



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

October 15, 1999



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

Administrative Order NSL-4366

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated October 12, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe including the file on Texaco Exploration & Production, Inc.'s ("Texaco") Cotton Draw Unit Agreement (Case No. 1446); all concerning Texaco's request for its proposed Cotton Draw Unit Well No. 87 to be drilled at an unorthodox Wolfcamp gas well location 772 feet from the North line and 154 feet from the East line (Unit A) of Section 11, Township 25 South, Range 31 East, NMPM, Undesignated South Paduca-Wolfcamp Gas Pool, Eddy County, New Mexico.

The N/2 of Section 11 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for this pool.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

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 Wolfcamp formation than a well drilled at a location considered to be standard within the NE/4 of Section 11.

Division records indicate that the current boundary of the Texaco operated Cotton Draw Unit Area comprises the following described lands in Eddy County, New Mexico:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 25:	S/2
Section 26:	S/2
Section 34:	E/2
Sections 35 and 36:	All

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM

Sections 1 and 2:	All
Section 3:	E/2
Section 11:	N/2