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August 4, 1995

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505


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Oil Conservation Division

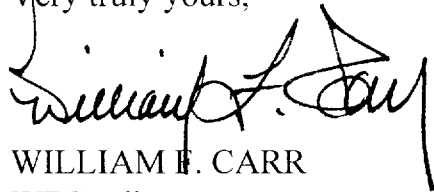
Re: Oil Conservation Division Case Nos. 11324, 11325 and 11326:
Applications of Texaco Exploration and Production Inc. for a High
Angle/Horizontal Directional Drilling Pilot Project, Special Operating Rules
Therefor, a Non-Standard Oil Proration Unit, and a Special Project Allowable,
Rio Arriba County, New Mexico

Dear Mr. LeMay:

Texaco Exploration and Production Inc. respectfully requests that these matters which are currently set on the Division docket for the August 10, 1995 hearings be continued to the August 24, 1995 Examiner docket.

Your attention to these matters is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: Mr. Chuck Snure

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 10, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 25-95 and 26-95 are tentatively set for August 24, 1995 and September 7, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11354: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Nerdhlic Company, Inc., and all other interested parties to appear and show cause why the following five wells in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the "blanket" cash plugging bond covering said wells and authorizing the Director of the Division to make demand upon United New Mexico Bank in Santa Fe, New Mexico to pay to the Division so much of the funds of the certificate of deposit given as collateral for said bond as is necessary to compensate the costs of plugging any or all of said wells:

- (1) **Inditos Well No. 1** (API No. 30-031-20774), located 2310'FNL & 330'FEL (Unit H) of Section 15, Township 16 North, Range 9 West;
- (2) **Bullseye Well No. 2** (API No. 30-031-20414), located 540'FSL & 1560'FWL (Unit N) of Section 18, Township 16 North, Range 9 West;
- (3) **Bullseye Well No. 9** (API No. 30-031-20576), located 330'FSL & 1650'FEL (Unit O) of Section 18, Township 16 North, Range 9 West;
- (4) **Bullseye Well No. 8** (API No. 30-031-20531), located 330'FNL & 990'FWL (Unit D) of Section 19, Township 16 North, Range 9 West; and,
- (5) **Bullseye "A" Well No. 2** (API No. 30-031-05091), located 990'FS & EL (Unit P) of Section 13, Township 16 North, Range 10 West.

CASE 11324: (Continued from July 13, 1995, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, and a special project allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 31, Township 25 North, Range 3 West, to form a non-standard 335.93-acre oil spacing and proration unit for said pool. The applicant proposes to re-complete the existing L. L. McConnell Well No. 13, located at a standard surface location 970 feet from the South line and 1800 feet from the West line (Unit N) of said Section 31, by kicking-off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures therefor including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet to the outer boundary of the project area, and for a special project allowable. Said area is located approximately 8.5 miles west-northwest of Lindrith, New Mexico.

CASE 11325: (Continued from July 13, 1995, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, and a special project allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying the S/2 of Section 17, Township 25 North, Range 3 West, to form a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to re-complete the existing C. W. Roberts Well No. 4, located at a previously approved unorthodox surface oil well location (Division Administrative Order NSL-626) 660 feet from the South and West lines (Unit M) of said Section 17, by kicking-off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures therefor including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 660 feet to the outer boundary of the project area, and for a special project allowable. Said area is located approximately 9 miles northwest of Lindrith, New Mexico.

CASE 11326: (Readvertised - Continued from July 27, 1995, Examiner Hearing.)

Application of **Texaco Exploration and Production Inc.** for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, simultaneous dedication, and a special project allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the West Lindrith Gallup-Dakota Oil Pool underlying the S/2 of Section 21, Township 25 North, Range 5 West, to form a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to recomplete the existing Jicarilla "C" Well No. 35, located at a standard surface location 1850 feet from the South line and 1190 feet from the West line (Unit L) of said Section 21, by kicking-off from vertical in an easterly direction commencing to build angle at an appropriate rate to horizontally traverse the proposed producing area. Further, the applicant seeks the promulgation of special operating rules and procedures including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet to the outer boundary of the project area. The applicant also requests the assignment of a special project allowable for the proposed oversized oil spacing and proration unit to be simultaneously dedicated to both the Jicarilla "C" Well No. 35 and to the Jicarilla "C" Well No. 26, located at a standard oil well location 1850 feet from the South line and 790 feet from the East line (Unit I) of said Section 21. Said area is located approximately 18.5 miles west by north of Lindrith, New Mexico.

CASE 11355: Application of **Tide West Oil Company** for an unorthodox infill gas well location and simultaneous dedication, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Chaves "A" Federal Well No. 2 at an unorthodox gas well location in the Pecos Slope-Abo Gas Pool that is either: 2310 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 7 South, Range 26 East; or, in the alternative, not closer than 330 feet to the southern and eastern boundaries of the standard 160-acre Pecos Slope-Abo gas spacing unit comprising the NE/4 of said Section 21. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the existing 160-acre gas spacing unit comprising said NE/4 of Section 21 to be simultaneously dedicated to the proposed well and to the existing Chaves "A" Federal Well No. 1 (API No. 30-005-61506), located at a standard gas well location 660 feet from the North and West lines (Unit B) of said Section 21. Said unit is located approximately 7 miles north-northeast of Acme, New Mexico.

CASE 11327: (Continued from July 27, 1995, Examiner Hearing.)

Application of **Merrion Oil & Gas Corporation** for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the designated and Undesignated Snake Eyes-Entrada Oil Pool underlying a single fee lease comprising all or portions of Sections 19, 20, and 21, Township 21 North, Range 8 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said project area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 16 miles south by east of Nageesi, New Mexico.

CASE 11328: (Continued from July 27, 1995, Examiner Hearing.)

Application of **Merrion Oil & Gas Corporation** for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Media-Entrada Oil Pool within its proposed Media Entrada Secondary (Federal) Unit comprising portions of Sections 14, 15, 22, and 23, Township 19 North, Range 3 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Unit Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 14 miles southwest of Cuba, New Mexico.