



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

August 26, 1997

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Texaco Exploration & Production Inc.  
P. O. Box 3109  
Midland, Texas 79702  
Attention: C. Wade Howard

*Administrative Order DD-197(H:w/NSDW)*  
High Angle/Horizontal

Dear Mr. Howard:

Reference is made to your application dated June 19, 1997 for authorization to initiate a high angle/horizontal directional drilling project within the NE/4 SE/4 of Section 7, Township 18 South, Range 35 East, NMPM, Mid Vacuum-Devonian Pool, Lea County, New Mexico.

**The Division Director Finds That:**

- (1) The application has been duly filed under the provisions of:
  - (a) Rule 111(D) and (E) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995; and,
  - (b) Rule 104.F of said Division general rules;
- (2) The Mid Vacuum-Devonian Pool currently comprises the SE/4 of Section 7, the SW/4 of Section 8, the W/2 of Section 16, and the N/2 of Section 17, all in Township 18 South, Range 35 East, NMPM, Lea County, New Mexico;
- (3) The Mid Vacuum-Devonian Pool is subject to the statewide rules and regulations, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (4) The "project area" proposed by Texaco Exploration & Production Inc. ("Texaco") would consist of a single standard 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of said Section 7;
- (5) Division records and the application indicate that the State "AN" lease (New Mexico State lease No. E-07653) comprises an area that includes the E/2 of said Section 7 and is operated by Texaco; therefore, there are no affected offsetting operators other than Texaco to the north of the proposed project area;
- (6) There are currently no producing Mid Vacuum-Devonian wells within the proposed project area, however from 1963 to 1968 the Getty Oil Company's State "AN" Well No. 9, located 1650 feet