



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland TX 79702-3109

OIL CONSERVATION DIVISION

RECEIVED

November 26, 1991

'91 DE: 9 AM 9 07

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Location

"DD" Federal -25- Well No. 3

Dagger Draw Upper Penn., N. Field

Eddy County, New Mexico

State of New Mexico

Energy and Minerals Department

Oil Conservation Division

P. O. Box 2088

Santa Fe, New Mexico 87501-2088

Attention: Mr. Michael E. Stogner

Gentlemen:

An Exception to Rule 104 F. III, by administrative approval, is requested for Texaco Exploration and Production Inc.'s "DD" Federal -25- Well No. 3. This well is located 130' FNL & 660' FEL, Unit Letter "A", of Section 25, T-19-S, R-24-E.

This well must be drilled in this location due to topographic conditions. The "legal location" for this well is in the bottom of the Seven Rivers river (see attached topo map). Mr. Barry Hunt, with the Bureau of Land Management, conducted the "onsite" inspection on October 17, 1991 and recommended this location.

We believe drilling a directional well to reach a legal bottom-hole location is not feasible due to the cost involved. A pumping completion is anticipated and the associated costs of pumping as well as drilling a directional well severely impacts the economics. Another factor to be considered is openhole stability. The ability to make a top allowable completion hinges on openhole logging and more specifically, image-type logging, which has been so successful in defining pay in the Canyon Reef.

The offset operators to this location have been notified (certified receipts attached). Texaco grants itself a waiver to the unorthodox location. Attached is the C-102, regular topo map, enlargement of topo map and offset operators list.

Yours very truly,

C. P. Basham /cwh

C. P. Basham
Drilling Operations Manager

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

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

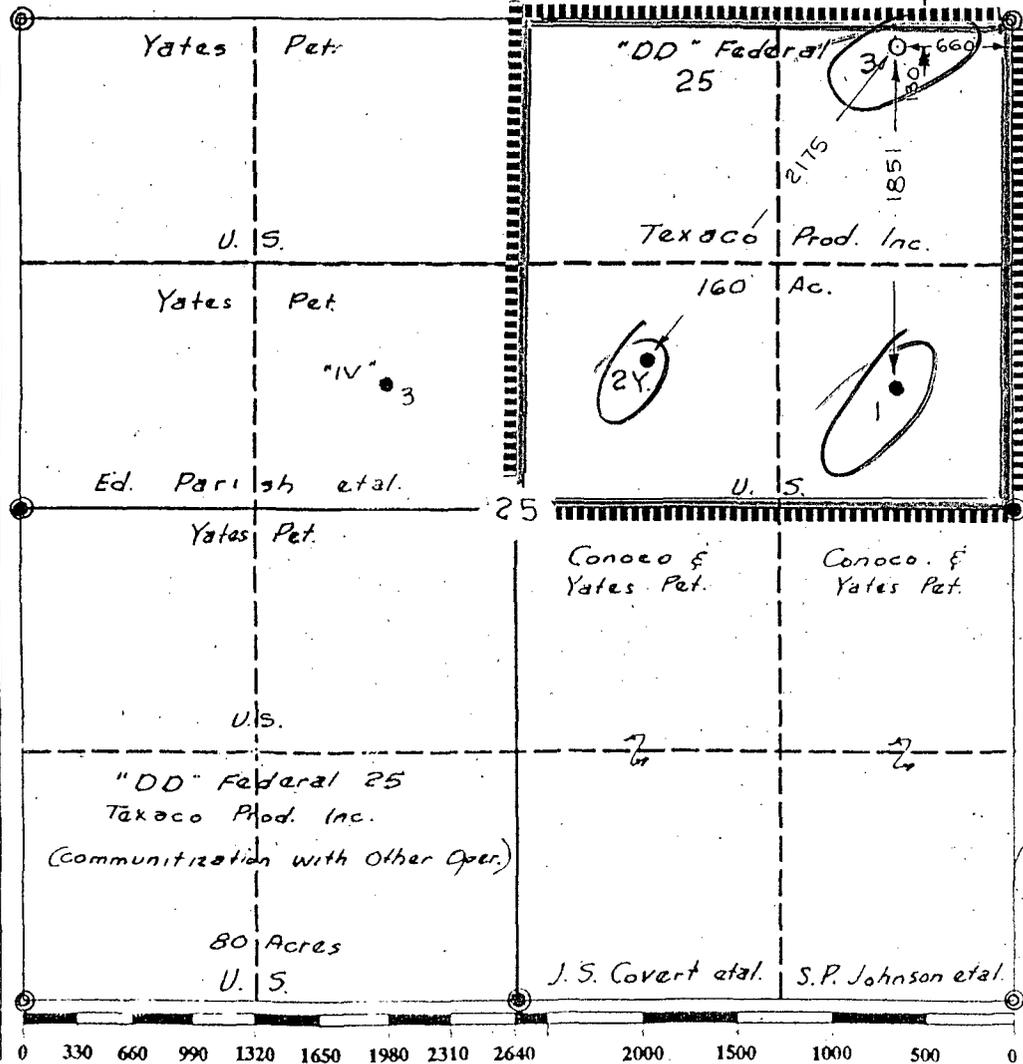
All Distances must be from the outer boundaries of the section

