

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 17, 2009

OXY USA Inc.
Attn: Mr. David Stewart
P.O. Box 50250
Midland, TX 79710-0250

Administrative Order NSL-6069

**Re: Mobil Federal Well No. 10
API No. 30-015
1310 feet FNL and 2450 feet FEL
Unit B-29-23S-31E
Eddy County, New Mexico**

Dear Mr. Stewart:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW09-21055469**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 29, 2009, and

(b) the Division's records pertinent to this request.

OXY USA Inc. (OXY) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 NE/4 of Section 29 will be dedicated to this well in order to form a standard 40-acre spacing unit in the West Sand Dunes Delaware Pool (53815). This pool is governed by statewide Rule 104.B(1), which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the southern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards



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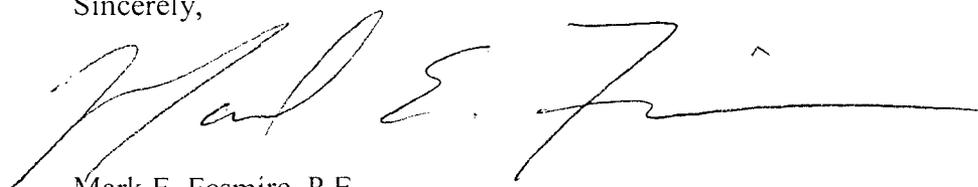
which the proposed location encroaches. We further understand that the executed waivers furnished with your application cover all affected interests.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad