



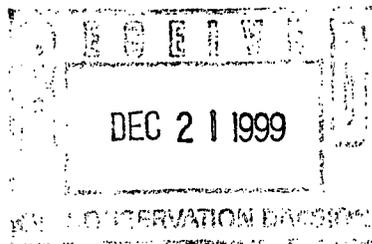
NSL 1/10/00

Texaco North America Production
Permian Business Unit

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

December 21, 1999



GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Location

C. C. Fristoe `B' Federal NCT-2 Well No. 25
Justis Blinebry and Justis Tubb Drinkard Fields
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. The surface hole location of this well is located 2269' FNL & 2459' FEL, Unit Letter "G", of Section 35, T-24-S, R-37-E. The bottom hole location of this well is located 2610' FNL & 2610' FEL of Section 35, T-24-S, R-37-E.

The necessity for non-standard well location for the C. C. Fristoe `B' Federal NCT-2 #25 is based on several factors. First, cross-sections displaying well log analyses of hydrocarbon saturation and producible (effective) porosity indicated that the Tubb-Drilnkard interval in particular looks to be of higher reservoir quality near the proposed location. Second, the wellbores nearest the proposed bottom location (G. L. Erwin `B' Federal NCT-2 #2 And C. C. Fristoe `B' NCT-2 #8) inadequately drained the aforementioned reservoir intervals due to difficulties in properly stimulating those reservoir zones under a slim-hole environment. Third, the distance between the Blinebry-Tubb-Drinkard is maximized in order to enhance the likelihood of contacting undrained reservoir intervals. Based on analogs in the North Justis such as the recently drilled G. L. Erwin `A' Federal #5 near the long-lived G. L. Erwin `A' Federal #2 producer, it has become apparent that the targeted reservoir intervals are laterally discontinuous, and therefore incompletely drained within a 40 acre proration unit by a single wellbore.

The C. C. Fristoe 'B' Federal NCT-2 lease and the two offset leases, G. L. Erwin 'A' lease and G. L. Erwin 'B' NCT-2 are all Federal leases, so royalty ownership is common. Texaco is 100% working interest owner of each of the leases and operator of each of the leases.

There are no 'affected offset operators' to this location. Attached is Form C-102 for this well.

Yours very truly,



A. Phil Ryan
Commission Coordinator

Attachments cc: BLM, Roswell, NM

Mr. Otagner,

*New letter stating
Texaco is 100% WI owner
of all three leases. Sorry
for the confusion.*

*PS: Merry Xmas
& Happy New Year Phil* Thank You



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

December 6, 1999

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

Attention: A. Phil Ryan

Re: Administrative application dated November 30, 1999 for an unorthodox bottomhole oil well location/producing area within both the Justis-Blinebry and Justis-Tubb-Drinkard Pools for Texaco Exploration and Production, Inc.'s proposed C. C. Fristoe "B" Federal NCT-2 Well No. 25 in the SW/4 NE/4 (Unit G) of Section 35, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Mr. Ryan:

Your application contains insufficient information to show that the notification requirements of Division Rule 1207.A (2)(a) were fully met. It is hereby withdrawn and being returned to you at this time.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Ms. Kathy Valdes, NMOCD - Santa Fe

12/1/99 | 12/21/99 | MS | W | NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

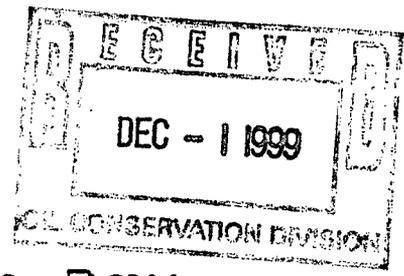
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

A. Phil Ryan
Print or Type Name

A. Phil Ryan
Signature

Commission Coordinator
Title

11/30/99
Date



Texaco North America Production
Permian Business Unit

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

November 30, 1999

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Location

C. C. Fristoe `B' Federal NCT-2 Well No. 25
Justis Blinebry and Justis Tubb Drinkard Fields
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:

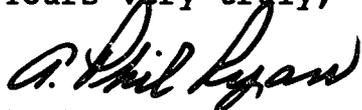
An Exception to Rule 104 F. (2) by administrative approval is requested for the captioned well. The surface hole location of this well is located 2269' FNL & 2459' FEL, Unit Letter "G", of Section 35, T-24-S, R-37-E. The bottom hole location of this well is located 2610' FNL & 2610' FEL of Section 35, T-24-S, R-37-E.

