

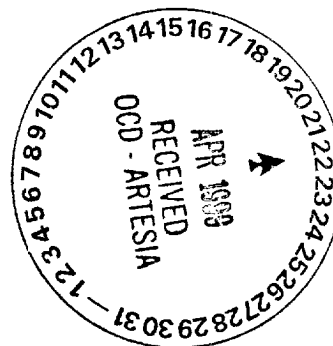


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 19, 1999

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



Administrative Order NSL-4258

Dear Mr. Stewart:

Reference is made to your application dated March 26, 1999 for OXY USA, Inc. to drill its proposed Oxy Wallace State Well No. 3 (API No. 30-015-30608) at an unorthodox Morrow gas well location 1800 feet from the South line and 660 feet from the West line (Unit L) of Section 9, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

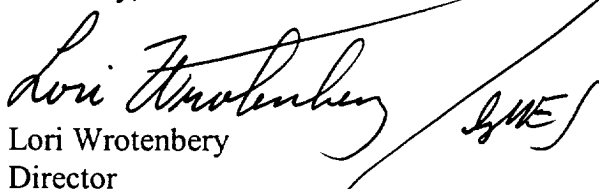
The S/2 of Section 9, being a standard 320-acre lay-down gas spacing and proration unit for either the Undesignated Logan Draw-Morrow Gas Pool or the Undesignated Crow Flats-Morrow Gas Pool, is to be dedicated to this well.

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 Morrow formation than a well drilled at a location considered to be standard within the SW/4 of Section 9.

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

By the authority granted me under the provisions of Division 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