



OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

April 29, 1996

Mr. Bill Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: **Application of OXY USA Inc. for Administrative Approval to Horizontally Drill Well #5, State "DW" Lease, Mescalero Escarpe-Bone Spring Pool, Lea County, New Mexico.**

Dear Mr. Lemay:

Per Statewide Rule 111 (D), OXY USA Inc. respectfully requests administrative approval to horizontally drill and produce well #5 on our State "DW" lease located in Section 12, Township 18 South, Range 33 East. This well is currently producing from the Mescalero Escarpe-Grayburg Pool. These perforations will be squeezed off, a window cut in the casing at 8610' (MD), and a new wellbore drilled to a TD of 9125' (MD). The purpose of this horizontal completion is to more effectively and efficiently drain the hydrocarbons in the Bone Springs pool underlying the SE/4 SE/4 of Section 12. Attached as a part of this application are various plats and other information in accordance with the requirements spelled out in Rule 111 (D)(2) (a)-(e). They include a plat of the project area and offsetting units, cross-sectional and plan views of the subject well, and a type log of Mescalero Escarpe-Bone Spring pool. Also enclosed are Forms C-101 & C-102 for the proposed operation.

UMC Petroleum Corporation and Floyd Operating Company are the only offsets to the proposed project area. There are no undrilled spacing units that directly offset the SE/4 SE/4 of Section 12. By signing below, I hereby certify that all operators of spacing units in the Mescalero Escarpe-Bone Springs Pool offsetting our proposed project area have been or will be sent a copy of this application including attachments by certified mail, return receipt requested. By copy of this letter they are advised that, if they have an objection, it must be filed in writing to the NMOCD within 20 days of the date notice was sent.

As always, we appreciate your consideration of our request. If you have questions or need additional information, please do not hesitate to call me at 915/685-5913.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rick".

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland