



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 21, 2000

Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79701

RECEIVED
OCT 2 1999

Attention: A. Phil Ryan

Re: *Administrative application dated July 13, 2000 for an exception to Rule 4 of the "Special Rules and Regulations for the White City-Pennsylvanian Gas Pool", as promulgated by New Mexico Oil Conservation Division Order No. R-2429-A, as amended, for the White City Com. Unit Well No. 2 to be drilled at an unorthodox infill gas well location 1650 feet from the South line and 700 feet from the West line (Unit L) of Section 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, within an existing standard 640-acre gas spacing and proration unit comprising all of Section 33.*

Dear Mr. Ryan:

Pursuant to the attached letter from the New Mexico State Land Office your application for administrative approval for the above-described unorthodox infill gas well location is hereby **denied**.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad
U. S. Bureau of Land Management - Roswell
Kathy Valdes, NMOCD - Santa Fe
Mr. William F. Carr, Legal Counsel for Texaco Exploration and Production Inc. - Santa Fe
New Mexico State Land Office - Santa Fe

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ROYALTY MANAGEMENT
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Fax (505) 827-4739

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

August 11, 2000

Texaco Exploration and Production Company
Post Office Box 3109
Midland, Texas 79702

Attn: W. Greg West

Re: Infill Well Proposal
White City Com Unit Well No. 2
1650' FSL & 700' FWL
Unit L, Section 33, Township 24 South, Range 26 East
Eddy County, New Mexico

Dear Mr. West:


We are in receipt of your letter responding to our request that Texaco submit development plans for Section 32 in the above mentioned Township and Range.

As you are aware, our request was initiated by Texaco's proposal to drill the White City Com Unit Well No. 2 in Section 33 at an unorthodox location on a federal lease. The Commissioner of Public Lands has expressed concern over this proposal since production from this proposed well could have a detrimental effect to the State interest in Section 32.

Your explanation for selecting this location and your geological summation is appreciated, and in all probability viable. However, we can not recommend that the Commissioner waive objection to your request. We have determined that it is not in the best interest of the State Trust to approve a proposal that has an approximate encroachment of 58%, over that which is allowed under standard set-back requirements and the standard drilling window for the White City Penn Pool, on the east boundary of Section 32.

If you care to discuss this further, please contact Jeff Albers at (505) 827-5759.

Sincerely,



JAMI BAILEY, Director
Oil, Gas & Minerals Division
(505) 827-5744

JB/ja

Xc: New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
Attn: Mr. Michael Stogner