



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

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

April 27, 2000

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

Telefax No. (915) 688-4831

AMENDED *Administrative Order NSL-4439 (NSBHL)*

Dear Mr. Ryan:

By Division Administrative Order NSL-4439 (NSBHL), dated April 21, 2000, authorization was given Texaco Exploration and Production, Inc. ("Texaco") to recomplete its New Mexico "E" State (NCT-2) Well No. 2 (API No. 30-025-34011), located at a standard surface oil well location 2310 feet from the North line and 2175 feet from the West line (Unit F) of Section 23, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, by plugging the existing (vertical) completion interval back to a depth of 7,200 feet, cut a window in the production casing at a depth of 7,180 feet, kick-off from vertical in a west-northwesterly direction with a short radius curve, built angle to approximately 66.5 degrees, and continue drilling at this high angle a lateral distance of approximately 630 feet to a targeted bottomhole location, at an approximate measured depth of 7,838 feet within the Monument-Abo Pool, at a point located 2310 feet from the North line and 1650 feet from the West line of Section 23. The "project area" for this well is to consist of a single standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of Section 23.

The producing area/drilling window within the Monument-Abo Pool for this well within the assigned 40-acre unit prescribed in Division Administrative Order NSL-4439 (NSBHL) included that area that was to be:

- (a) no closer than the normal set-back requirement of 330 feet to the western and northern boundaries of the subject 40-acre tract;
- (b) no closer than 295 feet to the eastern boundary of this unit; and
- (c) no closer than 239 feet to the southern boundary of this unit.

Reference is now made to your letter of application with attachments telefaxed to the Division on April 26, 2000, whereby an amendment should be issued in this order to indicate that

the prescribed producing area should be changed in order to accurately reflect the actual kick-off point, drilling path, and bottom-hole location of this wellbore.

The Division Director Finds That:

- (1) Division Administrative Order NSL-4439 (NSBHL) was originally approved under the provisions of Division Rules 104.F (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2);
- (2) This request for amendment has been duly filed under the provisions of Division Rules 104.F, as revised, and 111.C (2);
- (3) During directional drilling operations the wellbore had deviated such that Texaco exceeded both the southern and eastern set-back requirements as prescribed in Division Administrative Order NSL-4439 (NSBHL); and that,
- (4) Supporting data submitted with this application indicates that:
 - (a) immediately at the kick-off point (7170 feet) the wellbore commenced overshooting both the southern and eastern limits of the prescribed drilling window/producing area;
 - (b) the maximum deviation within the wellbore to the east occurred at a measured depth of approximately 7,200 feet, at which point the subsurface location was approximately 291 feet from the east line of this 40-acre unit;
 - (c) the maximum deviation to the south occurred at a measured depth of approximately 7,358 feet, at which point the subsurface location was approximately 170 feet from the south line of this 40-acre unit;
 - (d) at the deepest most measured depth of 8,033 feet the subsurface location of the wellbore is located 2308 feet from the North line and

1650 feet from the West line of Section 23
(two feet off of the intended target point); and

- (e) at no point does the deviated wellbore exceed the northern or western limits of the prescribed drilling window/producing area.

It Is Therefore Ordered That:

- (1) Division Administrative Order NSL-4439 (NSBHL), dated April 21, 2000, is hereby amended to properly reflect the actual subsurface path of the New Mexico "E" State (NCT-2) Well No. 2 (API No. 30-025-34011), as indicated in the findings above.
- (2) All other provisions of Order NSL-4439 (NSBHL) not in conflict with this change shall remain in full force and effect until further notice.
- (3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

SEAL

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSL-4439(NSBHL)