



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
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September 11, 1996

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OXY USA, Inc.
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Merrion Oil and Gas Corporation
610 Reilly Avenue
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C. Wade Howard
Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702

Phone: (915) 688-4606

**Re: RULE 111: Directional Drilling Procedures -
Overview and Revision Work Group.**

Dear Ms. Williams and Messrs. Foppiano, Sharpe, and Howard:

Has I have discussed with each of you, I am proposing that a work group be formed with its objective to:

"Review the existing directional drilling rules and procedures under Division General Rule 111 for effectiveness and procedural weaknesses and if needed to recommend changes".

This initial meeting is set for Monday September 30, 1996 at 0900 (9:00 a.m.) at the offices of OXY USA, Inc. on the 6th floor (ask for Rick Foppiano) of the ClayDesta National Bank Building located in Midland, Texas at the northwest corner of Big Spring Street and Wadley Avenue. Lunch is to be provided, thanks Rick.

I believe this to be a very worthwhile project and am looking forward in working cooperatively with each of you. I further anticipate any recommendations that this small work group comes up with can be decided in a format that is more timely and economical, thereby eliminating the necessity of additional meetings and travel to Santa Fe.

Should there be any questions, please call me in Santa Fe at (505) 827-8185 or through the e-mail at, "MIKSTOGNER@EMNRDSF.STATE.NM.US", or contact Rick Foppiano in Midland at (915) 685-5913.

Thank you again for your cooperation.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: William J. LeMay - OCD Director, Santa Fe
Rand Carroll - General Counsel, OCD, Santa Fe