

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR COMPULSORY
POOLING, AN UNORTHODOX SURFACE
LOCATION AND DIRECTIONAL DRILLING
LEA COUNTY, NEW MEXICO.

FILED

APR 8 1996

OIL CONSERVATION DIVISION

CASE NO. 71656

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order (1) pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico; (2) for approval of an unorthodox surface location; and (3) for directional drilling and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and has the right to drill thereon.
2. Texaco proposes to dedicate this spacing unit as the "project area" for its Rhodes "23" Fed. Com No. 1 Well which it seeks authority to directionally drill from an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Texaco proposes to initially drill a vertical hole to a measured depth of

approximately 2775 feet and then, using medium radius drilling techniques, directionally drill a high angle hole along a northwesterly azimuth in the Yates formation, Rhodes Yates-Seven Rivers Gas Pool, until approximately 1392 feet of lateral distance is attained. The wellbore will not be closer than 660 feet to the outer boundary of the project area and the projected bottomhole location for the well at the end of the lateral distance is 1980 feet from the South line and 660 feet from the West line of said Section 23.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

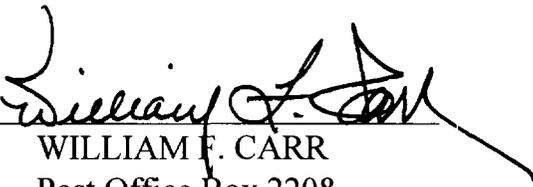
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 21, 1996, and after notice and hearing as required by law, the Division enter its order (1) pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well; (2) approving an unorthodox

surface location for the well 660 feet from the South line and 1100 feet from the West line of Section 23, Township 26 South, Range 37 East; and (3) authorizing the directional drilling of a high angle hole for said well In the Yates formation until approximately 1392 feet of lateral distance is attained.

Respectfully submitted,

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& SHERIDAN, P.A.

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