,701<br>215,324                                  | 96,997<br>5,791                           | 1,102,170<br>215,324                                | 136,413<br>5,791                          | Active<br>Inactive                                |
| Total Strawn              |                                                                       |                                                                                                          | 999,026                                             | 102,788                                   | 1,317,494                                           | 142,204                                   |                                                   |
| Angel Ranch/ Atoka        | 6O 20S 28E<br>31E 19S 28E<br>31J 19S 28E<br>32J 19S 28E<br>6G 20S 28E | WRIGHT FEDERAL #1<br>PACHECO FEDERAL COM. #3<br>PACHECO FEDERAL #1<br>STATE A 32 #1<br>WRIGHT FEDERAL #2 | 477,744<br>133,575<br>365,034<br>371,859<br>568,216 | 2,107<br>1,347<br>1,774<br>1,779<br>1,860 | 477,744<br>133,575<br>365,034<br>381,740<br>568,216 | 2,107<br>1,347<br>1,774<br>1,826<br>1,860 | P&A<br>Inactive<br>Inactive<br>Active<br>Inactive |
| Winchester/ Atoka         | 33J 19S 28E<br>29O 19S 28E<br>3C 20S 28E                              | ARCO FEDERAL #1<br>STATE CB COM #1<br>GOVERNMENT AN COM #1                                               | 835,081<br>177,109<br>214,550                       | 7,907<br>1,063<br>1,826                   | 835,081<br>177,109<br>214,550                       | 7,907<br>1,063<br>1,826                   | Inactive<br>Inactive<br>Inactive                  |
| Total Atoka               |                                                                       |                                                                                                          | 3,143,168                                           | 19,663                                    | 3,153,049                                           | 19,710                                    |                                                   |
| Burton Flat/ Morrow       | 8G 20S 28E                                                            | FEDERAL V #1                                                                                             | 1,048,116                                           | 2,536                                     | 1,404,780                                           | 3,399                                     | Active                                            |
| Winchester/ Morrow        | 3O 20S 28E<br>32B 19S 28E                                             | GOVERNMENT S #2<br>STATE 32 COM #1                                                                       | 1,583,222<br>691,780                                | 1,877<br>3,165                            | 2,135,340<br>691,780                                | 2,532<br>3,165                            | Active<br>Inactive                                |
| Total Morrow              |                                                                       |                                                                                                          | 3,323,118                                           | 7,578                                     | 4,231,900                                           | 9,096                                     |                                                   |
| Total Wells               |                                                                       |                                                                                                          | 7,519,936                                           | 147,653                                   | 8,757,068                                           | 188,534                                   |                                                   |

\* Note: Actual production through 11/95.

