



OXY USA Inc.

580 Westlake Park Blvd.

P.O. Box 4294, Houston, TX 77210-4294

Phone 281-552-1000 Fax 281-552-1200

August 25, 2001

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Re: *Application of OXY USA WTP Limited Partnership for Unorthodox Oil Well Location
OXY Chopsticks Federal #2 Well
1010 FSL & 1650 FWL of 24-T17S-R27E, Unit N
Logan Draw (Wolfcamp) Oil Pool
Eddy County, New Mexico*

Dear Mr. Stogner:

OXY USA WTP Limited Partnership ("OXY") respectfully requests administrative approval pursuant to Rule 104 to recompleate and produce the subject well at unorthodox oil well location. This well was originally drilled with Morrow as the primary objective. The surface location was orthodox for deep gas zones even after it was moved 20 feet north to the as-drilled location because of electrical power lines to the south. A copy of a topographic map is attached showing the surface obstructions in the vicinity of this location.

We drilled the well in June of 2001 and it was dry in the Morrow but so we completed it as an Atoka producer on 320-acre spacing. Production from the Atoka is now approaching the economic limit in this well and OXY desires to recompleate it to test and produce the Wolfcamp reserves. When it was originally drilled we expected the Wolfcamp to be a gas reservoir at this location (and therefore, orthodox) but subsequent activity in sections 24 and 25 has revealed a strong possibility of an oil completion in the Wolfcamp. Attached is a structure and isopach map of the Wolfcamp in this area with the Chopsticks #2 well identified with the red arrow. As you can see, it appears our Chopsticks #2 well is located structurally between the oil and the gas completions in the Wolfcamp. If the well is completed as a gas well it will be subject to 160-acre spacing rules as per Order No. R-4809. We will assign the SW/4 of section 24 as the spacing unit, and the location will be orthodox. If, however, it is completed as an oil well, 40-acre spacing rules will apply per Order No. R-11256 and the well's location will be 20 feet too close to Unit K.

Approval of this request will protect correlative rights and allow the recovery of Wolfcamp reserves that will not be recovered by any other well. All working, royalty and overriding royalty interests are common between Unit N and Unit K. Because of this fact there is no adverse impact on the owners in the 40-acre tract being encroached upon. Notice of this request is being sent by certified mail-return receipt to all working and royalty interest owners in Unit K. They are

July 24, 2002
Page 2

advised that if they have no objection to the NMOCD granting this request, they don't need to do anything. If they do object, however, then they should file a written objection with the NMOCD to the address shown above within 20 days of the date of this letter. Failure to file a timely objection will preclude the party from objecting at a later date.

A list of the noticed parties is attached as well as copies of the green cards and Form C-102. If I can provide any additional information to aid in processing this request, please call me at (281) 552-1303. Thank you for consideration of our application.

Sincerely,

A handwritten signature in black ink, reading "Richard E. Foppiano". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard E. Foppiano
Senior Advisor – Regulatory Affairs

Attachments

CC: Tom Kellahin
All Parties on Attached Notice List
Tim Gum, NMOCD District Supervisor, Artesia
David Stewart

DATE IN	SUSPENSE	ENG	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

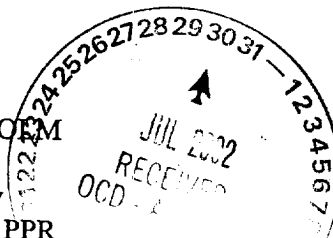
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____



[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Richard E. Foppiano
 Print or Type Name

