



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 25, 1998

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: Richard E. Foppiano

AMENDED Administrative Order NSL-3856(NSBHL)

Dear Mr. Foppiano:

Reference is made to your application dated February 24, 1998 and the records of the Division in Santa Fe concerning OXY USA, Inc.'s ("OXY") request for a non-standard subsurface gas producing area/bottomhole gas well location for the Dow "B-33" Federal Well No. 1 (API No. 30-015-27068), located on the surface at a previously approved unorthodox gas well location (see Division Administrative Order NSL-3856, dated August 18, 1997) 2180 feet from the South line and 1980 feet from the East line (Unit J) of Section 33, Township 17 South, Range 31 East, NMPM, Undesignated East Loco Hills-Atoka Gas Pool, Eddy County, New Mexico. It is our understanding that while OXY was in the process of reentering the subject wellbore it became necessary to sidetrack and drill to a new total depth of 11,391 feet. It was determined that the actual subsurface location of the sidetrack at a depth of 10,372 feet was at a point 2408 feet from the South line and 1961 feet from the East line of said Section 33 (only 232 feet from the nearest side boundary of the standard 320-acre gas spacing and proration unit assigned the well comprising the S/2 of said Section 33). Based on inclination surveys below this point the bottom hole location at total depth could possibly be within 146 feet from the northern boundary of said 320-acre unit.

The subject application has been duly filed under the provisions of **Rules 104.F, 111.C(2), and 111.A(7)** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

The applicable drilling window or "producing area" within the Undesignated East Loco Hills-Atoka Gas Pool for said wellbore shall include that area within the NW/4 SE/4 (Unit J) of said Section 33 that is:

- (a) no closer than 146 feet to the North line of Unit "J" of said Section 33; and,
- (b) no closer than 330 feet to the East, South, and West lines of Unit "J" of said Section 33.

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By the authority granted me under the provisions of Division General **Rule 104.F(2)**, the above-described non-standard subsurface gas producing area/bottomhole gas well location is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

All applicable provisions of said Administrative Order NSL-3856, dated August 18, 1997, shall remain in full force and affect until further notice.

Sincerely,


LORI WROTENBERY
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: DD-107
NSL-3856