



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 6, 2002

Texaco Exploration & Production, Inc.
15 Smith Road
Midland, Texas 79705
Attention: J. Denise Leake

Telefax No. (915) 687-7905

Administrative Order NSL-4745

Dear Ms. Leake:

Reference is made to the following: (i) your application dated May 8, 2002 that was submitted to the New Mexico Oil Conservation Division ("Division") on May 16, 2002 (*application reference No. pKRV0-213734902*); (ii) Ms. Denise Wann's telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Thursday, June 6, 2002; (iii) Ms. Wann's telefax of June 6, 2002 with the necessary attachment to complete your application; and (iv) the Division's records in Santa Fe: all concerning Texaco Exploration & Production, Inc.'s ("Texaco") request for an unorthodox oil well location in the San Andres formation for its existing West Dollarhide Drinkard Unit Well No. 157 (**API No. 30-025-33404**), to be redesignated the J. B. McGhee Well No. 157, located 1275 feet from the South line and 400 feet from the East line (Unit P) of Section 31, Township 24 South, Range 38 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 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.

From the Division's records the West Dollarhide Drinkard Unit Well No. 157 was originally drilled by Texaco in 1996 to a total depth of 6,935 feet and completed in the Dollarhide Tubb-Drinkard Pool at a location within its West Dollarhide Drinkard Unit Area considered to be standard, pursuant to Division Rule 104.F (1), for a producing well in its Skelly West Dollarhide Drinkard Waterflood Project. It is our understanding that the Drinkard interval is to be abandoned and, upon issuance of this order, this well will be recompleted up-hole into the San Andres interval; and, pursuant to Division Rule 104.B (1) this location is considered to be unorthodox for the proposed 40-acre standard oil spacing and proration unit comprising the SE/4 SE/4 of Section 31.

It is the Division's understanding that the entire S/2 of Section 31 is a single fee lease (J. B. McGhee) with common ownership throughout in which Texaco is the leasehold operator; therefore, there are no adversely effected offsets to the subject 40-acre tract within the San Andres interval.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox San Andres oil well location for Texaco's J. B. McGhee Well No. 157 is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a stylized set of initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs