



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

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

April 21, 2000

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

Telefax No. (915) 688-4831

Administrative Order NSL-4439(NSBHL)

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated April 19, 2000; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe; (iii) your telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the Division on Tuesday, April 18, 2000 and on Wednesday, April 19, 2000; and (iv) your telefax transmission on April 19, 2000 with supplemental data attached: all concerning Texaco Exploration and Production, Inc.'s ("Texaco") request for a non-standard subsurface oil producing area/bottomhole oil well location within a project area [see Division Rule 111.A (9)] comprising the SE/4 NW/4 (Unit F) of Section 23, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, being a standard 40-acre oil spacing and proration unit for the Monument-Abo Pool.

The Division Director Finds That:

- (1) The subject 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);
- (2) The Monument-Abo Pool currently comprises the following described area in Lea County, New Mexico:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 22:	SE/4
Section 23:	W/2 and SW/4 SE/4
Section 26:	All
Section 27:	N/2 and SE/4
Section 34:	E/2
Sections 35 and 36:	All

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 31:	All
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TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 1:	All
Section 2:	N/2
Section 3:	NE/4

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 5:	W/2
Section 6:	All
Section 7:	NE/4;

- (3) Within the Monument-Abo Pool, the spacing and well location requirements are subject to the statewide rules and regulations [Division Rule 104.B (1)], which provide for 40-acre oil spacing and proration units and require wells to be located no closer than 330 feet to the outer boundary of such unit;
- (4) The "project area" proposed by Texaco is to consist of a single standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of Section 23, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico;
- (5) The wellbore to be utilized is Texaco's existing New Mexico "E" State (NCT-2) Well No. 2 (**API No. 30-025-34011**), located at a standard surface oil well location 2310 feet from the North line and 2175 feet from the West line (Unit F) of Section 23, which was drilled to a total depth of 8,000 feet in mid-1997 and completed through perforations from 7,400 to 7,930 feet in the Monument-Abo Pool within the subject 40-acre unit;
- (6) It is our understanding that Texaco proposes to recomplete this well by plugging the existing completion interval back to a depth of 7,200 feet, cut a window in the production casing at a depth of 7,180 feet, kick-off from vertical in a west-northwesterly direction with a short radius curve, built angle to approximately 66.5 degrees, and continue drilling at this high angle a lateral distance of approximately 630 feet. At an approximate measured depth of 7,838 feet (within the SE/4 NW/4 of Section 23) the targeted end or bottom-hole location of this drainhole is proposed to be at a point 2310 feet from the North line and 1650 feet from the West line of Section 31;
- (7) Originally Texaco sought approval from the Artesia district office of the Division under Division Rule 111.C (1); however, when the vertical portion of this wellbore

was surveyed to determine the exact location of the kick-off point, found to be 2401 feet from the North line and 2345 feet from the West line of Section 23, it was necessary under Division Rules 111.A (13), 111.B (3), and 111.C (2) to apply to the Division Director through the administrative process for this exception;

- (8) The applicant has satisfied all of the appropriate requirements prescribed in Division Rules 111.C (2) and 104.F; therefore, the subject application should be approved and an unorthodox producing area should be established for this well based on Texaco's proposed directional drilling plan; and
- (9) The subject 40-acre project area should be governed by the provisions contained within this order and all other applicable provisions of Division Rule 111.

It Is Therefore Ordered That:

(1) By the authority granted me under the provisions of Division Rule 104.F (2), Texaco Exploration and Production, Inc. is hereby authorized to recomplete its existing New Mexico "E" State (NCT-2) Well No. 2 (API No. 30-025-34011), located at a standard surface oil well location 2310 feet from the North line and 2175 feet from the West line (Unit F) of Section 23, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico by plugging the existing completion interval back to a depth of 7,200 feet, cut a window in the production casing at a depth of 7,180 feet, kick-off from vertical in a west-northwesterly direction with a short radius curve, built angle to approximately 66.5 degrees, and continue drilling at this high angle a lateral distance of approximately 630 feet to a targeted bottomhole location, at an approximate measured depth of 7,838 feet within the Monument-Abo Pool, at a point located 2310 feet from the North line and 1650 feet from the West line of Section 23.

(2) The "project area" for this well will consist of a single standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of Section 23.

(3) The applicable drilling window or producing area within the Monument-Abo Pool for this wellbore shall include that area within the subject 40-acre oil spacing and proration unit that is:

(a) no closer than the normal set-back requirement of 330 feet to the western and northern boundaries of the subject 40-acre tract;

(b) no closer than 295 feet to the eastern boundary

of this unit; and

(c) no closer than 239 feet to the southern
boundary of this unit.

(4) The operator shall comply with all applicable requirements and conditions set forth
in Division General Rule 111.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe