



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 2, 1997

Texaco Exploration and Production, Inc.
P.O. Box 3109
Midland, Texas 79702
Attention: C. Wade Howard

Administrative Order NSL-3821

Dear Mr. Howard:

Reference is made to your application dated May 6, 1997 of an unorthodox oil well location for both the Justis-Blinebry and Justis-Tubb Drinkard Pools for Texaco's proposed C. C. Fristoe "B" Federal NCT-2 Well No. 22. Said well to be drilled 1575 feet from the South line and 2200 feet from the East line (Unit J) of Section 26, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. It is our understanding that this well is to be dually completed in both zones.

The existing standard 40-acre oil spacing and proration unit in the Justis-Blinebry Pool comprising the NW/4 SW/4 of said Section 26, which is presently dedicated to Texaco's C. C. Fristoe "B" Federal NCT-2 Well No. 12 (API No. 30-025-22032), located at a standard oil well location 2310 feet from the South and East lines of said Section 26, and said 40-acre tract to form a standard 40-acre oil spacing and proration unit in the Justis-Tubb Drinkard Pool, are to be dedicated to said well.

It is our understanding that such unorthodox location is necessitated for geologic reasons in that this location is approximately equidistance to two offsetting Justis-Blinebry oil producers within the 80 acres comprising the two 40-acre oil spacing and proration units that comprise the W/2 SW/4 of said Section 26. The proposed location should enable Texaco to encounter lateral discontinuous reservoirs that can not be depleted from the two existing wells in the W/2 SW/4 of said Section 26. Further, should secondary recovery be implemented within the Justis-Blinebry Pool in the immediate area, the proposed location will allow the implementation of a standard production/injection pattern.

Furthermore, the SW/4 of Section 26 and the NE/4 and E/2 NW/4 of Section 35, both in Township 24 South, Range 37 East, NMPM, Lea County, New Mexico is a single Federal lease (NM-14218) in which Texaco is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Texaco.

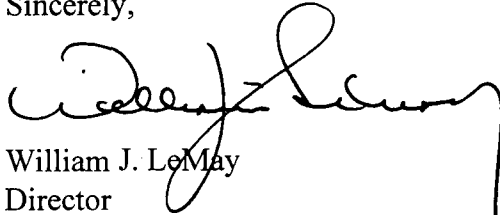
The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division

Administrative Order NSL-3821
Texaco Exploration & Production, Inc.
July 2, 1997
Page 2

Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", with a long, sweeping horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad