



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

January 2, 1997

Texaco Exploration & Production Inc.
205 East Bender Blvd.
Hobbs, New Mexico 88240
Attention: Paula S. Ives

Administrative Order DD-161(H)
High Angle/Horizontal

Dear Ms. Ives:

Reference is made to Texaco Exploration & Production Company's ("Texaco") application dated December 4, 1996 for authorization to re-enter and recomplete the previously plugged and abandoned J. R. Phillips Well No. 9 (API No. **30-025-05962**) by side tracking off of the vertical wellbore and drilling horizontally in order to further develop the Monument-Blinebry Pool underlying the 80.16 acres comprising Lot 3 and the SE/4 NW/4 (the E/2 NW/4 equivalent) of Section 6, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The Division Director Finds That:

- (1) The subject application has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) In Township 20 South, Range 37 East, NMPM, Lea County, New Mexico the Monument-Blinebry Pool currently comprises the W/2 equivalent of Section 5, all of Section 6, the N/2 equivalent and N/2 SE/4 of Section 7, and the W/2 and SE/4 of Section 8;
- (3) Said pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) The "project area" proposed by Texaco would consist of an over-sized spacing unit comprising 80.16 acres (two standard 40-acre, more or less, tracts) underlying the E/2 NW/4 equivalent of said Section 6;
- (5) Neither of the two subject 40-acre, more or less, tracts are currently active in the Monument-Blinebry Pool, both however had at one time wells dedicated and production contributed thereon;