



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 23, 1999

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

Administrative Order NSL-3760-A (SD)
(Non-Standard Subsurface Location/Producing Area)

Dear Mr. Ryan:

Reference is made to the following: (i) your initial application dated November 30, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated December 6, 1999 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe withdrawing this application; (iii) your telephone conversation with Mr. Stogner on Monday, December 20, 1999; (iv) your re-submittal of this application to the Division on December 21, 1999; and (v) the Division's records in Santa Fe: all concerning Texaco Exploration and Production, Inc.'s ("Texaco") requests to drill the C. C. Fristoe "B" Federal NCT-2 Well No. 25 as an infill well for both the Justis-Blinebry and Justis-Tubb-Drinkard Pools at an unorthodox bottomhole oil well location/non-standard subsurface oil producing area, pursuant to Division Rules 104.F, 111.C(2), and 111.A(7), within existing standard 40-acre oil spacing and proration units for both pools comprising the SW/4 NE/4 (Unit G) of Section 35, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

Justis-Blinebry Pool production within this unit is currently dedicated to Texaco's: (i) C. C. Fristoe "B" Federal NCT-2 Well No. 8 (API No. 30-025-20928), located at a standard oil well location 1980 feet from the North line and 1979 feet from the East line of Section 35; and (ii) C. C. Fristoe "B" Federal NCT-2 Well No. 20 (API No. 30-025-33804), located at an unorthodox infill oil well location (approved by Division Administrative Order NSL-3760, dated January 22, 1997) 1450 feet from the North line and 2575 feet from the East line of Section 35.

Justis-Tubb-Drinkard Pool production within this unit is currently dedicated to the above-described C. C. Fristoe "B" Federal NCT-2 Well No. 20, which location is also unorthodox and was approved by Division Administrative Order NSL-3760.

It is our understanding that Texaco intends to directionally drill this well from a surface location 2269 feet from the North line and 2459 feet from the East line of Section 35 to a targeted bottomhole location 2610 feet from the North and East lines of Section 35 and complete in both pools in order to further develop untapped reserves underlying this 40-acre tract.

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This application has been duly filed under the provisions of Division Rules 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, and 111.C (2).

The applicable drilling window or "producing area" within both the Justis-Blinebry and Justis-Tubb-Drinkard Pools for this wellbore shall include that area within the subject 40-acre oil spacing and proration unit comprising the SW/4 NE/4 (Unit G) of Section 35 that is:

- (a) no closer than 330 feet to the north and east boundaries of the unit; and
- (b) no closer than 10 feet to the south and west boundary of this unit.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described non-standard subsurface oil producing area/bottomhole oil well location is hereby approved.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-3760