



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 3, 1996

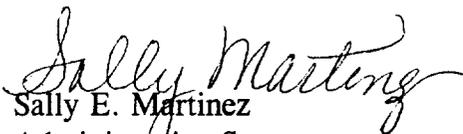
Texaco Exploration and Production, Inc.
P. O. Box 730
Hobbs, New Mexico 88241

RE: CASE NO. 11610
ORDER NO. R-10678

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Bill Carr

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11610
Order No. R-10678**

**APPLICATION OF TEXACO EXPLORATION &
PRODUCTION INC. FOR AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 26, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of October, 1996, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Texaco Exploration & Production Inc. (Texaco), seeks approval of an unorthodox gas well location in the Skaggs-Abo Gas Pool for its existing C. H. Weir "B" Well No. 10 (API No. 30-025-30317) located 1790 feet from the South line and 410 feet from the East line (Unit I) of Section 11, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The SE/4 of Section 11 is to be dedicated to the subject well forming a standard 160-acre gas spacing and proration unit in the Skaggs-Abo Gas Pool.

(4) This case was styled such that "In the absence of objection, this matter will be taken under advisement".

(5) No party entered an appearance in this case.

(6) The evidence in this case indicates that:

- a) the subject well was drilled by the applicant in 1988 and was completed in the Skaggs-Drinkard Pool at a standard oil well location;
- b) the Skaggs-Drinkard Pool within the subject well is no longer economic to produce; and,
- c) applicant proposes to recomplete the well to the Skaggs-Abo Gas Pool.

(7) The Skaggs-Abo Gas Pool is currently governed by Rule No. 104.C. of the Division General Rules and Regulations which require standard 160-acre spacing and proration units with wells to be located no closer than 660 feet from the outer boundary of the spacing unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(8) The evidence further indicates that Texaco is the only affected offset operator to the proposed unorthodox gas well location.

(9) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Skaggs-Abo Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

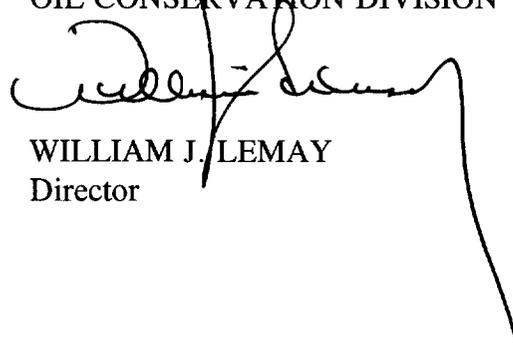
(1) The application of Texaco Exploration & Production Inc. for an unorthodox gas well location in the Skaggs-Abo Gas Pool for its existing C. H. Weir "B" Well No. 10 (API No. 30-025-30317) located 1790 feet from the South line and 410 feet from the East line (Unit I) of Section 11, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) The SE/4 of Section 11 shall be dedicated to the subject well forming a standard 160-acre gas spacing and proration unit in the Skaggs-Abo Gas Pool.

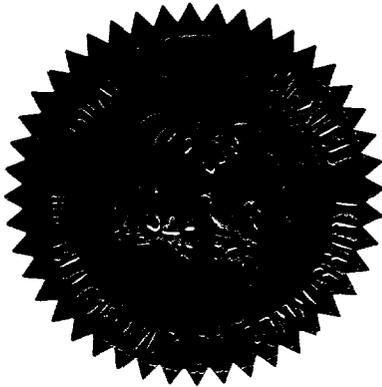
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director



S E A L