

July 18, 1997

Texaco Exploration & Production, Inc.
P. O. Box 3109
Midland, Texas 79702

Attention: C. Wade Howard

*Administrative Order NSL-******

Dear Mr. Howard:

Reference is made to your application dated July 3, 1997 for approval to drill the Cotton Draw Unit Well No. 84 at an unorthodox gas well location to test the Devonian formation 2615 feet from the South line and 1160 feet from the East line (Unit I) of Section 2, Township 25 South, Range 31 East, NMPM, Eddy County, New Mexico. Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of said Section 2 is to be dedicated to the well to form a standard 320.38-acre gas spacing and proration unit for said gas producing interval.

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 320.38-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 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 gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe