



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 24, 2000

Lori Wrotenbery
Director
Oil Conservation Division

Texaco Exploration & Production, Inc.
P. O. Box 3109
Midland, Texas 79702
Attention: A. Phil Ryan

Administrative Order NSL-4452

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated May 16, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe including the file on Texaco Exploration & Production, Inc.'s ("Texaco") Cotton Draw Unit Agreement (Case No. 1446: all concerning Texaco's request for its proposed Cotton Draw Unit Well No. 88 to be drilled at an unorthodox Wolfcamp gas well location 2210 feet from the South line and 1360 feet from the West line (Unit K) of Section 7, Township 25 South, Range 32 East, NMPM, Undesignated South Paduca-Wolfcamp Gas Pool, Eddy County, New Mexico.

Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of Section 7 is to be dedicated to this well in order to form a standard 319.88-acre stand-up gas spacing and proration unit for this pool.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Texaco is seeking this location exception based on a 3-D seismic survey of the immediate area, which indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Wolfcamp formation than a well drilled at a location considered to be standard within the SW/4 equivalent of Section 7.

Division records indicate that the current boundary of the Texaco operated Cotton Draw Unit Area comprises the following described lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 25:	S/2
Section 26:	S/2
Section 34:	E/2
Sections 35 and 36:	All

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM

Sections 1 and 2: All
Section 3: E/2
Section 11: N/2
Sections 12 and 13: All

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM

Section 7: All
Section 18: All.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
File: Unit Case No. 1446