

from the South line and 330 feet from the East line of said Section 7 produced approximately 72,000 barrels of oil from the Devonian formation;

- (7) Texaco is seeking to initiate a high angle/horizontal directional drilling project within this portion of the Mid Vacuum-Devonian Pool, which is a strong water drive reservoir and by applying horizontal drainhole technology to the Devonian formation will serve to minimize water coning;
- (8) It is Texaco's intent to drill its State "AN" Well No. 12 (API No. 30-025-34098) at a standard surface oil well location 1950 feet from the South line and 450 feet from the East line (Unit I) of said Section 7, drill vertically to an approximate depth of 11,500 feet, kick-off in a northwesterly direction with a short radius wellbore (87 degrees/100 feet), and drill horizontally a lateral distance of approximately 600 feet through the Devonian formation;
- (9) The applicable drilling window or "producing area" for said wellbore as requested by Texaco should include that unorthodox area within the subject 40-acre standard oil spacing and proration unit comprising the NE/ SE/4 of said Section 7 that is:
 - (a) no closer than 330 feet to the east, south, and west boundaries of said quarter-quarter section; and,
 - (b) is no closer than 240 feet to the northern boundary of said quarter-quarter section;
- (10) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and 104.F(2), the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111; and,

IT IS THEREFORE ORDERED THAT:

(1) Texaco Exploration and Production, Inc. ("Texaco") is hereby authorized to initiate a high angle/horizontal directional drilling project within a standard 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of Section 7, Township 18 South, Range 35 East, NMPM, Mid Vacuum-Devonian Pool, Lea County, New Mexico, by drilling its State "AN" Well No. 12 (API No. 30-025-34098) at a standard oil well location 1950 feet from the South line and 450 feet from the East line (Unit I) of said Section 7, drill vertically to an approximate depth of 11,500 feet, kick-off in a northwesterly direction with a short radius wellbore (87 degrees/100 feet), and drill horizontally a lateral distance of approximately 600 feet through the Devonian formation;

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of said directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Hobbs District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Hobbs offices of the Division upon completion.