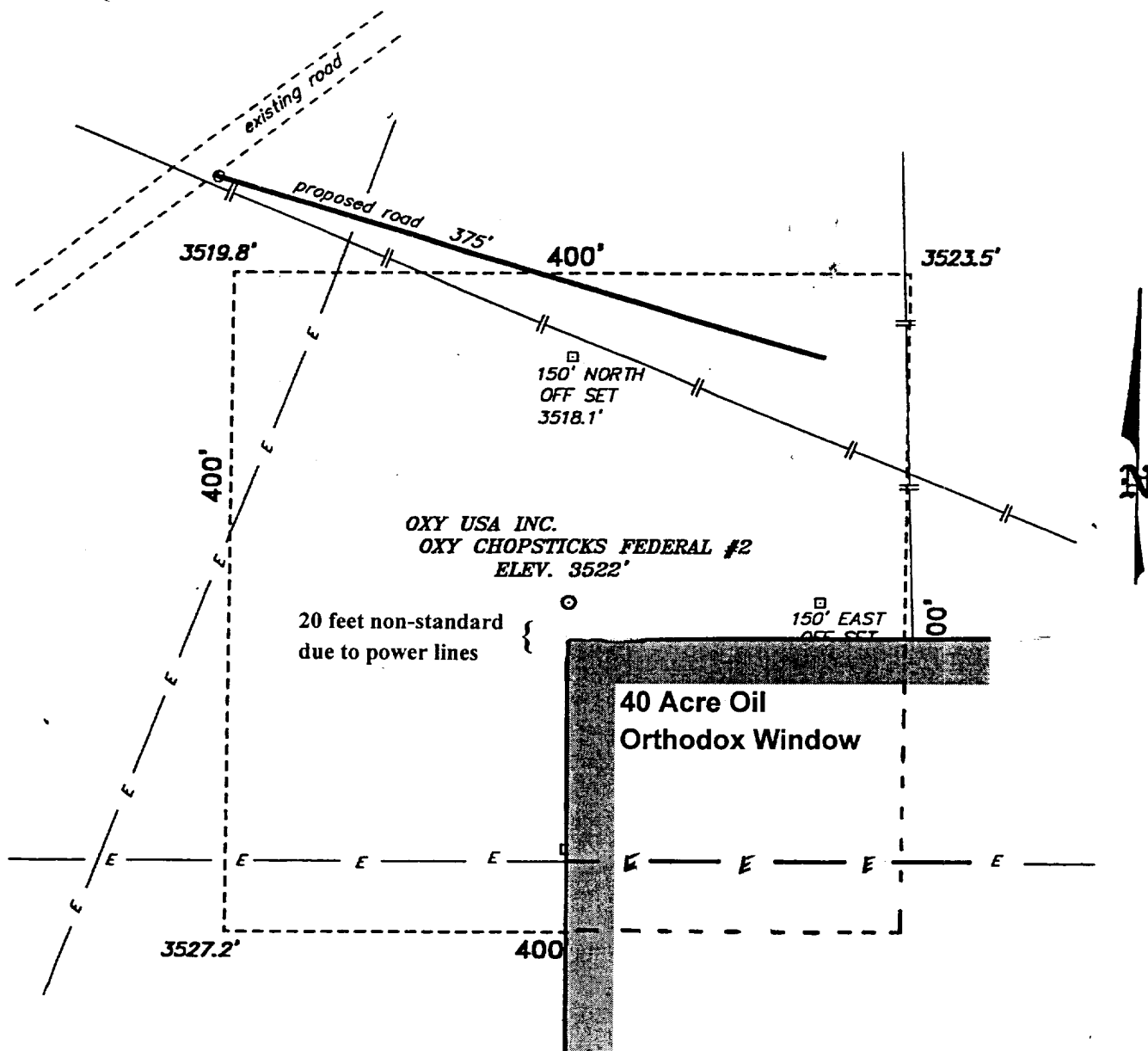
Richard E. Foppiano
 Signature

Reg. Advisor
 Title

7/24/02
 Date

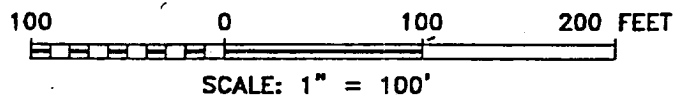
Rick-Foppiano@oxy.com
 e-mail Address

SECTION 24, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF US HWY 82 AND COUNTY RD. #202, GO NE ON 202 0.1 MILES TO COUNTY RD. 203, THEN GO NE. ON 203 0.1 MILES A TO THE PROPOSED WELL LOCATION.



OXY USA INC.

REF: OXY CHOPSTICKS FED. #2 / Well Pad Topo

THE OXY CHOPSTICKS FED. No. 2 LOCATED 1010' FROM THE SOUTH LINE AND 1650' FROM THE WEST LINE OF SECTION 24, TOWNSHIP 17 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 1138

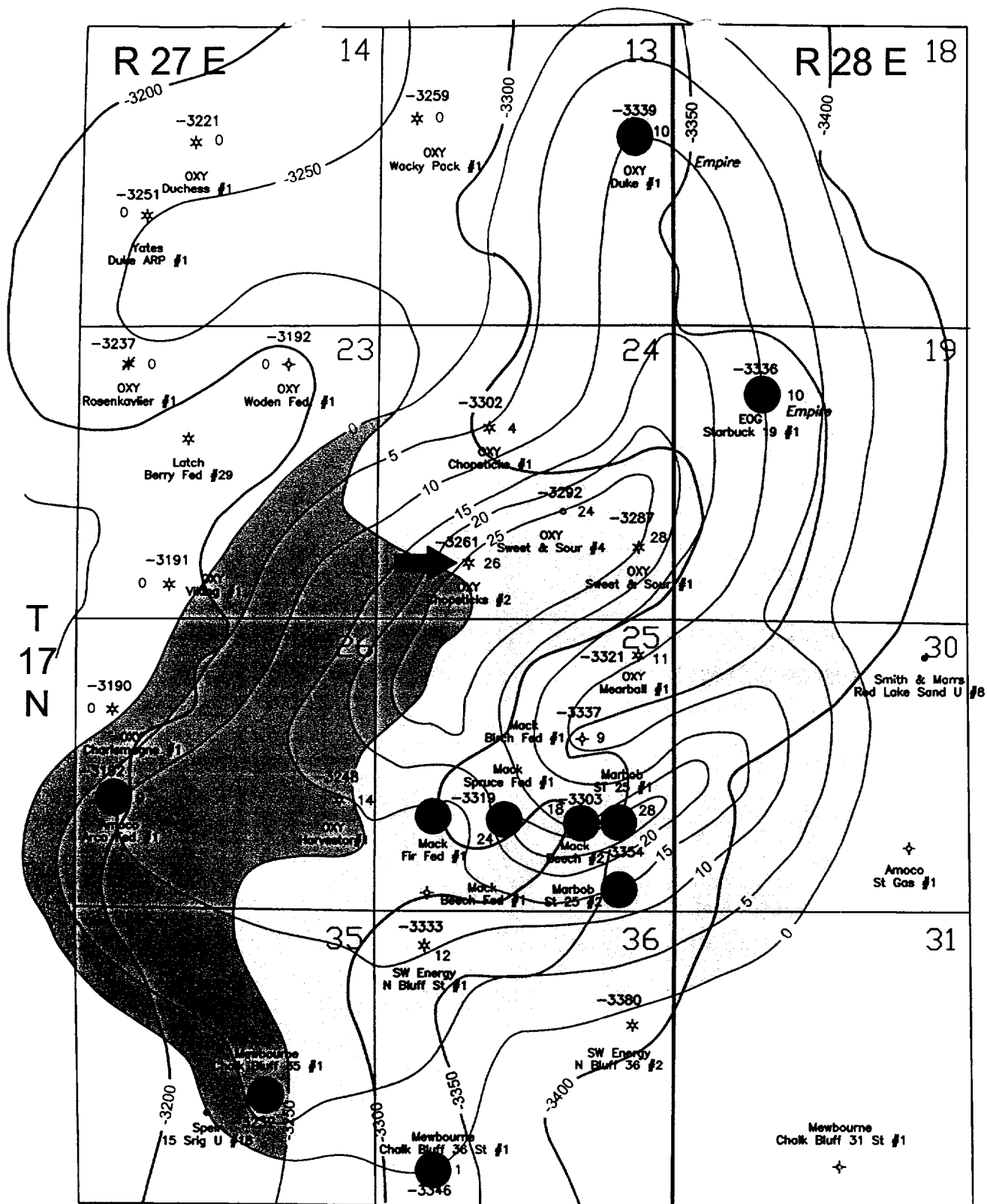
Drawn By: JAMES PRESLEY

Date: 02/15/01

Disk: JLP #1 - 1138A

Survey Date: 02/14/01

Sheet 1 of 1 Sheets



Logan Draw.dwg

LOGAN DRAW and EMPIRE (Wolfcamp) FIELDS Eddy County, New Mexico

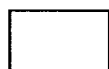
Structure: Middle Wolfcamp Marker, C.I. = 50 Ft.

Isopach: Middle Wolfcamp Net Ft. of Porosity >4%,

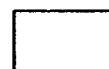
C.I. = 5 Ft.



Known Gas



Known Oil



Unknown Fluid Phase



Wolfcamp Gas Well



Wolfcamp Oil Well

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. 1st Street, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-31743	² Pool Code 96960	³ Pool Name Undesignated Logan Draw Wolfcamp
⁴ Property Code 28004	⁵ Property Name OXY Chopstick Federal	⁶ Well Number 2
⁷ OGRID No. 192463	⁸ Operator Name OXY USA WTP Limited Partnership	⁹ Elevation 3522'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	17S	27E		1010	south	1650	west	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Printed Name David Stewart Title Sr. Regulatory Analyst Date 7/16/02
		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

Service List

OXY CHOPSTICKS FEDERAL #2

Scott E. Wilson
500 W. Texas Suite 1220
Midland, TX 79701

Richard K. Barr
500 W. Texas Suite 1220
Midland, TX 79701

Cannon Exploration Company
Attn: Todd Wilson
3608 SCR 1184
Midland, TX 79706

McCombs Energy, LLC
Attn: Mr. Larry Wyont
5599 San Felipe, Suite 1200
Houston, TX 77056-2794

Andrews Oil, LP
2219 Westlake Drive, Suite 150
Austin, TX 78746

Corkran Energy, LP
2219 Westlake Drive, Suite 120
Austin, TX 78746

Jack W. McCaw
P.O. Box 127
Artesia, NM 88211-0127

Yates Brothers
105 S. 4th Street
Artesia, NM 88210-2124

Ray Hall Beck
P.O. Box 62355
San Angelo, TX 76906

Lowe Partners, LP
Dept 5
Box 4887
Houston, TX 77210-4887

Mineral Management Service
Federal Government Royalty
Box 5810 T A
Denver, CO 80217