



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

July 3, 2001

Lori Wrotenberg

Director

Oil Conservation Division

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

Telefax No. (915) 688-4831***Administrative Order NSL-4595***

Dear Mr. Ryan:

Reference is made to the following: (i) your application dated May 16, 2001; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer in Santa Fe with the New Mexico Oil Conservation Division ("Division") on Tuesday, July 3, 2001; (iii) your response by telefax letter with attachments dated July 3, 2001; and (iv) the Division's records: all concerning Texaco Exploration & Production, Inc.'s ("Texaco") request for the proposed Ross Ranch "10" Federal Well No. 2 to be drilled at an unorthodox Wolfcamp gas well location 1915 feet from the North line and 150 feet from the East line (Unit H) of Section 10, Township 26 South, Range 31 East, NMPM, Lea County, New Mexico.

The N/2 of Section 10 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Ross Ranch-Wolfcamp Gas 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.

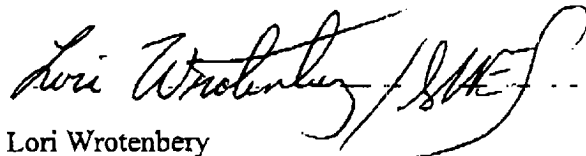
It is our understanding that Texaco is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within: (i) the Wolfcamp formation underlying the subject 320-acre unit; and (ii) the limited extent of a small feature that comprises portions of both Sections 10 and 11, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico.

It is further understood that the area comprising the W/2 and SE/4 SE/4 of Section 1; E/2 NW/4 and SW/4 of Section 3; N/2, N/2 SW/4, SE/4 SW/4, and SE/4 of Section 10; all of Section 11; and N/2 of Section 12, all in Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico is a single Federal lease (United States Government Lease No. NM-89057) in which Texaco is the leasehold operator; therefore, there are no effected offsets to the subject 320-acre tract other than Texaco.

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By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Undesignated Ross Ranch-Wolfcamp 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