

SEP 30 1987



Texaco USA
Producing Department

PO Box 3109
Midland TX 79702

September 29, 1987

Petroleum Corp. of New Mexico
P. O. Drawer 27
Lovington, New Mexico 88260

Attention: A. J. Longo

RE: X-8331 - LOVING FEE
LOVING COUNTY, TEXAS

Gentlemen:

Reference is made to your letter dated September 14, 1987, requesting a bottom hole contribution for the drilling of a well to be located in Section 36, T-26-S, R-30-E, Eddy County, New Mexico, to an approximate depth of 7,000' to test the Delaware Formation.

Please be advised that after careful consideration we have decided not to contribute bottom hole support to this test at the present time.

Thank you for allowing us to evaluate this proposal.

Yours very truly,

S. L. Chandler
Land Manager
Texaco Inc.

By


Thomas P. Bryla

TPB:BBH

Refused to sign
DIVISION
3
9256
Case No.

REC'D
SEP 30 1987

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9256
ORDER NO. R-8591

APPLICATION OF PETROLEUM CORPORATION
OF NEW MEXICO FOR TWO NON-STANDARD
OIL PRORATION UNITS AND TWO UNORTHODOX
OIL WELL LOCATIONS, EDDY COUNTY, NEW
MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 2, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of January, 1988, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Petroleum Corporation of New Mexico, seeks approval for two non-standard oil spacing and proration units, as further described below, in Irregular Section 36, Township 26 South, Range 30 East, NMPM, Undesignated East Ross Draw-Delaware Pool, Eddy County, New Mexico, each unit to be dedicated to wells to be drilled at unorthodox oil well locations thereon:

- (a) The first unit comprising a total of 40 acres, being all of Lot 4 (25.14 acres) and the western portion of Lot 3 comprising 14.86 acres, said unit to be dedicated to a well to be drilled 489 feet from the South line and 1320 feet from the West line (Lot 4) of said Section 36.
- (b) The second unit comprising a total of 34.86 acres, being all of Lot 2 (24.76 acres) and the eastern portion of Lot 3 comprising 10.10 acres (the remainder of Lot 3 not in the first unit), said unit to be dedicated to a well to be drilled 484 feet from the South line and 2454 feet from the West line (Lot 3) of said Section 36.

(3) No interested party objected to this application at the time of the hearing.

(4) The geological testimony presented at the hearing indicates that the entire area underlying each of the non-standard proration units may reasonably be presumed productive of oil from the Delaware formation and that said non-standard oil proration units can be efficiently and economically drained and developed by the aforesaid wells.

(5) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Undesignated East Ross Draw-Delaware Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(6) If at any time in the future it is determined that the formation of either one or both of the non-standard oil proration units creates problems with or violates any Statutes of the State's Oil and Gas Laws or State Leasing Rules, the Division reserves the right to reopen this case and consider such matters.

IT IS THEREFORE ORDERED THAT:

(1) Petroleum Corporation of New Mexico is hereby authorized two non-standard oil spacing and proration units, as described below, in irregular Section 36, Township 26 South, Range 30 East, NMPM, Undesignated Ross Draw-Delaware Pool, Eddy County, New Mexico, each unit to be dedicated to wells to be drilled at unorthodox oil well locations:

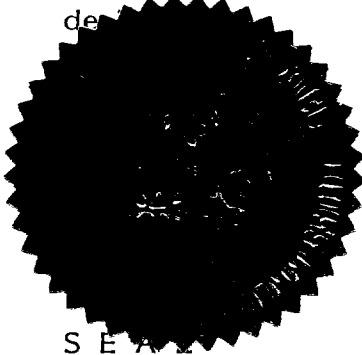
- (a) The first unit comprising a total of 40 acres, being all of Lot 4 (25.14 acres) and the western portion of Lot 3 comprising 14.86 acres, said unit to be dedicated to a well to be drilled 489 feet from the South line and 1320 feet from the West line (Lot 4) of said Section 36.
- (b) The second unit comprising a total of 34.86 acres, being all of Lot 2 (24.76 acres) and the eastern portion of Lot 3 comprising 10.10 acres (the remainder of Lot 3 not in the first unit), said unit to be dedicated to a well to be drilled 484 feet from the South line and 2454 feet from the West line (Lot 3) of said Section 36.

(2) This case shall be reopened by the Division at any time if it is determined that either one or both of the subject non-standard oil proration units is creating a problem with or is in violation of any Statute of the State's Oil and Gas Laws or State Leasing Rules.

Page 3
Case 9256
Order No. R-8591

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
de



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director