BEFORE THE

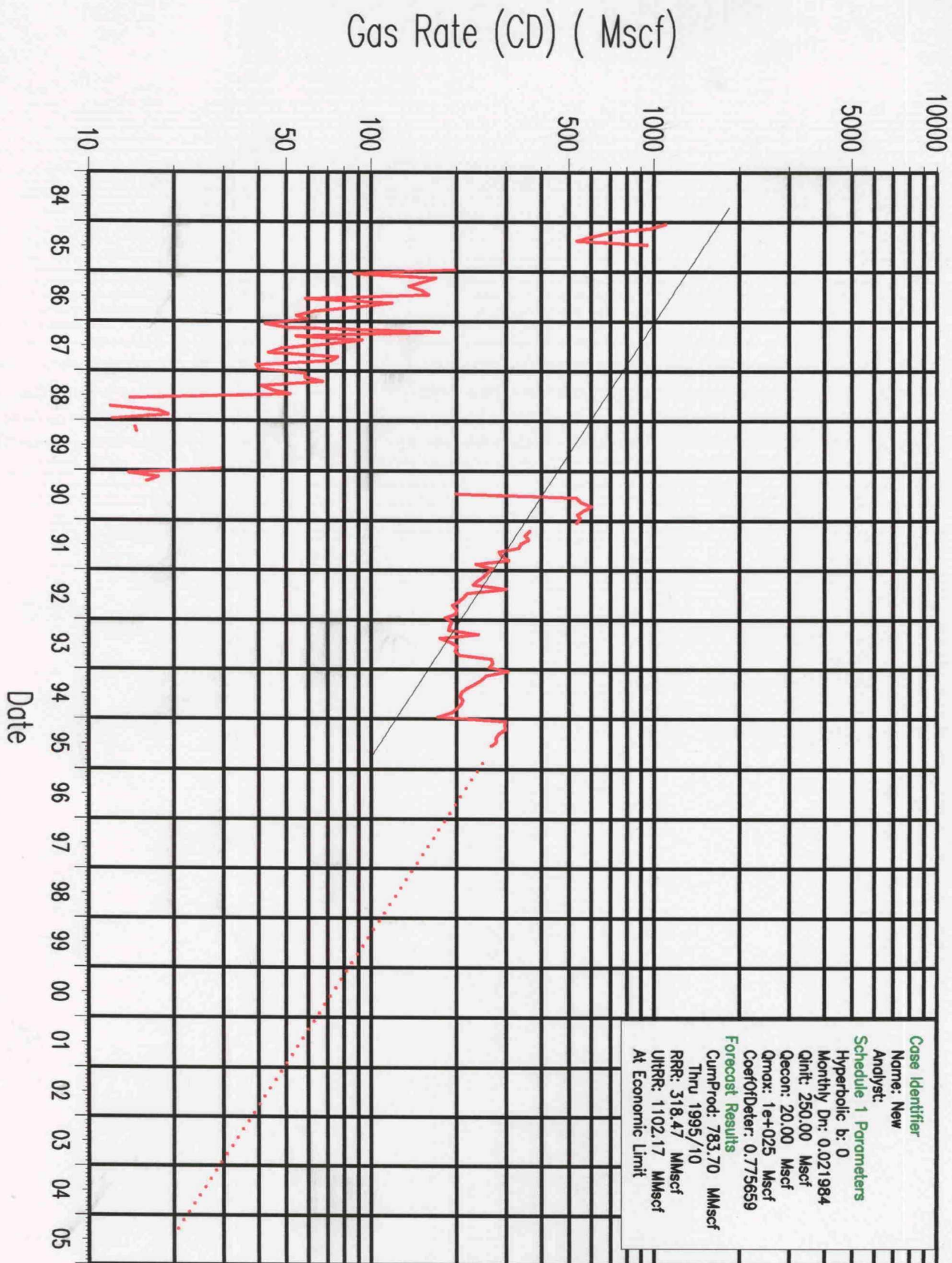
OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 7

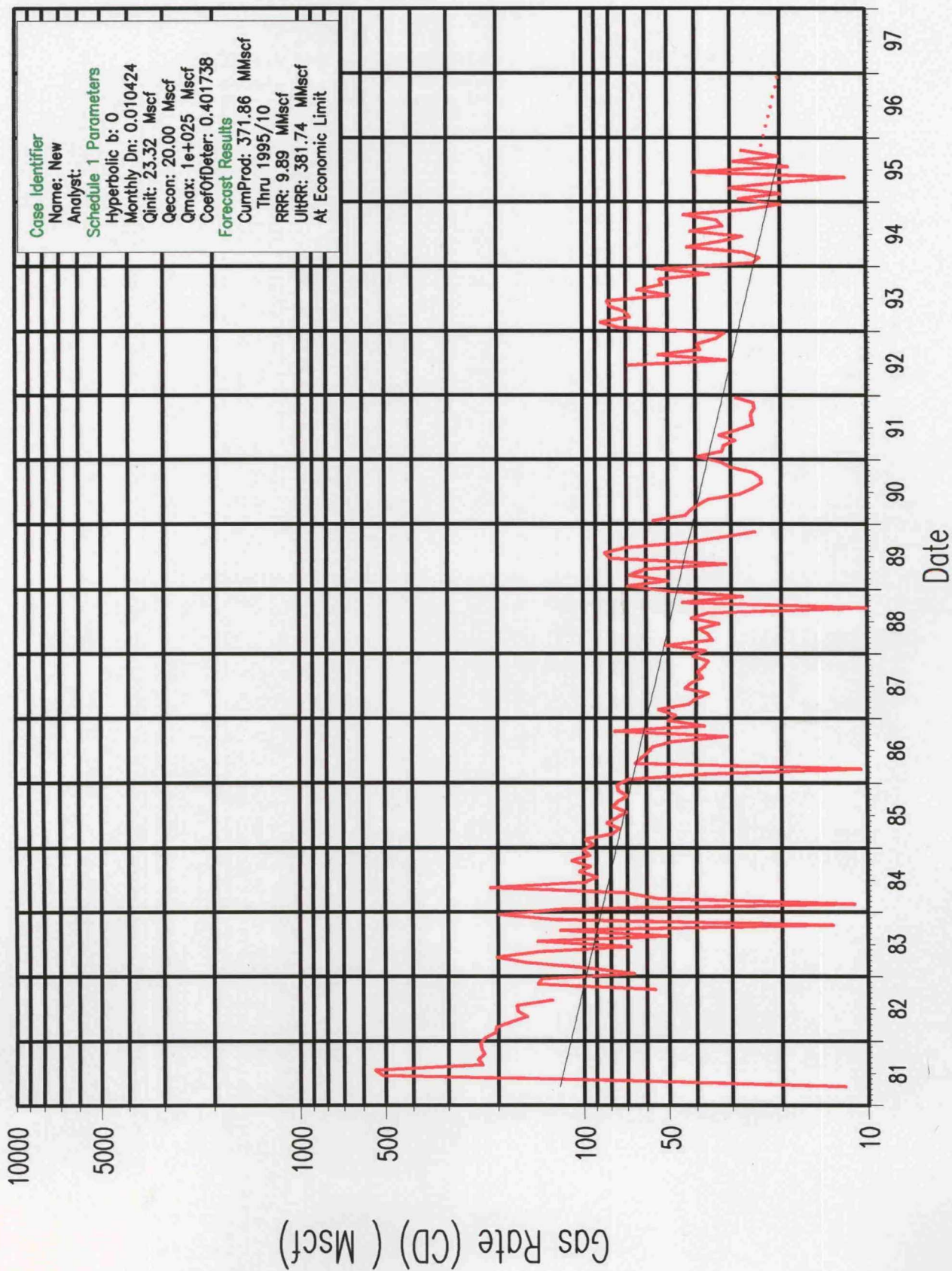
Submitted By: OXY USA Inc.

