

this well.

(5) Based upon this discovery, OXY seeks the creation of a new oil pool for the Upper Pennsylvanian formations (Cisco and Canyon), as identified on the Baker-Hughes CDL-CNL log of the discovery well, the top of which is located at approximately 6665 feet and the bottom of which is located at approximately 7900 feet with an initial pool boundary encompassing the following 160-acre area in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 15: SE/4.

(6) In addition, OXY requests the adoption of special rules and regulations for this new pool including provisions for:

- (a) 160-acre oil spacing and proration units;
- (b) well locations not closer than 660 feet to the outer boundary of a spacing and proration unit nor closer than 10 feet to any interior governmental quarter-quarter section line or subdivision inner boundary; and
- (c) well density of no more than one producing well for each 160-acre spacing and proration unit.

(7) Based upon data from the well, OXY presented geologic evidence demonstrating that:

- (a) the producing interval is a carbonate reservoir and is enhanced by natural fracturing;
- (b) the pool is both horizontally and vertically separated from any other common source of supply;
- (c) while the discovery well only produces from the Cisco interval, the management of this pool is best served by including both the Cisco and Canyon formations; and
- (d) the pool has sufficient horizontal continuity to provide the geologic opportunity to space wells on 160-acre units thereby avoiding the drilling of unnecessary wells.