



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT II ARTESIA
811 S. FIRST ST. ARTESIA, NM 88210
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Jennifer A. Salisbury
CABINET SECRETARY

January 22, 1999

Oxy U.S.A. Inc.
P.O. Box 50250
Midland, Tx. 79710-0250
Attn: David Stewart- Regulatory Analyst

Re: OXY USA Inc.
Oxy Lucky Dog State #1
Unit N, Sec. 33, T-16-S R-27-E
660' FSL & 2080' FWL
Eddy Co., N.M.

Yates Petroleum Corporation
Emerald "ASX" State Com. #1
Unit N, Sec. 33, T-16-S R-27-E
660' FSL & 1980' FWL
Eddy Co., N.M.

Handwritten: 1/22/99
EP-16-99

Dear Dave,

I am returning the enclosed permit to drill that you submitted on the Oxy Lucky Dog State #1. On the morning of January 19th, 1999, I received and approved an APD from Yates Petroleum Corporation, the Emerald "ASX" State Com. #1.

Upon reviewing your application on the Oxy Lucky Dog State #1 this morning, I discovered that both wells have the same dedicated acreage. Since Yates's application on the Emerald was received 1st, I can not approve your application on the Oxy Lucky Dog State #1, which was received by mail to our office on January 19th in the afternoon. If you have any questions, please advise.

Yours Truly,

Bryan G. Arant
Bryan G. Arant
District Geologist
Artesia OCD

XC: Yates Petroleum
OCD Well File-Artesia