Operator Texaco Producing Inc.			Lease "DD" Federal 25		Well No. 3
Unit Letter A	Section 25	Township 19-South	Range 24-East	County Eddy NMPM	

Actual Footage Location of Well:
 130 feet from the North line and 660 feet from the East line

Ground level Elev. 3580	Producing Formation Cisco-Canyon	Pool Dagger Draw Upper Penn., N.	Dedicated Acreage: 160 Acres
----------------------------	-------------------------------------	-------------------------------------	---------------------------------

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



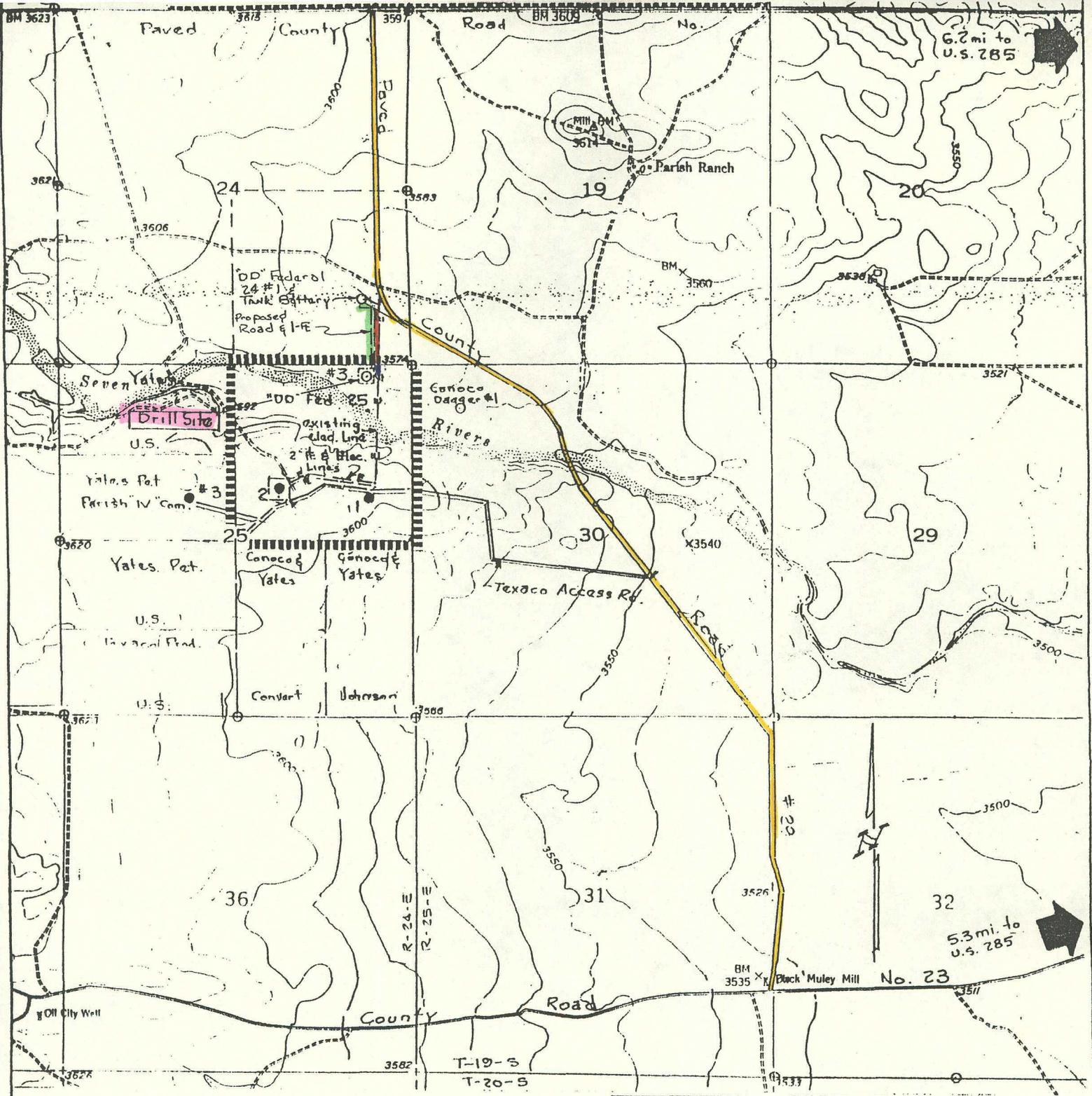
OPERATOR CERTIFICATION
 I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: *Royce D. Mariott*
 Printed Name: Royce D. Mariott
 Position: Division Surveyor
 Company: Texaco Producing Inc.
 Date: October 28, 1991