The necessity for non-standard well location for the C. C. Fristoe `B' Federal NCT-2 #25 is based on several factors. First, cross-sections displaying well log analyses of hydrocarbon saturation and producible (effective) porosity indicated that the Tubb-Drilnkard interval in particular looks to be of higher reservoir quality near the proposed location. Second, the wellbores nearest the proposed bottom location (G. L. Erwin `B' Federal NCT-2 #2 And C. C. Fristoe `B' NCT-2 #8) inadequately drained the aforementioned reservoir intervals due to difficulties in properly stimulating those reservoir zones under a slim-hole environment. Third, the distance between the Blinebry-Tubb-Drinkard is maximized in order to enhance the likelihood of contacting undrained reservoir intervals. Based on analogs in the North Justis such as the recently drilled G. L. Erwin `A' Federal #5 near the long-lived G. L. Erwin `A' Federal #2 producer, it has become apparent that the targeted reservoir intervals are laterally discontinuous, and therefore incompletely drained within a 40 acre proration unit by a single wellbore.

The C. C. Fristoe 'B' Federal NCT-2 lease and the two offset leases, G. L. Erwin 'A' lease and G. L. Erwin 'B' NCT-2 are all Federal leases, so royalty ownership is common. Texaco is the operator of each of the leases.

There are no 'affected offset operators' to this location. Attached is Form C-102 for this well.

Yours very truly,

A handwritten signature in cursive script that reads "A. Phil Ryan".

A. Phil Ryan
Commission Coordinator

Attachments cc: BLM, Roswell, NM

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

DISTRICT II
P. O. Drawer 00, Artesia, NM 88210

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instructions on back

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

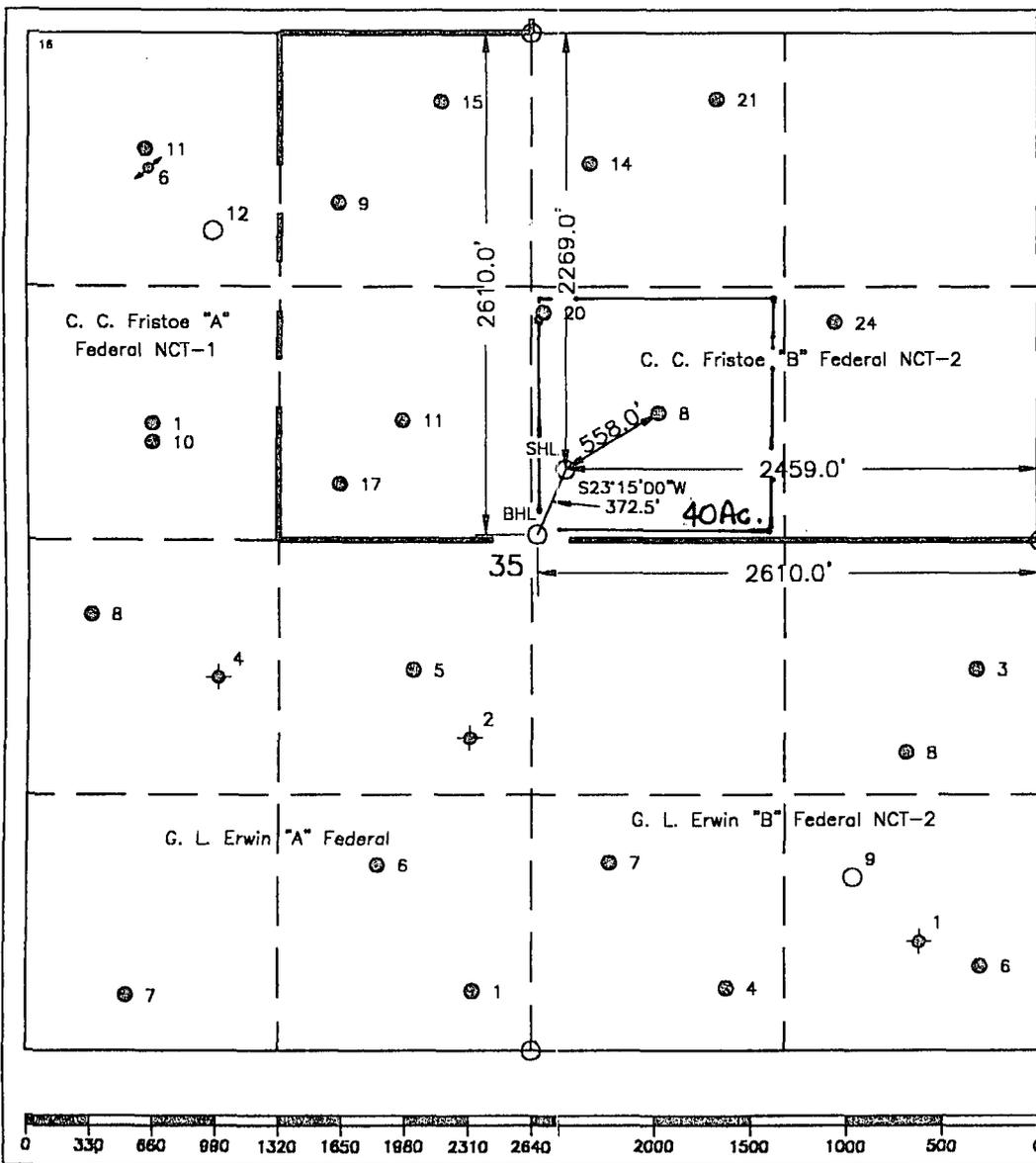
¹ API Number		² Pool Code		³ Pool Name	
				Justis Blinebry & Justis Tubb Drinkard	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		C. C. Fristoe "B" Federal NCT-2			25
⁷ OGRID No.		⁸ Operator Name			⁹ Elevation
22351		TEXACO EXPLORATION & PRODUCTION, INC.			3170'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	⁷ County
G	35	24-S	37-E		2269'	North	2459'	East	Lea