Hearing Date: February 8, 1996

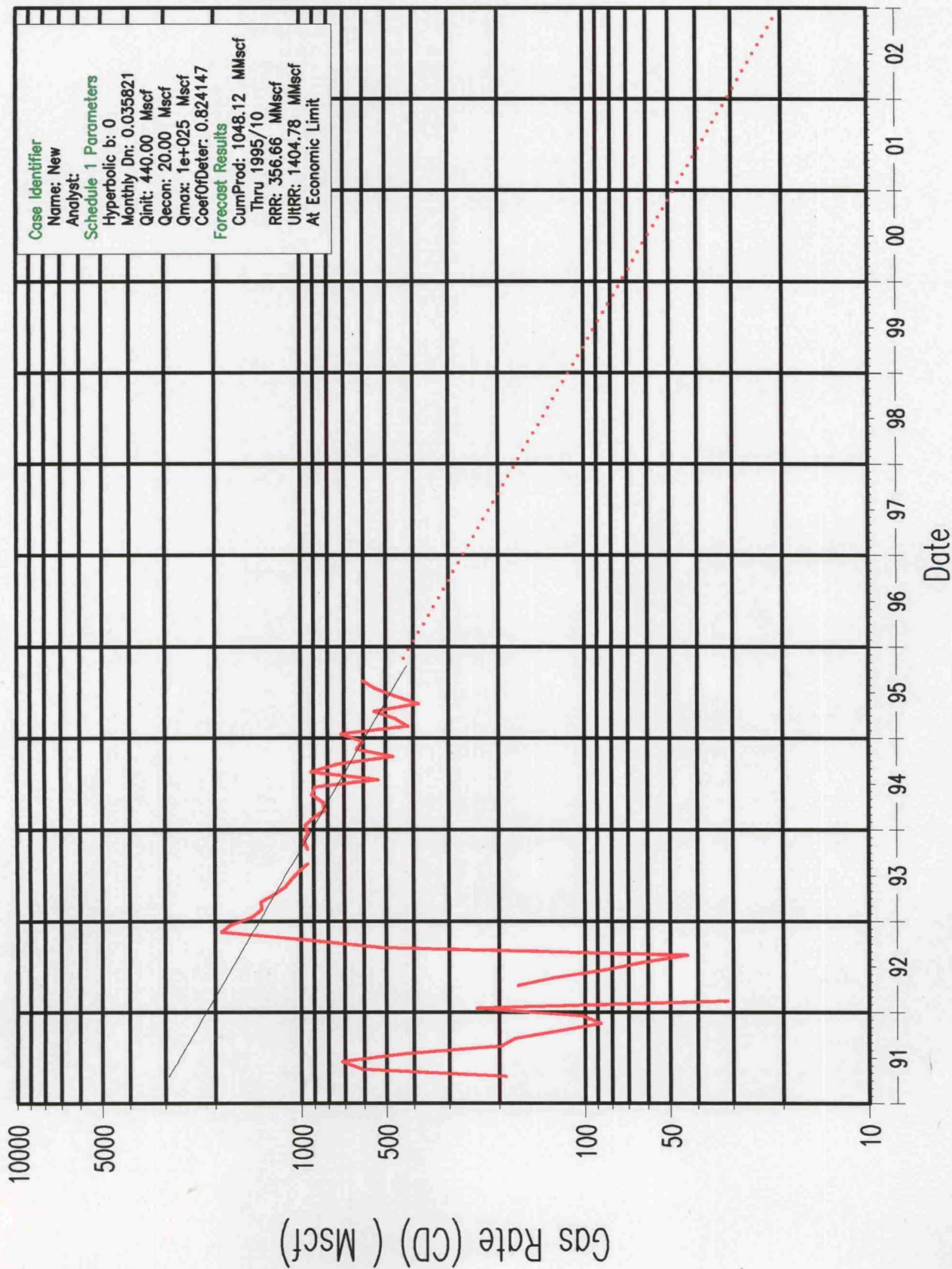
# WELL: PACHECO FED COM #3 STR



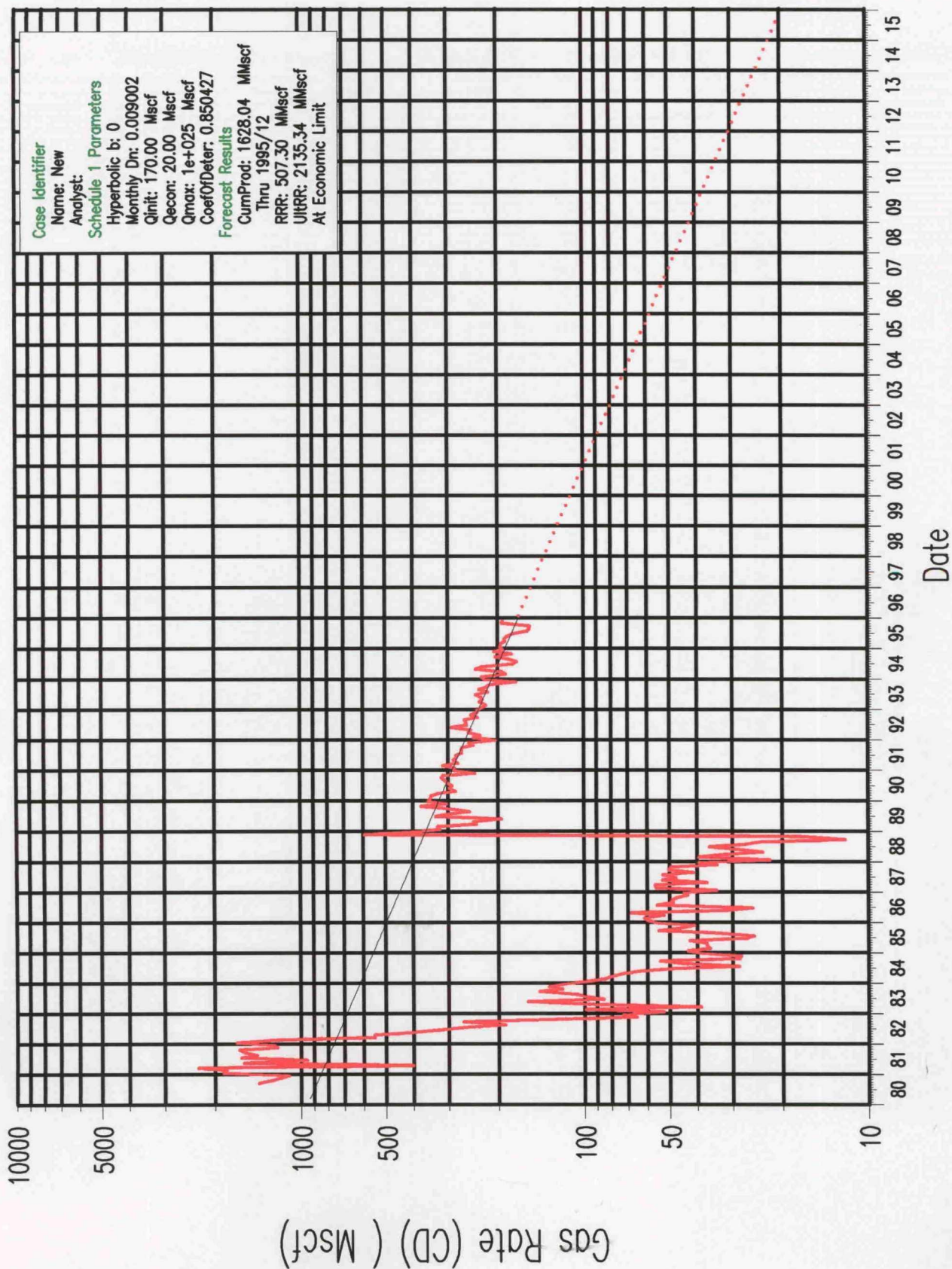
# WELL: ST A 32 1 MOR



# WELL: FED V 1 MOR



# WELL: GOVT S2



## Bone Springs Production Offsetting the Federal 4-1

| Pool/Zone                          | Location   | Well               | Cum Production * |             | Ult Recovery |              | Status   |
|------------------------------------|------------|--------------------|------------------|-------------|--------------|--------------|----------|
