



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

August 26, 1997

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

Administrative Order NSL-3860

Dear Mr. Howard:

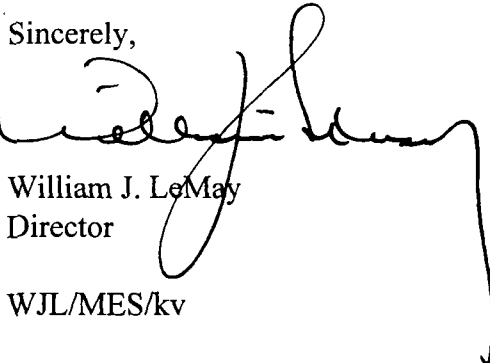
Reference is made to your application dated July 28, 1997 for approval to drill the Cotton Draw Unit Well No. 86 at an unorthodox gas well location to test the Undesignated Paduca-Devonian Gas Pool 2600 feet from the South line and 1500 feet from the East line (Unit J) of Section 12, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico. The E/2 of said Section 12 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Devonian formation than a well drilled at a location considered to be standard within said 320-acre unit.

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 Order No. R-10533, issued by the Oil Conservation Commission in Case 11351 on January 18, 1996.

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

Sincerely,



William J. LeMay
Director

WJL/MES/kv

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