¹¹ Bottom Hole Location if Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	⁷ County
	35	24-S	37-E		2610'	North	2610'	East	Lea

¹² Dedicated Acres	¹³ Joint or infill	¹⁴ Consolidation Code	¹⁵ Order No.
40			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.



¹⁶ OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	<i>A. Phil Ryan</i>
Printed Name	A. Phil Ryan
Position	Commissioner Coordinator
Company	Texaco Expl. & Prod. Inc.
Date	November 16, 1999
¹⁷ 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	November 9, 1999
Signature & Seal of Professional Surveyor	<i>John S. Piper</i>
Certificate No.	7254 John S. Piper
Sheet 1 of 1	

○ = Staked Location ● = Producing Well ⚡ = Injection Well ⚙ = Water Supply Well ⊕ = Plugged & Abandon Well
 ⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found /4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates	
Northing 429428.21 SHL, 429085.98 BHL	Easting 912699.02 SHL, 912551.99 BHL
Latitude 32°10'29.574"SHL, 32°10'26.204"BHL	Longitude 103°07'59.165"SHL, 103°08'00.920"BHL
Zone North American Datum	Combined Grid Factor
East 1983	0.99991632
Drawing File	Coordinate File
Fris_B25.dwg	Erwin83.cr5
Field Book	
Lea County 18, Pg. 42	



Texaco Expl. & Prod.

North Justis Basemap

Structure Map on Blinebry Formation

Contour Interval = 10 feet

KB elevations used to calc. Subsea Depth



POSTED WELL DATA

Well Number

CONTOURS

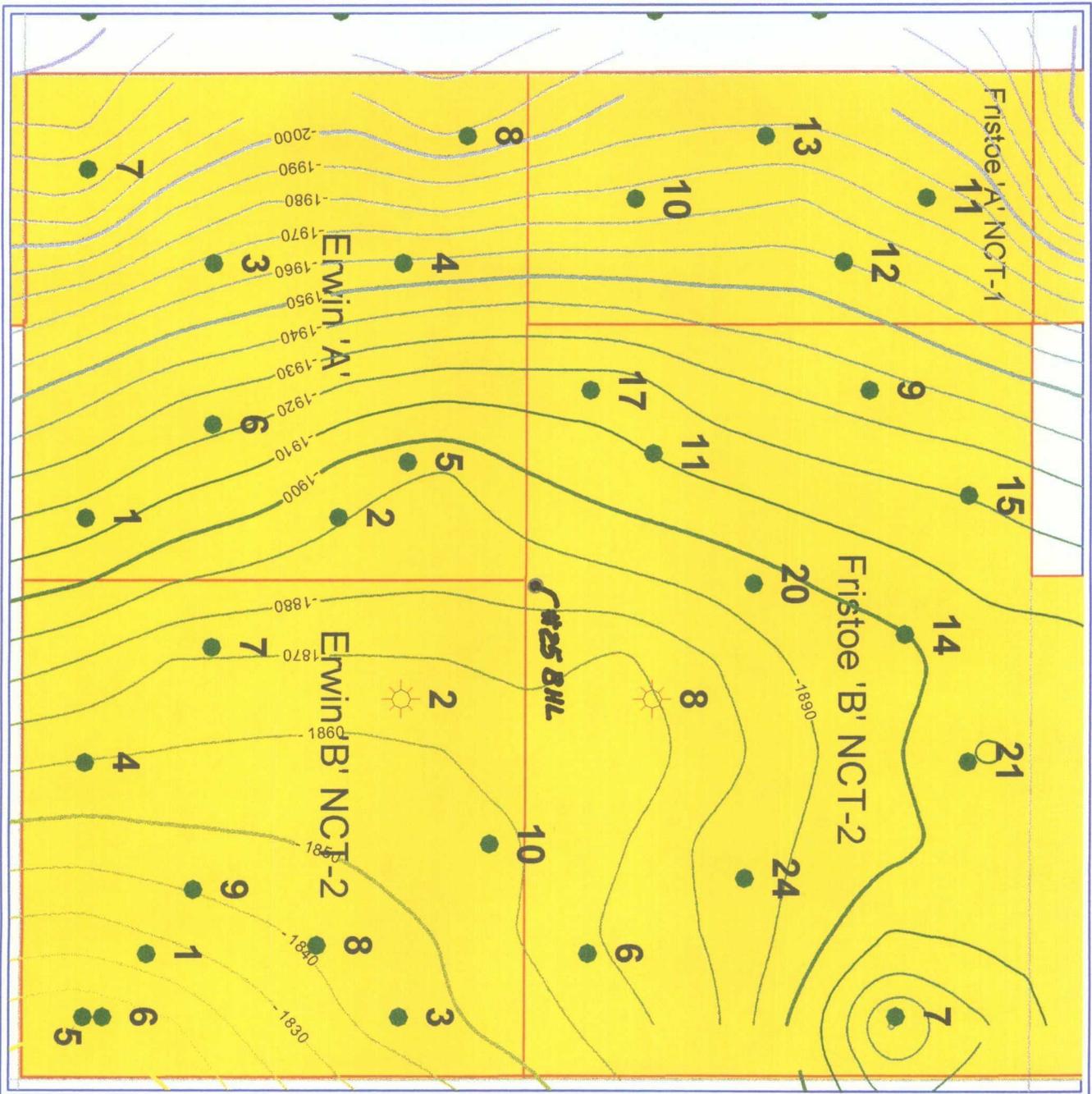
FMTOPS - 452BLBR ICLH1 - Blinebry Formation Top
452BLBR GRD
Contour Interval = 10

WELL SYMBOLS

- Oil Well
- Gas Well

By: Cory L. Hoffman

November 30, 1999 11:10 AM



Explanation of Cross Sections

The two cross-sections display the producible hydrocarbon-filled porosity linearly interpolated between the adjacent wellbores. The "hotter the color" (red) the higher the hydrocarbon-filled porosity. Blue indicates basically a zero percent hydrocarbon-filled porosity. Interpolations are constrained by the correlated formation tops and markers. The hydrocarbon-filled porosity was calculated using a modified Archie equation in which 'm' is variable (determined from algorithms based on the sonic log). Hydrocarbon-filled porosity was set to a value of 0 if the effective (producible) porosity was less than 4% (i.e., was non-economic).

This type of graphic display is useful for interpreting how the reservoir intervals vary in terms of 1) thickness, 2) water saturation, and 3) amount of hydrocarbons stored between adjacent wells. Linear interpolation by its nature is assuming lateral continuity of the reservoir, and thus is very optimistic in terms of reservoir heterogeneity. Because of this, a radical change in the character of the reservoir is indicated if reservoir intervals pinch out between wells, or a marked decrease in hydrocarbon-filled porosity is observed.