|                                    |            |                    | Gas<br>(MCF)     | Oil<br>(BO) | Gas<br>(MCF) | Oil<br>(MBO) |          |
| Old Millman Ranch/<br>Bone Springs | 4H 20S 28E | Winchester Federal | 2,092,930        | 10,949      | 2,814,090    | 14,722       | Active   |
|                                    | 4P 20S 28E | Colt Federal #1    | 1,045,730        | 24,808      | 1,392,220    | 33,028       | Active   |
|                                    | 4N 20S 28E | Garza Federal #1   | 4,306            | 0           | 4,306        | 0            | Inactive |
|                                    | 4L 20S 28E | Aquila Federal #1  | 15,530           | 974         | 15,530       | 974          | Inactive |
| Total Bone Springs                 |            |                    | 3,158,496        | 36,731      | 4,226,146    | 48,724       |          |

BEFORE THE

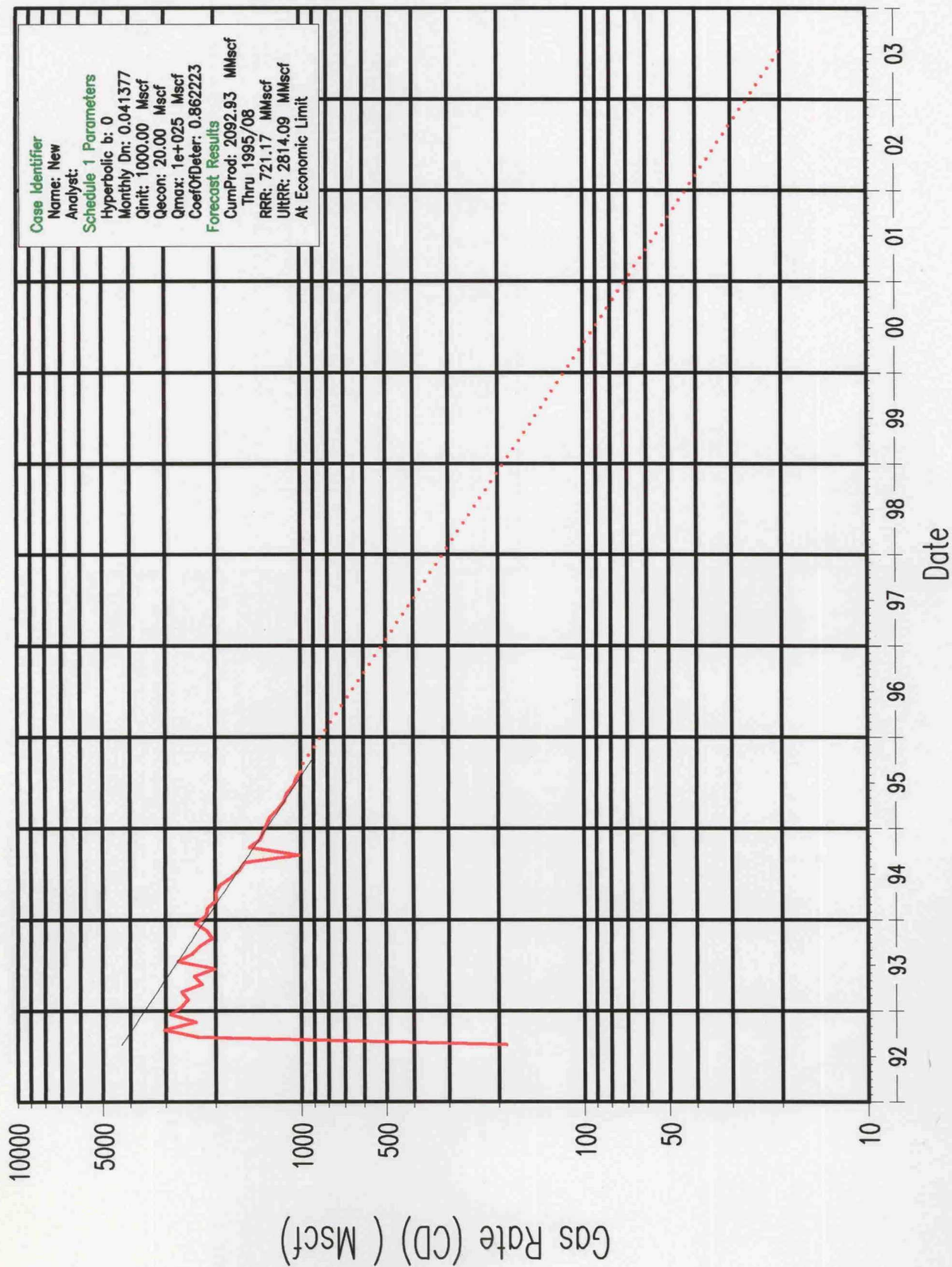
OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 16

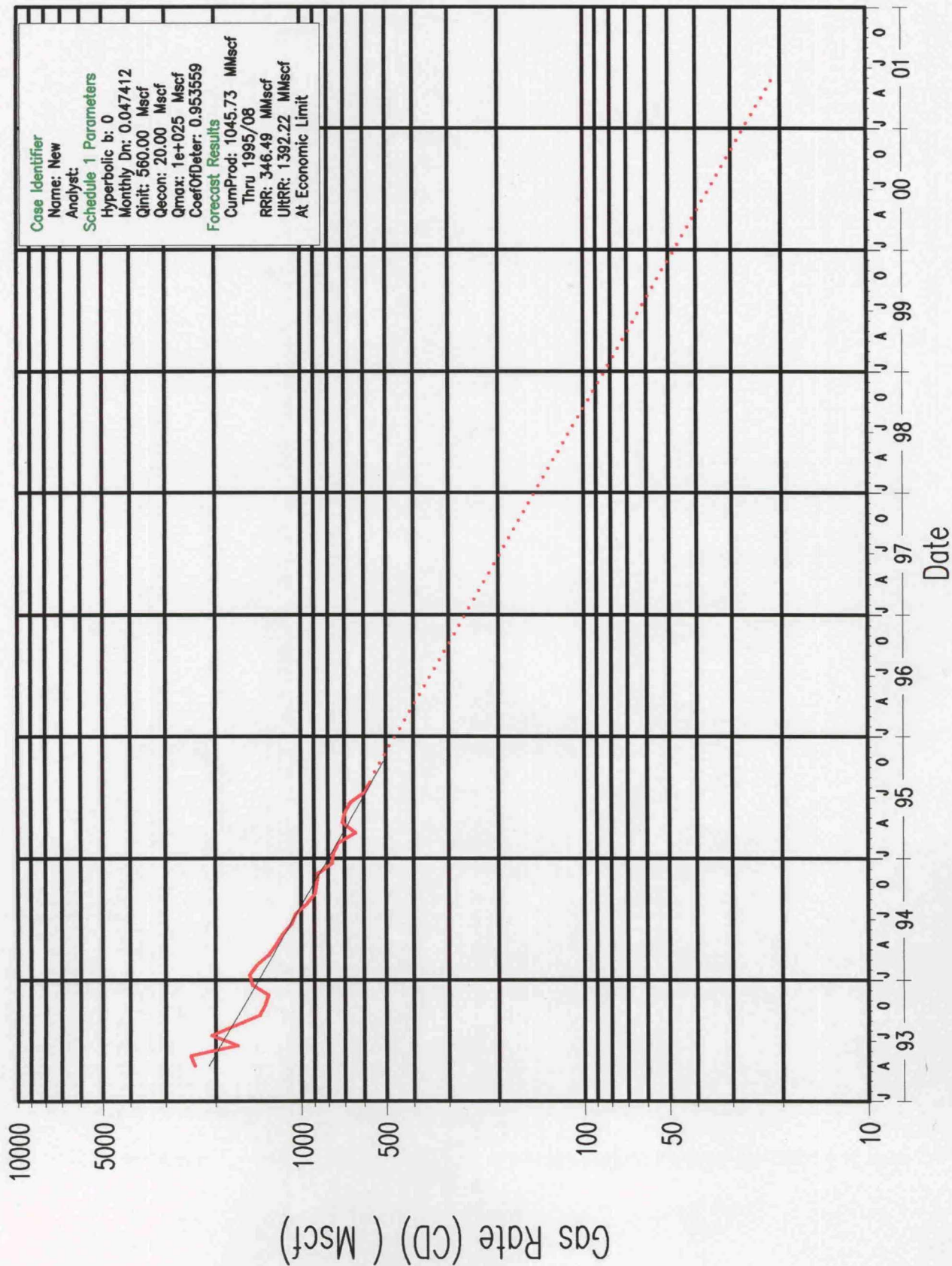
Submitted By: OXY USA Inc.

Hearing Date: February 8, 199

# WELL: WINC FED 1 BS



# WELL: COLT FED 1 BS



# Volumetric Reserves Calculations for Bone Springs Federal 4-1

$$\text{OGIP} = \frac{43.56 \times \text{phi} \times (1 - \text{Sw}) (\text{Pres/Psc}) (\text{Tsc/Tres}) / z}{\text{Gp} = \text{OGIP} \times A \times h \times \text{RF}}$$

Bone Springs

|             |        |
|-------------|--------|
| Depth       | 6,137  |
| phi (dec)   | 0.15   |
| Sw (dec)    | 0.20   |
| Pres (psia) | 2,670  |
| Psc (psia)  | 15.025 |
| Tsc (oR)    | 460    |
| Tres (oR)   | 610    |
| z           | 0.80   |
| RF (dec)    | 0.50   |
| A (acres)   | 80     |
| h (ft)      | 21     |

OGIP/Ac-ft

875

Gp (MMCF)

736

# Reserves for Economic Analysis

## Federal 4-1

### Deep Completions

| Method:                  | Analogy   | Total Ultimate Gas Recovery (MCF) | Condensate/Gas Ratio (BBL/MMCF) | Total Ultimate Condensate Recovery (BBL/C) |
|--------------------------|-----------|-----------------------------------|---------------------------------|--------------------------------------------|
| Total Number of Wells    | 13        |                                   |                                 |                                            |
| Total Production         | 8,757,068 | 0.022                             |                                 | 188,534                                    |
| <b>Average per Well:</b> |           | <b>673,621</b>                    |                                 | <b>14,503</b>                              |

### Bone Springs Completion

| Method:                    | Analogy     | Total Ultimate Gas Recovery (MCF) | Condensate/Gas Ratio (BBL/MMCF) | Total Ultimate Condensate Recovery (BBL/C) |
|----------------------------|-------------|-----------------------------------|---------------------------------|--------------------------------------------|
| Total Number of Wells      | 4           |                                   |                                 |                                            |
| Total Production           | 4,226,146   | 0.012                             |                                 | 48,724                                     |
| <b>Average per Well:</b>   |             | <b>1,056,537</b>                  |                                 | <b>12,181</b>                              |
| Method:                    | Volumetrics | 736,440                           |                                 | 8,491                                      |
| <b>Average of Methods:</b> |             | <b>896,488</b>                    |                                 | <b>10,336</b>                              |

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 12

Submitted By: OXY USA Inc.

Hearing Date: February 8, 1996

# Economic Summary Federal 4-1

|                             |     |                      |                    | NPV<br>@ 15 %<br>(M\$) | Rate of<br>Return<br>(%) | Net Gas<br>Reserves<br>(MMCF) | Net Oil<br>Reserves<br>(MMCF) |
|-----------------------------|-----|----------------------|--------------------|------------------------|--------------------------|-------------------------------|-------------------------------|
| Net Target Reserves<br>MMCF | MBO | Reserves<br>Category | Risk<br>Factor     |                        |                          |                               |                               |
| Deep Zones                  | 539 | 12                   | Proved Und. 0.5523 | (336)                  | Neg                      | 285                           | 6                             |
| Bone Springs                | 717 | 8                    | Proved Und. 0.5523 | (132)                  | Neg                      | 375                           | 4                             |

|                |     |    |     |    |
|----------------|-----|----|-----|----|
| Expected Value | 118 | 33 | 387 | 11 |
| Riskd Case:    |     |    |     |    |

## Assumptions:

|                                       |       |
|---------------------------------------|-------|
| Working Interest (dec)                | 1.000 |
| Net Revenue Interest (dec)            | 0.800 |
| Gas Price (\$/MCF)                    | 1.50  |
| Liquids Price (\$/BO)                 | 17.00 |
| Price Escalation (%/yr)               | 0.0   |
| Operating Expense (\$M/Mo)            | 1.5   |
| Capital Deep Completion (M\$)         | 655   |
| Capital Bone Springs Completion (M\$) | 520   |
| Inflation Rate (%/yr)                 | 0.0   |
| Gas Production Tax (% Rev)            | 7.08  |
| Oil Production Tax (% Rev)            | 7.94  |
| Ad Valorem Tax (% Rev)                | 0.005 |
| Federal Income Tax Rate               | 0%    |
| State Income Tax Rate                 | 0%    |

BEFORE THE

OIL CONSERVATION DIVISION

Case No. 11454 Exhibit No. 23

Submitted By: OXY USA Inc.

