



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

September 10, 1990

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SANTA FE, NEW MEXICO 87504
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OXY USA, Inc.
c/o Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

RE: Division Case No. 10063 - Waterflood Application

Dear Mr. Kellahin:

Subsequent to the September 5th hearing, it was found that one of the proposed injection wells may have its perforated interval extending below the unitized area, as I understand it and pursuant to the "unitized formation" definition in Section 2(g) of the proposed Unit Agreement.

Our records indicate that the Federal "AI" Well No. 3 located in Unit G of Section 4, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico is perforated from 4163 feet to 4440 feet (see copy of "Well Completion" form attached).

It would appear that this interval extends beyond the intended unitized interval of the unit.

Please provide me with a discussion addressing this issue. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Hobbs
Bob Stovall - OCD Santa Fe
Ernest L. Padilla - Santa Fe