



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

November 3, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4522(BHL)(SD)

Dear Mr. Ryan:

Reference is made to the following: (i) your initial application dated September 14, 2000; (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"); (iii) your two telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Tuesday, October 24, 2000; and (iv) your supplemental information submitted to the Division by telefax on October 24 and October 31, 2000: all concerning Texaco Exploration and Production, Inc.'s ("Texaco") request for an unorthodox bottomhole oil well location in both the Justis-Blinebry and Justis-Tubb Drinkard Pools for Texaco's proposed G. L. Erwin "A" Federal Well No. 9.

The surface location for this well is to be 1720 feet from the South line and 800 feet from the West line (Unit L) of Section 35, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. It is our understanding that Texaco intends to initially drill vertically to a depth of 3,000 feet, kick-off and directionally drill in a southwesterly direction, and at a depth of 5,200 feet TVD (5,271 feet MD) return to vertical. The well will then be drilled (vertically) to a total depth of 6,550 feet TVD (6,621 feet MD) to a targeted unorthodox bottomhole oil well location that is approximately 1420 feet from the South line and 400 feet from the West line (Unit L) of Section 35.

It is further understood that this well is to be dually completed in both the Justis-Blinebry and Justis-Tubb Drinkard Pools and that this well is to be included in the existing standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 35. Both zones underlying this 40-acre unit are currently dedicated to Texaco's G. L. Erwin "A" Federal Well No. 8 (API No. 30-025-33234) located at a standard oil well location 2310 feet from the South line and 330 feet from the West line of Section 35.

The SW/4 of Section 35 is a single federal lease (U.S. Government Lease No. LC-032874-A) in which Texaco is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Texaco.

This unorthodox bottomhole location was chosen by Texaco in order to maximize recovery

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from both the Blinebry and Tubb/Drinkard intervals in that its location is of equidistant to other offsetting Justis-Blinebry and Justis-Tubb Drinkard oil producers within the SW/4 of Section 35.

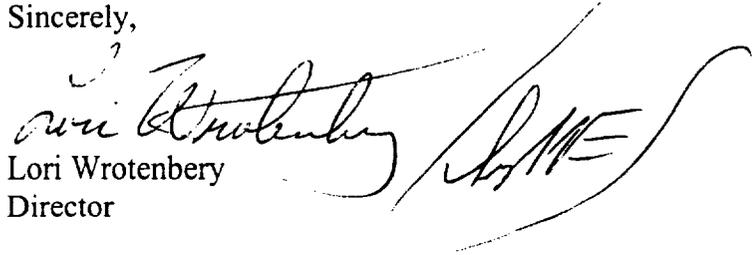
This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

By the authority granted me under the provisions of Division Rule 104.F (2), Texaco is hereby authorized to directionally drill its proposed G. L. Erwin "A" Federal Well No. 9 as close as is reasonably possible to a targeted subsurface location considered to be unorthodox 1420 feet from the South line and 400 feet from the West line of Section 35.

Further, Texaco shall comply with all provisions of Division Rule 111 applicable in this matter and production from both the Justis-Blinebry and Justis-Tubb Drinkard Pools from Texaco's existing G. L. Erwin "A" Federal Well No. 8 and proposed G. L. Erwin "A" Federal Well No. 9 is to be simultaneously dedicated to the subject 40-acre unit.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
U. S. Bureau of Land Management - Roswell