

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Box Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-101

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address TEXACO EXPLORATION & PRODUCTION INC. P.O. Box 3109, Midland Texas 79702		² OGRID Number 022351
		³ API Number 30-025-33330
⁴ Property Code 11122	⁵ Property Name CENTRAL VACUUM UNIT	⁶ Well No. 188

⁷ Surface Location

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
P	36	17-S	34-E		650	SOUTH	318	EAST	LEA

⁸ Proposed Bottom Hole Location If Different From Surface

UI or lot no.	Section	Township	Range	Lot.Idn	Feet From The	North/South Line	Feet From The	East/West Line	County
P	36	17-S	34-E		663	SOUTH	10	EAST	LEA

⁹ Proposed Pool 1 VACUUM GRAYBURG-SAN ANDRES	¹⁰ Proposed Pool 2
--	-------------------------------

¹¹ Work Type Code N	¹² WellType Code O	¹³ Rotary or C.T. ROTARY	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3986'
¹⁶ Multiple No	¹⁷ Proposed Depth 4850'	¹⁸ Formation GRAYBURG/ S A	¹⁹ Contractor NABORS	²⁰ Spud Date 4/1/96

²¹ Proposed Casing and Cement Program

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
11	8 5/8	24#	1550'	550 SACKS	SURFACE
7 7/8	5 1/2	15.5#	4850'	900 SACKS	SURFACE

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

CEMENTING PROGRAM:

SURFACE CASING - 400 SACKS CLASS C w/4% GEL, 2% CACL2 (13.5 PPG, 1.74 CF/S, 9.1 GW/S). F/B 150 SACKS CLASS C w/ 2% CACL2 (14.8, 1.34 CF/S, 6.3 GW/S).

PRODUCTION CASING - 800 SACKS 35/65 POZ CLASS H w/ 6% GEL, 5% SALT, 1/4# FLOCELE (12.8 PPG, 1.94 CF/S, 10.4 GW/S). F/B 100 SACKS CLASS H (15.6 PPG, 1.18 CF/S, 5.2 GW/S).

UNORTHODOX LOCATION: DIRECTIONAL WELL: ADMINISTRATIVE ORDER DD-127 (NSBHL). (COPY ATTACHED)

THERE ARE NO OTHER OPERATORS IN THIS QUARTER QUARTER SECTION.

Permit Expires 1 Year From Approval
Date Unless Drilling Underway

²³ I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature <i>C. Wade Howard</i>			
Printed Name C. Wade Howard		Approved By: ORIGINAL SIGNED BY GARY WINK FIELD REPORT	
Title Eng. Assistant		Title:	
Date 3/13/96		Approval Date: MAR 15 1996 Expiration Date:	
Telephone 688-4606		Conditions of Approval: Attached <input type="checkbox"/>	

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State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

