



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 20, 1998

Texaco Exploration & Production Inc.
c/o William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Administrative Order NSL-4167

Dear Mr. Carr:

Reference is made to your application dated November 17, 1998 on behalf of the operator Texaco Exploration and Production Inc. ("Texaco") to drill the following two described wells at unorthodox oil well locations along a line common to two separately operated secondary recovery projects within the Vacuum Grayburg-San Andres Pool in Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico:

- (a) Central Vacuum Unit Well No. 280 to be drilled 2038 feet from the South line and 10 feet from the West line (Unit L); and,
- (b) Central Vacuum Unit Well No. 292 to be drilled 820 feet from the South line and 46 feet from the West line (Unit M).

The Division Director Finds That:

- (1) Texaco is the operator of the Central Vacuum Unit Area Pressure Maintenance Project, established by Division Order No. R-5530, as amended. This secondary recovery project and corresponding Central Vacuum Unit Area comprise the following described 3,046.2 acres, more or less, in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 25: SE/4 NE/4 and S/2
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 30: All
Section 31: N/2, SW/4, and SW/4 SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 12: N/2 NE/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 6: All

Section 7: NW/4 NE/4 and NW/4;

- (2) Phillips Petroleum Company ("Phillips") is the operator of the State "35" Unit Tertiary Recovery/Pressure Maintenance Project, established by Division Order No. R-10599-B. This enhanced recovery project and corresponding State "35" Unit Area comprises the following described 560 acres, more or less, in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 35: N/2, E/2 SW/4, and SE/4;

- (3) The Vacuum Grayburg-San Andres Pool within both pressure maintenance projects are subject to the statewide rules and regulations for oil wells, as promulgated by **Rules 104.C(1) and F(1)**, which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of the lease or unitized area (pressure maintenance/waterflood project area), nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (4) Both Texaco and Phillips have entered into a lease/Unit line development agreement along the section line common to Sections 35 and 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico;
- (5) This mutual agreement benefits both pressure maintenance projects in order to complete an efficient and effective production/injection pattern along this common boundary line;
- (6) The existing standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 36 is to be dedicated to the Central Vacuum Unit Well No. 280;
- (7) The existing standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of Section 36 is to be dedicated to the Central Vacuum Unit Well No. 292;
- (8) This application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division; and,

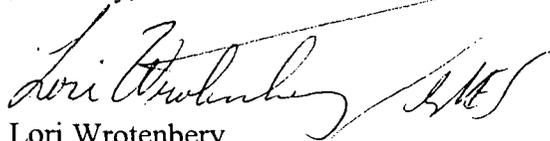
- (9) Approval of this application is in the best interest of conservation, will serve to prevent waste, protects correlative rights, exhibits sound engineering practices, and should allow for the recovery of additional reserves that might not otherwise be produced.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Division General Rule 104.F(2), Texaco Exploration and Production Inc. ("Texaco") is hereby authorized to drill the following two described wells at unorthodox oil well locations within the Vacuum Grayburg-San Andres Pool in Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico:

- (a) Central Vacuum Unit Well No. 280 to be drilled 2038 feet from the South line and 10 feet from the West line (Unit L); and,
- (b) Central Vacuum Unit Well No. 292 to be drilled 820 feet from the South line and 46 feet from the West line (Unit M).
- (2) The existing standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 36 is to be dedicated to the Central Vacuum Unit Well No. 280.
- (3) The existing standard 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of Section 36 is to be dedicated to the Central Vacuum Unit Well No. 292.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Phillips Petroleum Company - Odessa, Texas