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: October 17, 1991
 Signature & Seal of Professional Surveyor: *John S. Piper*
 Certificate No.: 254 John S. Piper
 Sheet of _____

⊙ = Fd. 1" 1. Pipe w/ G.L.O. B.C. @ 1/4" ⊙ = Fd. 2" 1. Pipe w/ G.L.O. B.C. @ Sec. ⊖ = Staked Loc. ● = Producing Well.

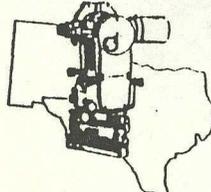


LEGEND

- Lease Boundary
- County Roads (Yellow)
- Access Road off lease (Red)
- Resource Road on lease (Blue)
- Proposed 2" Steel Flowline (Green)
- Proposed Electric Line (Orange)
- G.L.C. Iron Pipe with brass cap Found=0

TEXACO PRODUCING INC.

EXHIBIT "A"
 "DD" Federal 25 No. 3
 Sec. 25, T-19-S, R-24-E, NMPM,
 Eddy County, New Mexico



PIPER SURVEYING COMPANY
 P. O. BOX 6432-ATS
 MIDLAND, TEXAS 79711

DRAWN BY: <i>D.E.K.</i>	SCALE: 1" = 2000'
CHECKED BY: <i>J.S.P.</i>	FILE NO.
DATE: 10/18/91	SHEET OF

Texaco Exploration and Production Inc.
"DD" Federal -25- Well No. 3

OFFSET OPERATORS

Conoco, Inc.
10 Desta Drive, Suite 100 West
Midland, Texas 79705

Texaco Exploration and Production Inc.
P. O. Box 3109
Midland, Texas 79702

Yates Petroleum Corporation
105 S. Fourth St.
Artesia, New Mexico 88210

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to: CONOCO, Inc. 10 DESTA DRIVE, SUITE 100 WEST MIDLAND, TX 79705	4. Article Number RETURN RECEIPT REQUESTED P 555 873 800
5. Signature - Addressee X	Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
6. Signature - Agent X <i>Christa Gonzales</i>	Always obtain signature of addressee or agent and DATE DELIVERED.
7. Date of Delivery 12-2-91	8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to: YATES PETROLEUM CORP. 105 S. 4TH ARTESIA, N.M. 88210	4a. Article Number P-555 873 799
5. Signature (Addressee) <i>NEW HUBBARD</i>	4b. Service Type: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
6. Signature (Agent)	7. Date of Delivery 12-02-91
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 U.S.G.P.O. 1991-287-066 DOMESTIC RETURN RECEIPT

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS



PENALTY FOR PRIVATE USE, \$300

SENDER INSTRUCTIONS

Print your name, address and ZIP Code in the space below:

- Complete Items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO 

Print Sender's name, address, and ZIP Code in the space below.

TEXACO E+P Inc.

P.O. Box 3109

MIDLAND, TX 79702

ATTN: C.W. HOWARD

UNITED STATES POSTAL SERVICE

Official Business



PENALTY FOR PRIVATE USE, \$300

Print your name, address and ZIP Code here

TEXACO E+P Inc.

P.O. Box 3109

MIDLAND, TX 79702



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland, TX 79702-3109

November 26, 1991

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Locations

"DD" Federal -25- Well No. 3

Dagger Draw Upper Penn., N. Field

Eddy County, New Mexico

Conoco, Inc.

10 Desta Drive, Suite 100 West

Midland, TX 79705

Gentlemen:

As an offset operator to the captioned well, you are being furnished with a copy of our Application for an Exception to Rule 104, F. III. If you have no objection, please sign the waiver at the bottom of this letter and return in the enclosed envelope.

Any questions concerning this request should be directed to Mr. C. W. Howard at (915) 688-4606.

Yours very truly,

C. P. Basham /cwh

C. P. Basham
Drilling Operations Manager

CWH:cwh

Attachments

File

WAIVER APPROVED:

COMPANY: _____

BY: _____

DATE: _____



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland TX 79702-3109

November 26, 1991

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Locations

"DD" Federal -25- Well No. 3
Dagger Draw Upper Penn., N. Field
Eddy County, New Mexico

Yates Petroleum Corporation
105 S. Fourth St.
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Yours very truly,

C. P. Basham / cwh

C. P. Basham
Drilling Operations Manager

CWH:cwh

Attachments

File

WAIVER APPROVED:

COMPANY: _____

BY: _____

DATE: _____

NOTICE OF STAKING

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well <input checked="" type="checkbox"/> Gas Well _____ Other _____ (Specify)		6. Lease Number NM-58024	
2. Name of Operator: TEXACO EXPLORATION AND PRODUCTION INC.		7. If Indian, Allottee or Tribe Name	
3. Name of Specific Contact Person: C. W. HOWARD (915) 688-4606		8. Unit Agreement Name	
4. Address & Phone No. of Operator or Agent P. O. Box 3109, Midland, TX 79702		9. Farm or Lease Name 'DD' FEDERAL -25-	
5. Surface Location of Well 130' FNL & 660' FEL, UNIT LETTER A Attach: a) Sketch showing road entry into pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		10. Well No. 3	
		11. Field or Wildcat Name DAGGER DRAW UPPER PENN., N.	
		12. Sec., T., R., M., or Blk and Survey or Area SEC. 25, T-19-S, R-24-E	
15. Formation Objective(s) CISCO-CANYON	16. Estimated Well Depth 8000'	13. County, Parish or Borough EDDY	14. State NM

17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number).
USA

18. Signed C.P. Basham / CWH Title DRILLING OPERATIONS MANAGER Date 11-26-91

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

Operators must consider the following prior to the onsite:

- a) H2S Potential
- b) Cultural Resources (Archeology)
- c) Federal Right of Way or Special Use Permit

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

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P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II
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DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Texaco Producing Inc.			Lease "DD" Federal 25		Well No. 3
Unit Letter A	Section 25	Township 19-South	Range 24-East	County Eddy NMPM	

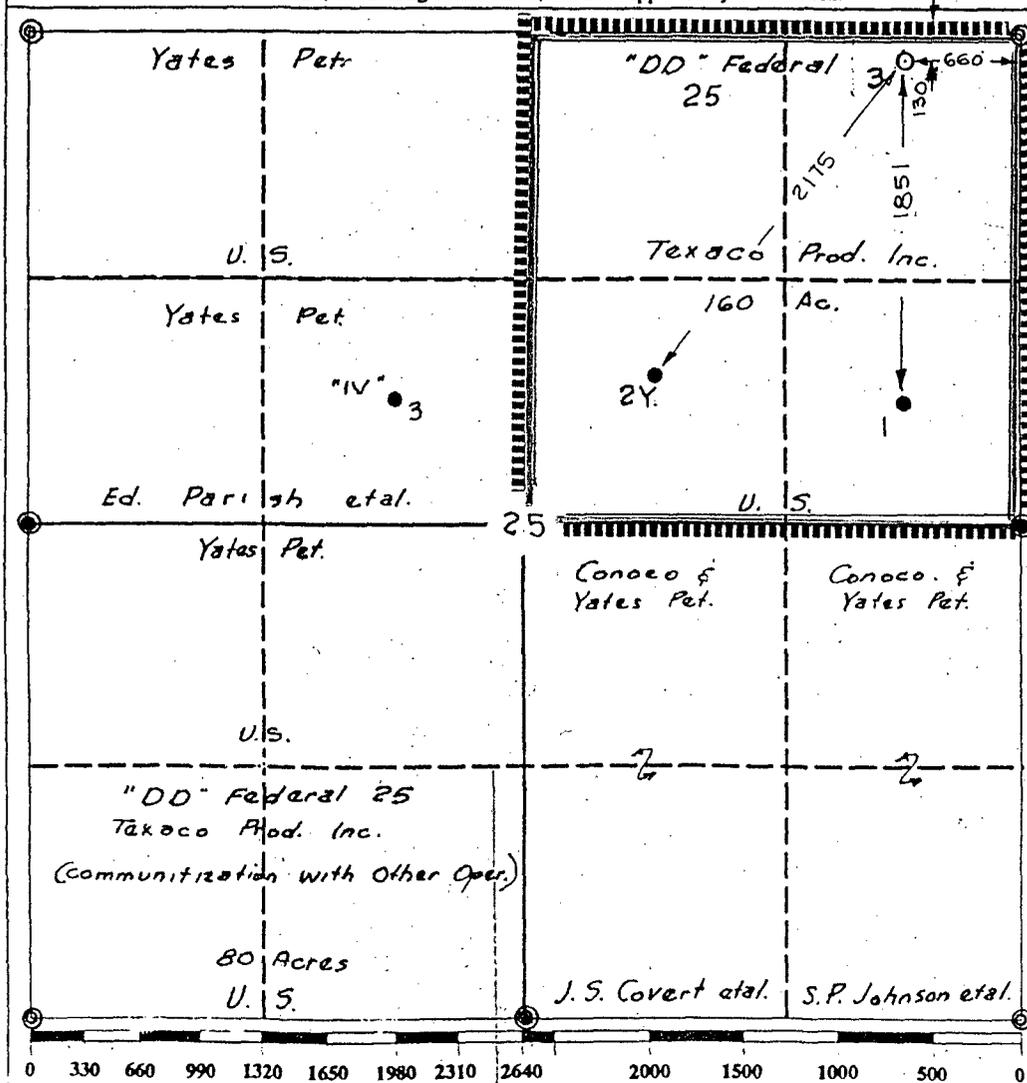
Actual Footage Location of Well:
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 Yes No If answer is "yes" type of consolidation _____

