



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



BRUCE KING
GOVERNOR
ANITA LOCKWOOD
CABINET SECRETARY

February 2, 1993

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

Attention: C.P. Basham, Drilling Operations Manager

**ADMINISTRATIVE ORDER OF THE DIVISION
NSL-3217**

Under the provisions of Rule 5 of the Special Rules and Regulations for the Cass (Pennsylvanian) Pool, as promulgated by Division Order No. R-2825, as amended, Texaco Exploration and Production, Inc. in Hobbs, New Mexico made application to the New Mexico Oil Conservation Division on December 3, 1992 for an exception to said special pool rules authorizing the unorthodox location of its L. Van Etten Well No. 13 in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) By correspondence dated November 25, 1992, the applicant Texaco Exploration and Production, Inc. in Hobbs, New Mexico, requested administrative approval of an unorthodox oil well location for its L. Van Etten Well No. 13 drilled 1653 feet from the South line and 2307 feet from the West line (Unit K) of Section 13, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The applicant further requests said well be dedicated to the N/2 SW/4 of said Section 9, forming a standard 80-acre oil spacing and proration unit for the Cass (Pennsylvanian) Pool.

(2) The proposed well location is within one mile of the Cass (Pennsylvanian) Pool boundary and is therefor subject to the Special Rules and Regulations for the Cass (Pennsylvanian) Pool, as promulgated by Division Order No. R-2825, as amended, (see Rule 1), which provides for 80-acre spacing (see Rule 2) and special well location requirements such that each well be located within 150 feet of the center of a governmental quarter-quarter section or lot (see Rule 3).

(3) The OCD Form C-101 (Application for Permit to Drill) for the subject well dated September 8, 1992, was submitted to the Hobbs District Office of the Division as a Weir Blinebry, Monument Tubb and Wildcat Pennsylvanian test.

(4) Operators must undertake a good faith effort to determine which rules, general or special, govern a well drilled at a given location for any prospective depth, and where an operator has failed to make that inquiry, penalties may be imposed. It is not clear in this case that the operator made such an inquiry, but the Hobbs District Office did approve the APD as submitted, and it is not appropriate to penalize the operator in this case.

(5) Said Form C-101 was approved to test the Pennsylvanian formation as a wildcat oil well at a standard oil well location on a 40-acre tract comprising the NE/4 SW/4 (Unit K) of said Section 9 by the Supervisor of the Hobbs District Office on September 11, 1992.

(6) Rule 5 of the special pool rules does not provide an administrative procedure to approve this particular location since the unorthodox location is not the result of topographic conditions or the recompletion of a well previously drilled to another (usually deeper) horizon.

(7) Satisfactory information has been provided that all offset operators have been duly notified and further, no objections have been filed within the required twenty-day waiting period prescribed by said Rule 5.

(8) Considering the circumstances surrounding the approval of this well location, a one-time exception should be granted to Texaco to approve this application with the understanding that in the future the applicant will more diligently investigate the rules governing the location.

IT IS THEREFORE ORDERED THAT:

(1) The application of Texaco Exploration and Production, Inc. for an unorthodox oil well location for its L. Van Etten Well No. 13 drilled 1653 feet from the South line and 2307 feet from the West line (Unit K) of Section 9, Township 20 South, Range 37 East, NMPM, Undesignated Cass (Pennsylvanian) Pool, Lea County, New Mexico, is hereby approved.

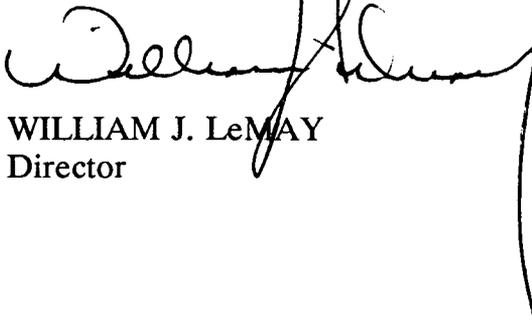
(2) The N/2 SW/4 of said Section 9 shall be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool.

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(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 designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LeMAY
Director

WJL/MES/amg

cc: Oil Conservation Division - Hobbs
Texaco E & P, Inc. - Hobbs