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August 25, 1998

HAND-DELIVERED

Ms. Lori Wrotenberg, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87503

12051

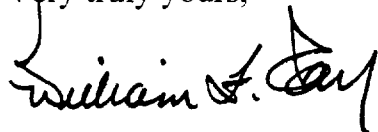
OIL CONSERVATION DIV.
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Re: Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox gas well location and a non-standard spacing and proration units, Eddy County, New Mexico

Dear Ms. Wrotenberg:

Enclosed in triplicate is the Application of Texaco Exploration and Production Inc. in the above-referenced case as well as a draft of a legal advertisement for this case. Texaco, respectfully requests that this matter be placed on the docket for the September 17, 1998 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc: David Sleeper (w/enclosures)
Texaco Exploration and Production Inc.
W. Thomas Kellahin. Esq. (w/enclosures)

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

IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING, AN UNORTHODOX GAS
WELL LOCATION AND NON-STANDARD
SPACING AND PRORATION UNITS,
EDDY COUNTY, NEW MEXICO.

CASE NO. 12851

OIL CONSERVATION DIV.
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APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("Texaco"), through its undersigned attorneys, hereby makes application pursuant to the provisions of NMSA 1978, Section 70-2-17, (1978), for an order pooling all mineral interests in all formations in the following non-standard spacing and proration units in irregular Section 1, Township 21 South, Range 25 East, N.M.P.M., Eddy County, New Mexico:

- A. Lots 11 through 14 and Lots 17 through 28 (N 2/3 equivalent) forming a 555.74 non-standard gas spacing and proration unit for all formations developed on 640-acre spacing, and
- B. Lots 11 through 14 and Lots 19 through 22 forming a 288.19 acre non-standard spacing and proration unit for all formations developed on 320-acre spacing underlying, ("the proposed units")

Texaco proposes to dedicate these pooled units to its proposed Rocky Arroyo Federal Com Well No. 1 to be drilled at an unorthodox well location 3200 feet from the North line and 660 feet from the West line of said Section 1. In support of its application, Texaco states:

CASE 12051

Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox gas well location and non-standard spacing and proration units, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests in the Upper Pennsylvanian formation and Morrow formation, Catclaw Draw-Morrow Gas Pool, underlying the following described acreage in irregular Section 1, Township 21 South, Range 25 East, in the following manner: Lots 11 through 14 and 17 through 28 to form a 555.74 acre non-standard gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent and, Lots 11 through 14 and Lots 19 through 22 to form a 288.19 acre non-standard spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Rocky Arroyo Federal Com Well No. 1 which is proposed at an unorthodox location 3200 feet from the North line and 660 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 3/4 miles East of the Junction of State Highway 137 and U.S. Highway 285, Eddy County, New Mexico.

OIL CONSERVATION DIV.
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