



Texaco Exploration
and Production Inc

500 North Loraine
Midland TX 79701

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Midland TX 79702

September 24, 1996

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Location

E. E. Blinbry "A" Federal Com NCT-1 Well No. 5
Jalmat Gas Pool
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Gentlemen:

An Exception to Rule 104 F.(2), by administrative approval, is requested for the captioned well. This well is located 1140' FSL & 1584' FWL, Unit Letter "N", of Section 31, T-23-S, R-37-E.

This well must be drilled in this location due to topographic conditions. The "legal location" for this well was too close to Sid Richardson's powerline and two main water lines. (see attached topo map and Rig Layout). This location does not encroach on the 990'/990' setback as prescribed by the Field Rules. It is unorthodox because of the internal quarter quarter section line, therefore, the Offset Operators are "unaffected".

We believe drilling a directional well to reach a legal bottom-hole location is not feasible due to the cost involved. The associated costs of drilling a directional well severely impacts the economics.

This well will be drilled on a Non-Standard Gas Proration Unit under Order R-2474.

Yours very truly,

C. W. Howard
Engineer Assistant

CWH:cwh Attachments cc: BLM, P. O. Box 1778, Carlsbad, NM 88220