Hearing Date: February 8, 199

## **SURVEY SUMMARY**

The industry has maintained relatively mild escalation factors for all prices and costs in the past few years. Last year's relatively more optimistic gas price forecast has taken a step back and is now similar to 1992's price pattern.

A summary of the pertinent results of the 1995 Survey is shown below:

### **OIL AND GAS PRICE FORECASTS**

| <b>Commodity</b> | <b>Price</b> |             | <b>Escalation</b> |
|------------------|--------------|-------------|-------------------|
|                  | <b>1995</b>  | <b>2004</b> | <b>%/Year</b>     |
| Oil, \$/bbl      | 17.64        | 23.77       | 3.38              |
| Gas, \$/MMBtu    | 1.75         | 2.56        | 4.19              |

### **COSTS AND INFLATION**

| <b>Average Annual Escalation, %/Year</b> |                      |                  |
|------------------------------------------|----------------------|------------------|
| <b>Operating Cost</b>                    | <b>Drilling Cost</b> | <b>Inflation</b> |
| 3.29%                                    | 3.36%                | 3.35%            |

### **EVALUATION CRITERIA**

|                                                  | <b>Mean Factor, %</b>    |                   |
|--------------------------------------------------|--------------------------|-------------------|
|                                                  | <b>Acquisition Value</b> | <b>Loan Value</b> |
| Present Worth Factor (Cost of Money)             | 10.18                    | ---               |
| Rate of Return<br>(Cost of Money Plus Return)    | 17.64                    | ---               |
| <b>Risk Adjustments (Probability of Success)</b> |                          |                   |
| Proved Producing                                 | 96.29                    | 84.04             |
| Proved Shut-In                                   | 84.66                    | 67.28             |
| Proved Behind-Pipe                               | 74.24                    | 55.23             |
| Proved Undeveloped                               | 55.23                    | 33.45             |
| Probable Behind-Pipe                             | 26.16                    | 8.76              |
| Probable Undeveloped                             | 19.93                    | 6.84              |
| Possible Behind-Pipe                             | 8.17                     | 3.19              |
| Possible Undeveloped                             | 5.55                     | 2.13              |

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 11454 Exhibit No. 14  
Submitted By: OXY USA Inc.  
Hearing Date: February 8, 1996



T. Kent Woolley, CPL  
Senior Landman

Bone Springs

February 1, 1996

OXY USA INC.

Box 50250, Midland, TX 79710

Phone (915) 685-5906  
FAX: (915) 685-5888

**TO: ALL INTERESTED PARTIES ENTITLED TO NOTICE  
OF THE HEARING OF THE FOLLOWING NEW MEXICO  
OIL CONSERVATION DIVISION CASE:**

**RE: NMOCD Case 11454  
OXY 4 Federal Well No. 1  
Application of OXY USA Inc.  
for an Unorthodox Gas Well Location,  
Eddy County, New Mexico**

Shallow  
NE 1/4, S4

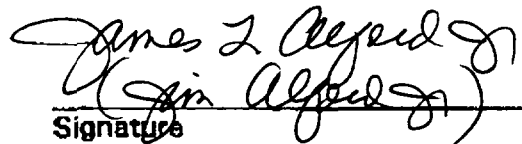
On behalf of OXY USA Inc., please find enclosed our application for an unorthodox gas well location for its OXY 4 Federal Well No. 1 which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for February 8, 1996. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico. As an owner of an interest who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date. Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 P.M. on Friday, February 2, 1996, with a copy delivered to the undersigned.

Very truly yours,

  
T. Kent Woolley, CPL

Waiver of Notice:

I hereby acknowledge receipt of this notice of an NMOCD hearing and waive the twenty-day notice period. I have no objection to this case being heard by the NMOCD at its hearing set for February 8, 1996.

  
Signature

Name: JAMES L. ALFORD, JR. (Jim)

Address: P.O. Box 489  
McComb MS 39648  
2-2-96

**BEFORE THE  
OIL CONSERVATION DIVISION**  
Case No. 11454 Exhibit No. 15  
Submitted By: **OXY USA Inc.**  
Hearing Date: February 8, 1996