



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

December 2, 1998

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

Administrative Order NSL-4174

Dear Mr. Ryan:

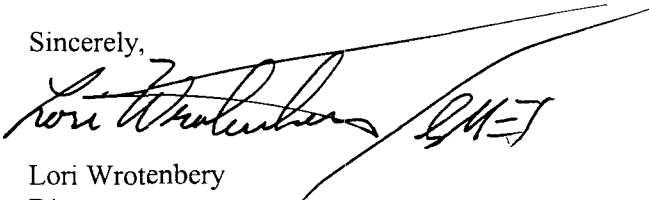
Reference is made to your application dated November 30, 1998 authorizing Texaco Exploration and Production, Inc. ("Texaco") to drill its proposed Texmack "1" Federal Com. Well No. 1 at an unorthodox gas well location in the Strawn, Atoka, and Morrow formations 1650 feet from the North line and 330 feet from the West line Unit E of Section 1, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1 is to be dedicated to the well in order to form a standard 319.80-acre gas spacing and proration unit for gas production from the Strawn and Atoka formations and the Undesignated Fren-Morrow Gas Pool.

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

It is our understanding that the subject well is to be drilled to a total depth of approximately 12,550 feet in order to test down to the Morrow formation. 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 Undesignated Fren-Morrow Gas Pool than a well drilled at a location considered to be standard within the subject 319.80-acre gas spacing and proration unit.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox gas well location within the proposed 319.80-acre unit comprising the N/2 equivalent of Section 1 for Texaco's proposed Texmack "1" Federal Com. Well No. 1 in the Strawn and Atoka formations and the Undesignated Fren-Morrow Gas Pool is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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