Looking at the G. L. Erwin "A" #5 to C. C. Fristoe "B" Federal NCT-2 #20 cross-section, several reservoir intervals are indicated within the Tubb and Drinkard formations with most of the reservoirs located within the Drinkard. As one moves north from the #5, several of the reservoirs clearly pinch out, and others decrease both in thickness and hydrocarbon-filled porosity. A similar scenario is revealed in the G. L. Erwin "A" #5 to G. L. Erwin "B" Federal NCT-2 #10 cross-section. Again, various reservoir intervals pinch out as one moves away from #5. But unlike what was seen in the #5 to #20 cross-section, almost all of the reservoir intervals completely pinch out.

Based on these observations, we wanted to center the bottom hole location of the C. C. Fristoe "B" Federal NCT-2 #2 within the #5-#20-#10 triangle, yet be in an area with the best reservoir quality. From the cross-sections, the better reservoir is nearest to #5 and #20 and disappears towards #10. This was a major factor in our request for the non-standard bottom hole location for the C. C. Fristoe "B" Federal NCT-2 #25.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

January 22, 1997

Texaco Exploration and Production, Inc.
P.O. Box 3109
Midland, Texas 79702
Attention: C. Wade Howard

Administrative Order NSL-3760

Dear Mr. Howard:

Reference is made to your application dated December 18, 1996 of an unorthodox oil well location for both the Justis-Blinebry and Justis-Tubb Drinkard Pools for Texaco's proposed C. C. Fristoe "B" Federal NCT-2 Well No. 20. Said well to be drilled 1450 feet from the North line and 2575 feet from the East line (Unit G) of Section 35, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. It is our understanding that this well is to be dually completed in both zones.

The existing standard 40-acre oil spacing and proration unit in the Justis-Blinebry Pool comprising the SW/4 NE/4 of said Section 35, which is presently dedicated to Texaco's 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 said Section 35, and said 40-acre tract to form a standard 40-acre oil spacing and proration unit in the Justis-Tubb Drinkard Pool, are to be dedicated to said well.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

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

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad

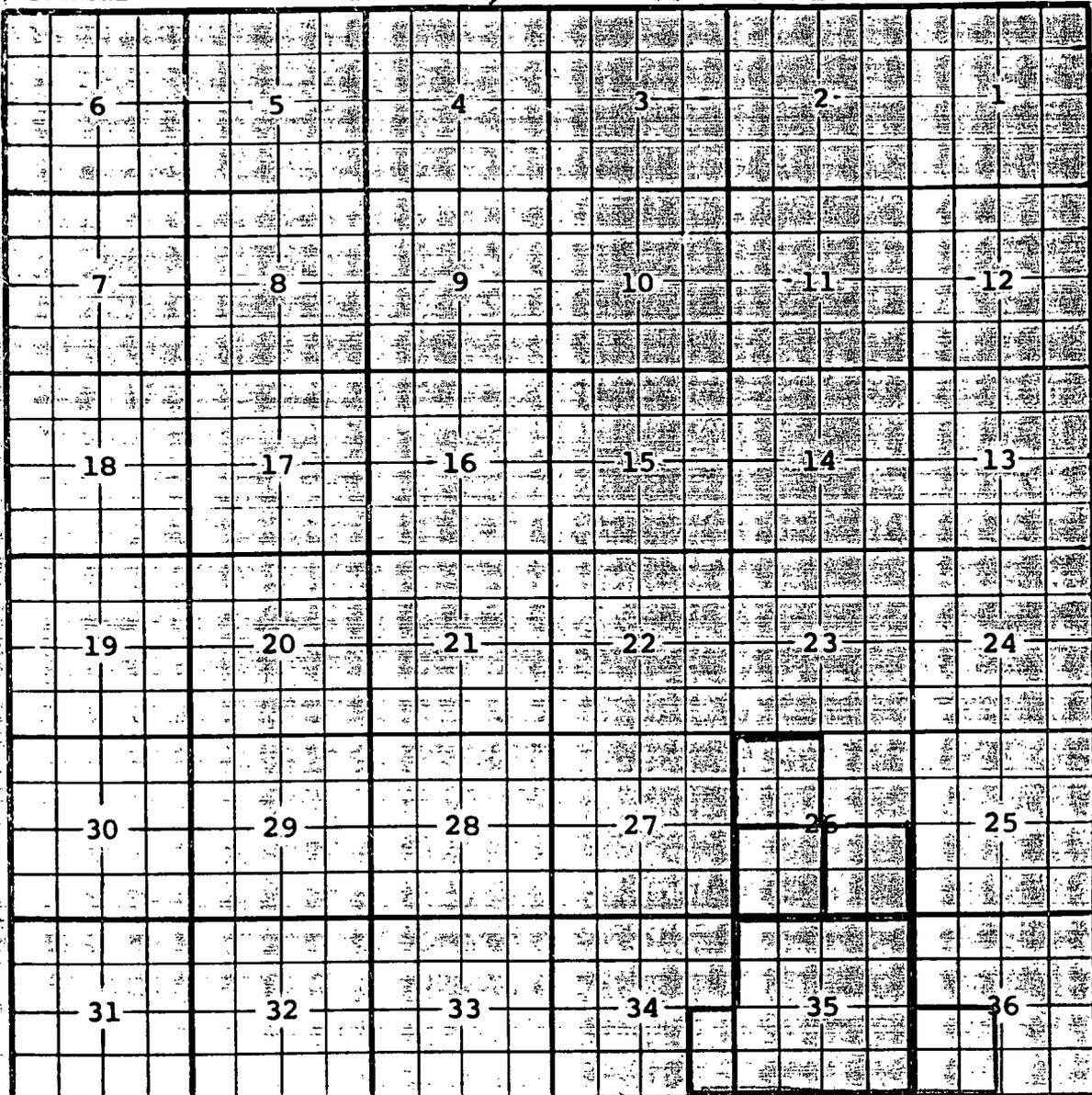
COUNTY *Lea*

POOL *Justis Tubb-Drinkard*

TOWNSHIP *24 South*

RANGE *37 East*

NMPM



Ext: $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 34; All Sec. 35 (R-2923, 7-1-65) - $\frac{SE}{2}$ Sec. 26 (R-2998, 12-1-65)
- $\frac{SW}{4}$ Sec. 26 (R-3051, 4-1-66) EXT: SW $\frac{1}{4}$ SEC. 36 (R-8584, 11/1/88)
Ext: NW $\frac{1}{4}$ Sec. 26 (R-10091, 3-28-94)

CMD : ONGARD 12/21/99 11:50:57
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPQE

API Well No : 30 25 20928 Eff Date : 03-11-1994 WC Status : A
Pool Idn : 79360 JUSTIS;GLORIETA (PRO GAS)
OGRID Idn : 22351 TEXACO EXPLORATION & PRODUCTION INC
Prop Idn : 10944 C C FRISTOE B FEDERAL NCT 2

Well No : 008
GL Elevation: 3166

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	35	24S	37E	FTG 1980 F N	FTG 1979 F E	A

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 12/21/99 11:50:51
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPQH

API Well No : 30 25 20928 Eff Date : 03-22-1994 WC Status : A
Pool Idn : 34200 JUSTIS;BLINEBRY
OGRID Idn : 22351 TEXACO EXPLORATION & PRODUCTION INC
Prop Idn : 10944 C C FRISTOE B FEDERAL NCT 2

Well No : 008
GL Elevation: 3166

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	35	24S	37E	FTG 1980 F N	FTG 1979 F E	A

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 12/21/99 11:51:15
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPQH

API Well No : 30 25 33804 Eff Date : 01-28-1997 WC Status : A
Pool Idn : 34200 JUSTIS;BLINEBRY
OGRID Idn : 22351 TEXACO EXPLORATION & PRODUCTION INC
Prop Idn : 10944 C C FRISTOE B FEDERAL NCT 2

Well No : 020
GL Elevation: 3178

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	35	24S	37E	FTG 1450 F N	FTG 2575 F E	A

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 12/21/99 11:51:22
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPQH

API Well No : 30 25 33804 Eff Date : 01-28-1997 WC Status : A
Pool Idn : 35280 JUSTIS;TUBB-DRINKARD
OGRID Idn : 22351 TEXACO EXPLORATION & PRODUCTION INC
Prop Idn : 10944 C C FRISTOE B FEDERAL NCT 2

Well No : 020
GL Elevation: 3178

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: G	35	24S	37E	FTG 1450 F N	FTG 2575 F E	A

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC