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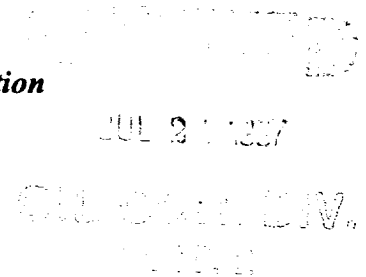
OXY USA Inc.

July 17, 1997

New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Attention: Mr. Michael E. Stogner

Re: ***Application of OXY USA Inc. for Unorthodox Well Location
Government "AM" Com #1 Well
660 FSL & 660 FWL (Bottomhole Location)
Section 33, Township 18 South, Range 29 East***



Dear Mr. Stogner:

OXY USA Inc. ("OXY") respectfully requests administrative approval under Rule 104 (F) to re-enter this temporarily abandoned well and directionally drill to an unorthodox bottomhole location no closer than 660 feet from the south and west lines of this section. This is a proposed test of deep gas zones, so the proration unit dedicated to this well for any pools on 320 acre spacing will be the south half of section 33. The Government AM No. 1 well was originally drilled and completed in 1981 as a Morrow well. In 1982, the Atoka formation was tested and produced marginal quantities of gas. Consequently, we re-entered the Morrow zone in 1993. The well is now temporarily abandoned.

Our information indicates the following deep gas pools exist in this area:

Turkey Track North (Morrow)
Turkey Track North (Atoka)
Palmillo Draw (Strawn)
Palmillo (Wolfcamp)
Palmillo (Cisco)
Turkey Track North (Strawn)

The need for an unorthodox bottomhole location is based on the geology of the Atoka and Morrow formatons. In addition to the lease plat, attached are four geological maps showing the structure and thickness of the target Middle Morrow and Lower Atoka sands. These maps, combined with analysis of the production from the different zones, suggest that the highest permeability Morrow channel sands only occur in the southwest corner of section 33. Our proposed bottomhole location should also us to penetrate the Atoka zone at a thickness much greater than what is present at the current bottomhole location.

Also attached are Form C-102 and a "service list" which identifies all affected parties as defined in Rule 104 (F) (3). A copy of this cover letter, C-102 and lease plat have been sent certified mail, return receipt requested, to all parties on the service list. By copy of this letter they are hereby notified that if they have any objection it must be filed within