



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 30, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702
Attention: Tim Nein

Administrative Order NSL-3866-A

Dear Mr. Nein:

Reference is made to the following: (i) your application dated November 21, 2000, which was received on December 1, 2000 by the New Mexico Oil Conservation Division's ("Division") office in Santa Fe, for an exception to Rule 2 (b) of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the North Teague Upper Paddock-Blinebry Associated Pool*," as promulgated by Division Order No. R-5353, as amended; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Tuesday, January 30, 2001; and (iii) the records of the Division, including the file on Division Administrative Order NSL-3866: all concerning Texaco Exploration and Production, Inc.'s ("Texaco") request to plug back and deepen the existing F. B. Davis Well No. 6 (**API No. 30-025-34105**), located 510 feet from the North line and 1350 feet from the East line (Unit B) of Section 8, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, from a depth of 5,400 feet to a depth of 6,000 feet in order to recomplete into the North Teague Lower Paddock-Blinebry Associated Pool.

It is our understanding that Upper Paddock/Blinebry oil production from both the above-described F. B. Davis Well No. 6 and Texaco's existing F. B. Davis Well No. 8 (**API No. 30-025-35028**) located at a standard oil well location 960 feet from the North line and 2245 feet from the East line (Unit B) of Section 8 is to be simultaneously dedicated to a standard 40-acre oil spacing and proration unit [see Rule 2 (a) of the special rules governing this pool] comprising the NW/4 NE/4 of Section 8.

By Division Administrative Order NSL-3866, dated September 15, 1997, Texaco initially received authorization to drill to and complete the above-described F. B. Davis Well No. 6 in the Southwest Teague Glorieta-Upper Paddock Pool within a standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 8 at an unorthodox oil well location 510 feet from the North line and 1350 feet from the East line of Section 8.

The subject 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

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in Case No. 12119 on August 12, 1999, and Rule 2 (c) of the Division's Associated pool rules.

By the authority granted me under the provisions of revised Division Rule 104.F (2) and the applicable provisions of the special rules governing the North Teague Upper Paddock-Blinebry Associated Pool, the above-described unorthodox oil well location for the F. B. Davis Well No. 6 is hereby approved.

Texaco is hereby authorized to simultaneously dedicate production attributed to the North Teague Upper Paddock-Blinebry Associated Pool from both the F. B. Davis Wells No. 6 and 8. Furthermore, pursuant to Rule 2 (a) of the special pool rules and Rule 7 of the Associated pool rules, Texaco is permitted to produce the allowable assigned the subject 40-acre oil spacing and proration unit from both wells in any proportion.

Further all provisions of Division Order NSL-3866 shall be placed in abeyance until further notice.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a stylized set of initials.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-3866