



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

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Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 15, 2007

OXY USA WTP Limited Partnership
P.O. Box 50250
Midland, TX 79710-0250

Re: OXY USA WTP Limited Partnership's requests for allowables and authorization to transport for the following wells:

McKittrick 10 Federal # 1, 30-015-35231
Shelby 12 Federal # 8, 30-015-35170
US 13 Federal # 4, 30-015-35017

Dear Regulatory Manager:

Rule 1104.A [19.15.13.1104.A NMAC] allows the Oil Conservation Division (OCD) to assign an allowable to a newly completed or re-completed well or a well completed in an additional pool, or issue an operator authorization to transport oil or natural gas from such a well only if the operator is in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator who operates from 501 to 1000 wells is out of compliance with Rule 40.A(4) if it has more than 7 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC].

OXY USA WTP Limited Partnership (OXY) operates 683 wells; 14 wells appear on the inactive well list kept pursuant to Rule 40.F. OXY is out of compliance with Rule 40.A(4).

Because OXY is not in compliance with Rule 40.A, the OCD denies OXY's requests for allowables and authorizations to transport identified above.

OXY may re-submit its requests after it returns to compliance with Rule 40.A.

To comply with Rule 40.A(4) it must reduce the number of wells on the Rule 40.F inactive well list to no more than 7. A well will be removed from the inactive well list when the operator completes one of the following actions: 1) plugs the wellbore and files an approved C-103 reporting the plugging; 2) places the well on approved temporary abandonment status; 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or 4) enters into an Agreed Compliance Order with the OCD covering the well. An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Gail MacQuesten at (505) 476-3451.

Respectfully yours,

Bryan G. Arrant
OCD District II Geologist

EC: Mark Fesmire, Division Director-Santa Fe
Daniel Sanchez, Enforcement and Compliance Manager-Santa Fe
Gail MacQuesten, Assistant General Counsel-Santa Fe
Dorothy Phillips, Financial Assurance Administrator- Santa Fe