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No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature <i>Royce D. Mariott</i>
Printed Name Royce D. Mariott
Position Division Surveyor
Company Texaco Producing Inc.
Date October 28, 1991

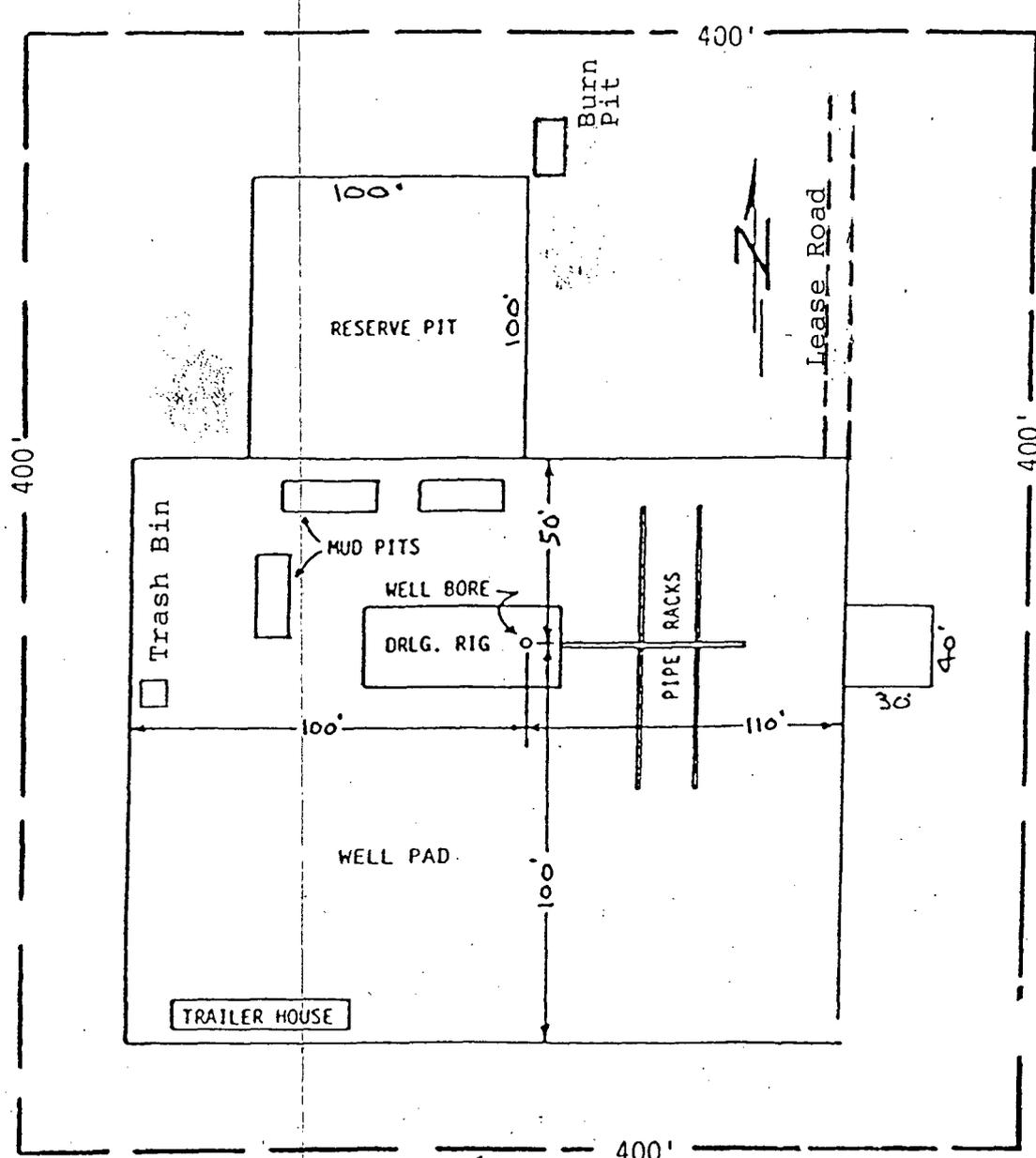
SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed October 17, 1991
Signature & Seal of Professional Surveyor <i>John S. Piper</i>

Certificate No. 7254 John S. Piper

Sheet of

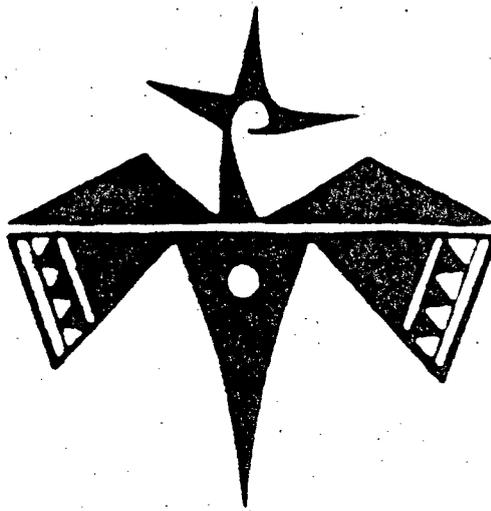
⊙ = 1" Pipe w/ G.L.O. B.C. @ 1/4" ⊙ = 2" Pipe w/ G.L.O. B.C. @ Sec. ○ = Staked Loc. ● = Producing Well.



AREA ARCHAEOLOGICALLY CLEARED

EXHIBIT "C"
 TEXACO PRODUCING INC.
 "DD" FEDERAL 25 No.3
 DRILLING RIG LAYOUT
 SCALE: None

PECOS
ARCHEOLOGICAL
CONSULTANTS
P.O. BOX 1771
CARLSBAD, NM 88221



Archeological Survey Report for
TEXACO, Inc.'s
Proposed "DD" Fed. 25 Well No. 03 Attendant Easements
Situated on Federal Lands in Sect. 25 & 24, T19S, R24E
Eddy County, New Mexico
PAC Report No. 91090

Archeological Survey Report for
TEXACO, Inc.'s
Proposed "DD" Fed. 25 Well No. 03 Attendant Easements
Situated on Federal Lands in Sect. 25 & 24, T19S, R24E
Eddy County, New Mexico
PAC Report No. 91090

prepared by
Robert J. Martin

submitted by
Pecos Archeological Consultants
P.O. Box 1771, Carlsbad, N.M., 88221
24 Oct., 1991

Permit No. 6-2920-91-K
State (NM) Permit No. 91-024

ABSTRACT

On 17 Oct., 1991, Pecos Archeological Consultants undertook the archeological survey of a proposed drill location and road/flowline easement scheduled to be constructed by TEXACO, Inc. This project will be situated on public lands in Eddy County, New Mexico. These public lands occur in sections 25 and 24, T19S, R24E, NMPM, Eddy County, New Mexico. A total of 5.97 acres, which includes 1000 ft., or 2.30 acres of easement, of federal surface ownership were investigated during this project in 6 man hours, including report preparation time. Field work for the project was conducted by Robert J. Martin. No archeological remains were recorded during the course of the survey. Due to the absence of archeological remains within the impact zone of the project area, Pecos Archeological Consultants are recommending clearance for this project, as planned.

