



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

November 14, 1996

Texaco Exploration and Production Inc.
205 E. Bender Blvd.
Hobbs, New Mexico 88240
Attention: Paula S. Ives

Administrative Order NSP-1767(L)(SD)

Dear Ms. Ives:

Reference is made to your application dated October 9, 1996, as supplemented by letter dated November 1, 1996, to reduce the acreage of the existing 160-acre standard gas spacing and proration unit ("GPU") in the North Teague Lower Paddock-Blinebry Associated Pool comprising the NW/4 of Section 9, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, by omitting the SE/4 NW/4 (Unit F) of said Section 9 from said GPU. Said 160-acre GPU is currently dedicated to the B. F. Harrison "B" Well No. 5 (**API No. 30-025-31201**), located at a standard gas well location 1950 feet from the North line and 560 feet from the West line (Unit E) of said Section 9.

It is our understanding that such reduction of acreage is necessary due to the classification of the recently completed B. F. Harrison "B" Well No. 23 (**API No. 30-025-32498**), located 1815 feet from the North and West lines (Unit F) of said Section 9 as an oil well in the North Teague Lower Paddock-Blinebry Associated Pool.

It is further understood that North Teague Lower Paddock-Blinebry Associated Pool gas production within the proposed 120-acre non-standard GPU is to be simultaneously dedicated to the aforementioned B. F. Harrison "B" Well No. 5 and to the existing B. F. Harrison "B" Well No. 7 (**API No. 30-025-31794**), located 510 feet from the North line and 800 feet from the West line (Unit D) of said Section 9. Records indicate that the B. F. Harrison "B" Well No. 7 was drilled in December, 1992 to a total depth of 9,000 feet and completed at a standard oil well location in the North Teague-Fusselman Pool. With uneconomical production from the Fusselman interval Texaco seeks to recomplete up-hole into the North Teague Lower Paddock-Blinebry Associated Pool as a gas well. Pursuant to **Rule 2(b)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the North Teague Lower Paddock-Blinebry Associated Pool*", as promulgated by Division Order Nos. R-5353, R-5353-Q, and R-5353-Q-1 the B. F. Harrison "B" Well No. 7 is considered to be an "unorthodox gas well location".

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Texaco Exploration & Production Inc.

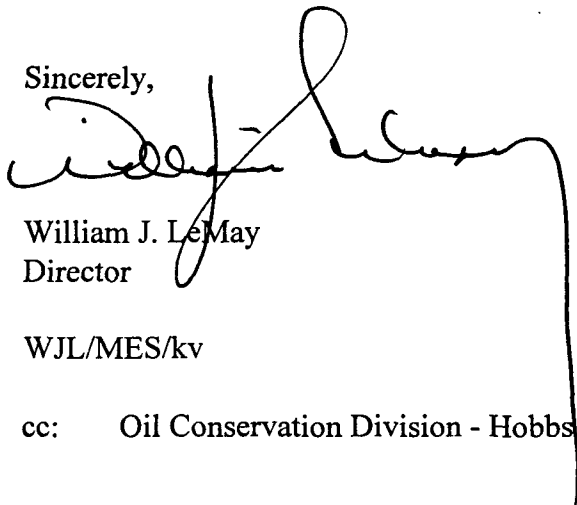
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By authority granted me under the provisions of **Rules 2(c)** and **4(b)** of said "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico/Special Rules and Regulations for the North Teague Lower Paddock-Blinebry Associated Pool*", Texaco is hereby authorized to operate the above-described non-standard gas spacing and proration unit ("GPU"), with allowable assigned thereto in accordance with all applicable rules, regulations, and policies for the North Teague Lower Paddock-Blinebry Associated Pool based upon the unit size of 120 acres. Further, by authority granted me under the provisions of **Rule 4(b)** of said rules and regulations, the above-described B. F. Harrison "B" Well No. 7, located at an unorthodox gas well location in the North Teague Lower Paddock-Blinebry Associated Pool is hereby approved.

Also, you are hereby authorized to simultaneously dedicate North Teague Lower Paddock-Blinebry Associated Pool gas production from both the B. F. Harrison "B" Well Nos. 5 and 7. Furthermore, Texaco is permitted to produce the allowable assigned the subject 120-acre non-standard gas spacing and proration unit from both wells in any proportion.

Sincerely,

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

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs