



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 30, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Texaco Exploration & Production, Inc.
500 N. Loraine
Midland, Texas 79702
Attention: Denise Wann

RE: Division Administrative Order SD-01-04

Dear Ms. Wann:

Reference is made to your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on July 9, 2001 for an infill well within the existing 280-acre non-standard gas spacing and proration unit ("GPU") comprising the NW/4 NE/4, S/2 NE/4, and SE/4 of Section 11, Township 20 South, Range 37 East, NMPM, Eumont Gas pool, Lea County, New Mexico, which was the subject of Division Administrative Order NSP-1765, dated October 3, 1996.

The rules and procedures currently governing the Eumont Gas Pool include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B;
- (iii) 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;
- (iv) Rule 1207.A (2); and
- (v) the amended Stipulated Declaratory Judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgement").

By the authority granted me under the provisions of these rules, regulations, and directives, Texaco Exploration & Production, Inc. ("Texaco") is hereby authorized to simultaneously dedicate gas production from the Eumont Gas Pool to the above-described 280-acre GPU from the following two wells:

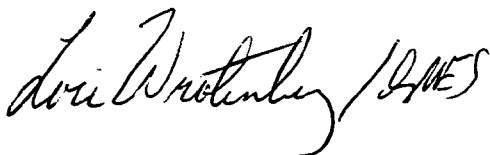
(1) its existing C. H. Weir "B" Well No. 5 (API No. 30-025-06062) located at a standard gas well location for this size unit 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 11; and

(2) the proposed C. H. Weir "B" Well No. 12 (API No. 30-025-35593) to be drilled at a standard infill gas well location 1650 feet from the South and East lines (Unit J) of Section 11.

Texaco is hereby authorized to simultaneously dedicate Eumont gas production from the proposed C. W. Weir "B" Well No. 12 with the existing C. W. Weir "B" Well No. 5. Furthermore, Texaco is hereby permitted to produce the allowable assigned the subject 280-acre GPU from both wells in any proportion.

Further, all provisions of Division Administrative Order NSP-1765 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / LWES".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSP-1765
NSP-553