



OXY USA INC.
Box 50250, Midland, TX 79710

October 23, 1990

TO: (See attached Exhibit A)

**Re: NMOCD Approval to Directionally
Drill the OXY USA Inc./Simpson "A"
Lease, E/2 Section 29-T21S-R27E,
NMPM, Eddy County, New Mexico.**

Gentlemen:

Pursuant to Rule 111 of the Rules and Regulations of the New Mexico Oil Conservation Division, OXY USA Inc. hereby notifies all parties on Exhibit A of our intention to directionally drill Well No. 2Z on the referenced lease. Attached is a copy of Form C-103 for this purpose. This action is made necessary by the unsuccessful attempts to drill a vertical well on the same unit, the No. 2 and No. 2Y wells. The proposed surface location as well as the bottom hole location will be standard. The No. 2Z well will be a re-entry of the No. 1 well shown on the attached plat. The No. 1 well was originally drilled in 1974 as a straight hole, completed as a Wolfcamp well and plugged and abandoned in 1977. The surface location of the #1 well (and the 2Z well) is 1980 FNL and 810 FEL of Section 29. We propose to directionally drill from this surface location to a standard bottomhole location in the NW/4 SE/4 of Section 29.

As required, OXY will file all necessary surveys with NMOCD in Santa Fe at the proper time. If you desire to protest the granting of our request to intentionally deviate the Simpson "A" No. 2Z well, please advise Mr. Michael Stogner at the NMOCD in Santa Fe within 20 days, or this request may be granted administratively.

If you have any questions, please call the undersigned at 915/685-5913. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Richard E. Foppiano".

Richard E. Foppiano
Regulatory Affairs Advisor - Western Region

REF/ref
attachments