INTRODUCTION

On 16 October, 1991, Pecos Archeological Consultants was requested by Mr. Royce Mariott, representing Hanagan Petroleum Corporation, to perform an archeological survey for a drill location and attendant combination access and flow easement, situated on public lands in Eddy County, New Mexico. This land is administered by the Bureau of Land Management and federal law stipulates that an intensive archeological survey of the project area be accomplished to determine what cultural resources might be impacted by the planned construction. Therefore, on 17 October, 1991, Pecos Archeological Consultants undertook this survey in accordance with federal requirements. Fieldwork was accomplished by Robert J. Martin. The following is a report of the findings resulting from the survey.

SURVEY METHODOLOGY

Pecos Archeological Consultants performed this survey by physically examining the entire impact zone which will result from this project as planned. A pedestrian inspection along transects spaced 15 meters apart was made across the 400 X 400 ft area encompassed by the projected location. Additionally, a buffer zone extending 20 m surrounding the location was included to determine if any secondary impact could occur to cultural resources outside the staked location. In addition, the proposed access road was investigated in two transects. This inspection was made on an overcast day. Surface visibility, which was 25-65% vegetation-free in the region under dry ground conditions, made this methodology the most practical for effectively sampling the impact zones as they will result from this planned construction.

LOCATIONAL DATA

TEXACO, Inc.'s proposed drill location, designated the TEXACO "DD" Fed. 25 Well No. 03, will possess an impact zone of 400 ft X 400 ft, or an area of 3.67 acres. The location will be situated 0130 ft from the North Line and 660 from the East Line, or in the:

NE1/4 NE1/4, sect. 25, T19S, R24E, NMPM, Eddy County, NM

SE1/4 SE1/4, sect. 24, T19S, R24E, NMPM, Eddy County, NM

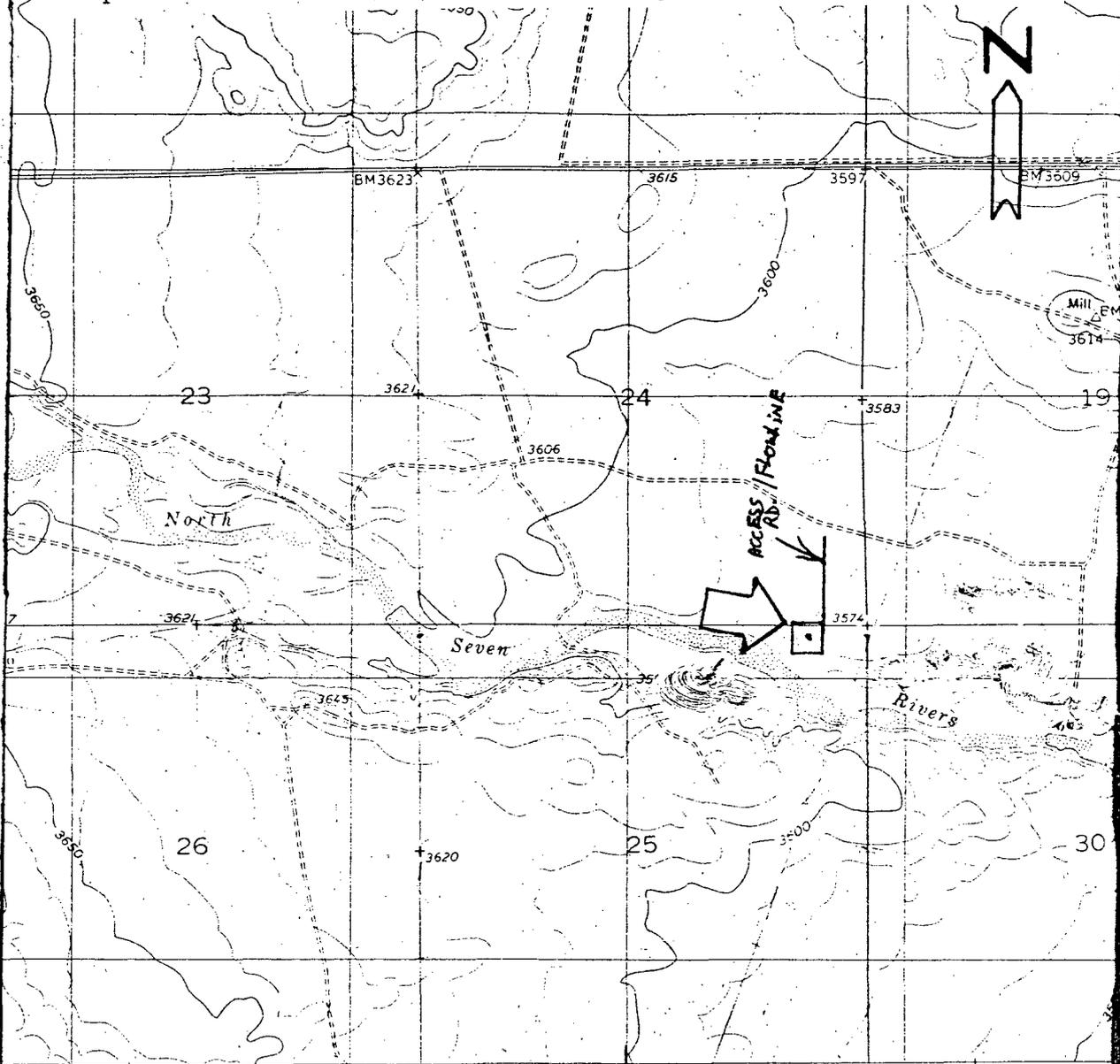
The access easement which TEXACO, Inc. plans to construct for the above-mentioned drill location will measure 100 ft X 1000 ft, or an area of 2.30 acres. The easement will be located in the:

SE1/4 SE1/4, section 24, T19S, R24E, NMPM, Eddy County, NM (BLM)

Map Reference: USGS Parish Ranch Quadrangle, 7.5 Minute, 1957.

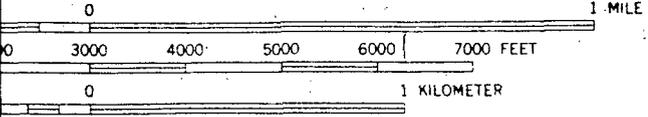
TEXACO, Inc.'s
 Proposed "DD" 25 Fed. Well No. 3 and Easement
 Secs. 24 and 25, T19S, R24E, Eddy County, NMPM, NM
 Map Reference: USGS Parish Ranch Quadrangle, 7.5 Minute Series, 1957.

18



(FOSTER RANCH) 5049 II SE 42 32'30" R 24 E P 25 E

SCALE 1:24 000



VERTICAL INTERVAL 10 FEET
 DATUM VERTICAL DATUM OF 1929



QUADRANGLE LOCATION

WITH NATIONAL MAP ACCURACY STANDARDS
 DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
 THIS MAP AND SYMBOLS IS AVAILABLE ON REQUEST

ENVIRONMENT

TEXACO's proposed drill location and easement will be situated just north of North Seven Rivers arroyo and in the west portion of the old Seven Rivers extended community, between Artesia and Carlsbad, NM. The topography is typically undulating to rolling. Soils are alluvial in nature and composed of loams derived from limestone that are included with fragmented limestone, dolomite limestone, and pebbles and cobbles of the same. Flora supported by these soils include mesquite (Prosopis juliflora), tobosa, or bunch grass (Hilaria mutica), prickly pear cactus (Opuntia macrocentra), and grasses (Aristida sp and Sporobolus airoides sp).

Animal inhabitants of this region, which averages 3575 ft above sea level, include numerous reptiles, birds and mammals. Some of the more common species are coyote (Canis latrans), jackrabbit (Lepus sp.), cottontail rabbit (Sylvilagus sp.), mule deer (Odocoileus hemionus), badger (Taxidea taxus), at least two varieties of rattlesnake (Crotaleus ssp.), bobwhite quail (Colinus virginianus) and red-tailed hawk (Buteo jamaicensis). Until their near-extinction in the late 19th Century, bison (Bison bison) seasonally inhabited the region.

ARCHEOLOGICAL RESOURCES

Prior to initiating fieldwork for the project Pecos Archeological Consultants performed a literature search to determine if any archeological sites had already been recorded in the vicinity of the project area. Current BLM files and the National Register of Historic Places were consulted in this endeavor. It was determined that there are four such previously-recorded archeological sites within a reasonable distance from the project area:

NMAS-5096, a tipi ring site, is located 230m from the project area.

NM-06-2862 is located 525m from the project area.

NM-06-2863 is located 650m from the project area.

PAC/Ed-378 is located 210m from the project area.

Observed Archeological Manifestations:

No archeological remains were recorded as a result of the field archeological survey.

RECOMMENDATIONS

Due to the absence of significant archeological remains within the project area, Pecos Archeological Consultants are recommending clearance for the project as it is planned. Final clearance for the project can be granted by the Bureau of Land Management, only.