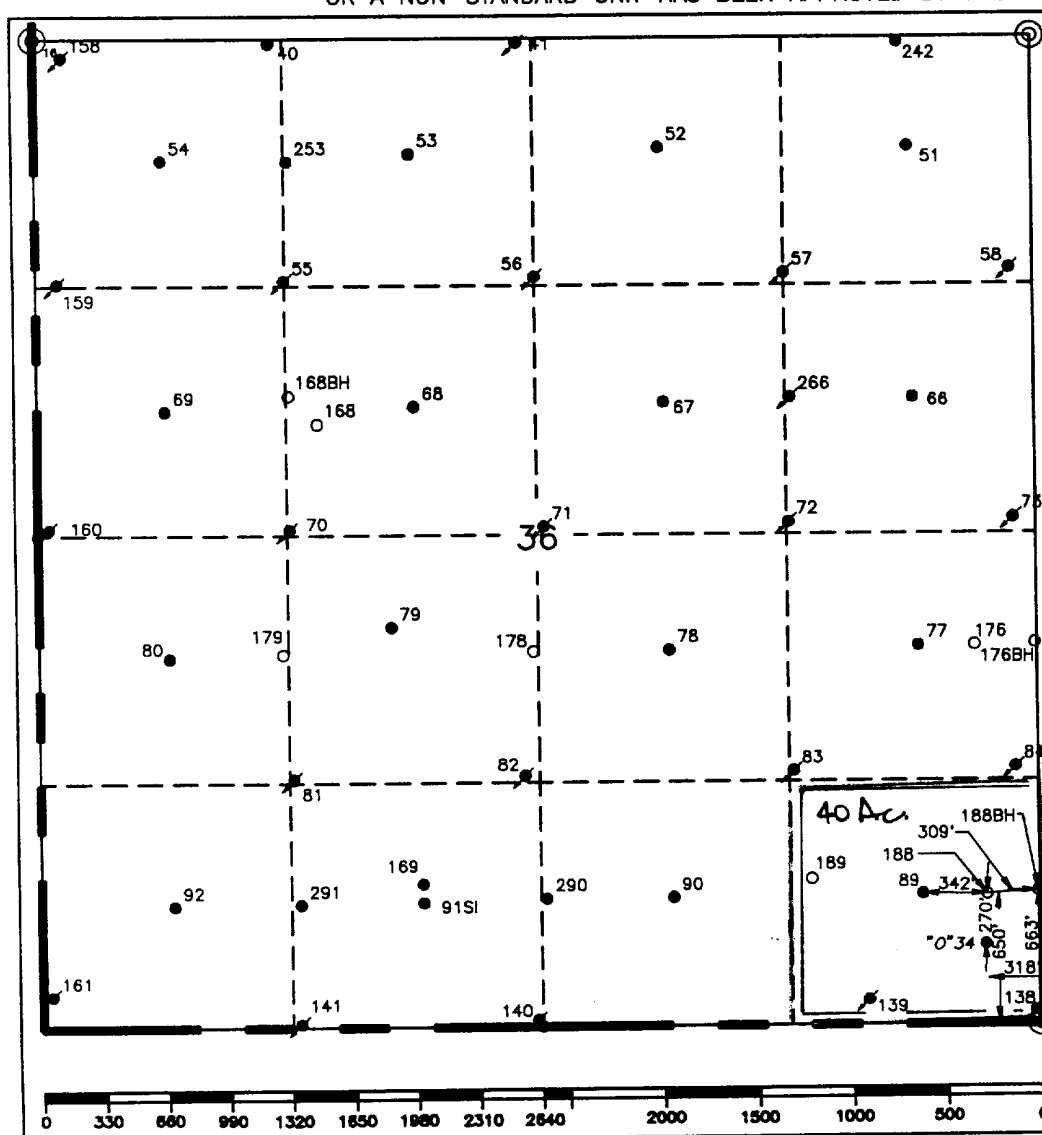
State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 62180		3 Pool Name Vacuum Grayburg-San Andres					
4 Property Code 11122		5 Property Name Central Vacuum Unit						6 Well Number 188	
7 OGRID No. 22351		8 Operator Name TEXACO EXPLORATION & PRODUCTION, INC.						9 Elevation 3986'	
10 Surface Location									
UL or lot no. P	Section 36	Township 17-S	Range 34-E	Lot Idn	Feet from the 650'	North/South line South	Feet from the 318'	East/West line East	County Lea
11 Bottom Hole Location If Different From Surface									
UL or lot no. P	Section 36	Township 17-S	Range 34-E	Lot Idn	Feet from the 663'	North/South line South	Feet from the 10'	East/West line East	County Lea
12 Dedicated Acres 40		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION.



16 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

C. Wade Howard

Position

Engineer's Assistant

Company

Texaco Expl. & Prod. Inc.

Date

December 21, 1995

17 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

December 5, 1995

Signature & Seal of Professional Surveyor

Certificate No.

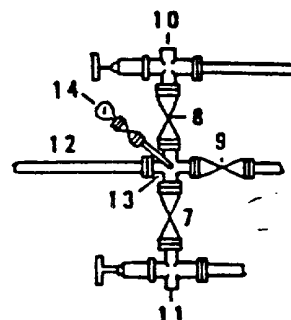
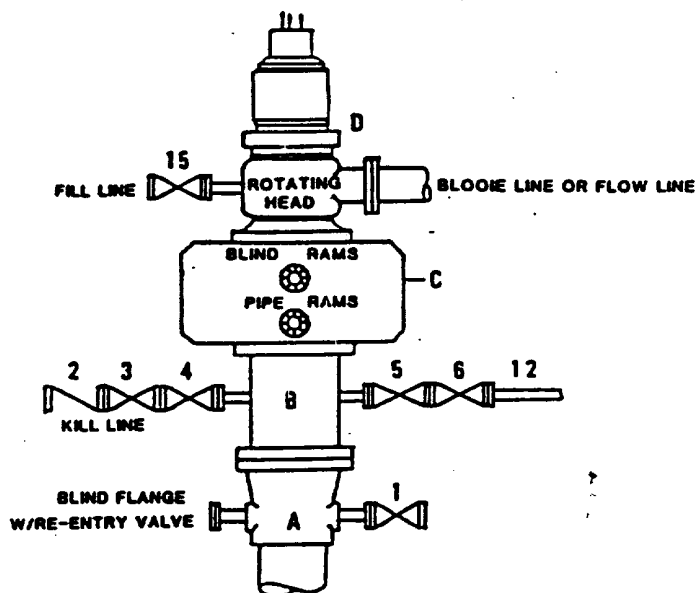
7254 John S. Piper

Sheet

○ = Staked Location ● = Producing Well = Injection Well ⊗ = Water Supply Well ◆ = Plugged & Abandon Well

**DRILLING CONTROL
CONDITION II-B 3000 WP
FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED**

H₂S TRIM REQUIRED
YES _____ NO _____



DRILLING CONTROL

MATERIAL LIST - CONDITION II - B

- | | |
|-------------|---|
| A | Texaco Wellhead |
| B | 3000# W.P. drilling spool with a 2" minimum flanged outlet for kill line and 3" minimum flanged outlet for choke line. |
| C | 3000# W.P. Dual ram type preventer, hydraulic operated with 1" steel, 3000# W.P. control lines (where sub-structure height is adequate, 2 - 3000# W.P. single ram type preventers may be utilized). |
| D | Rotating Head with fill up outlet and extended Bloode Line. |
| 1,3,4, 7,8, | 2" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 2 | 2" minimum 3000# W.P. back pressure valve. |
| 5,6,9 | 3" minimum 3000# W.P. flanged full opening steel gate valve, or Halliburton Lo Torc Plug valve. |
| 12 | 3" minimum schedule 80, Grade "B", seamless line pipe. |
| 13 | 2" minimum x 3" minimum 3000# W.P. flanged cross. |
| 10,11 | 2" minimum 3000# W.P. adjustable choke bodies. |
| 14 | Cameron Mud Gauge or equivalent (location optional in choke line). |
| 15 | 2" minimum 3000# W.P. flanged or threaded full opening steel gate valve, or Halliburton Lo Torc Plug valve. |



TEXACO, INC.
MIDLAND DIVISION
MIDLAND, TEXAS



SCALE	DATE	EST. NO.	DRG. NO.
DRAWN BY			
CHECKED BY			
APPROVED BY			

EXHIBIT C



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

January 19, 1996

Texaco Exploration and Production, Inc.
P. O. Box 3109
Midland, Texas 79702

Attention: C. W. Howard

Administrative Order DD-127(NSBHL)

Dear Mr. Howard:

Under the provisions of Rules 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 11,274 on June 13, 1995 and Rule 104.F, revised by Division Order No. R-10533, issued by the Commission in Case 11351 on January 18, 1996, Texaco Exploration and Production Inc. made application to the New Mexico Oil Conservation Division on January 18, 1996 for authorization to directional drill its proposed Central Vacuum Unit Well No. 188, Lea County, New Mexico.

The Division Director Finds That:

- (1) The proposed wellbore to be drilled to a pre-determined bottom-hole location is within the applicant's Central Vacuum Unit Pressure Maintenance Project Area, established by Division Order No. R-5530, as amended, and as such the Vacuum Grayburg-San Andres Pool is subject to the statewide rules and regulations for oil wells, as promulgated by Rules 104.C(1)(a) and F(1), 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 the lease or unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (2) Under the provisions of Division General Rule 104.F(1) the applicant further requests that the bottom-hole location be unorthodox for the purpose of completing an efficient injection/production pattern within the Central Vacuum Unit Pressure Maintenance Project Area;

- (3) It is Texaco's intent to place its Central Vacuum Unit Well No. 188 at a surface location 650 feet from the South line and 318 feet from the East line (Unit P) of Section 36, Township 17 South, Range 34 East, NMPM, Vacuum Grayburg-San Andres Pool, Central Vacuum Unit Area, Lea County, New Mexico, drill vertically to an approximate depth of 2735 feet, kick-off in an easterly direction, and drill directionally to a targeted unorthodox bottomhole oil well location that is approximately 663 feet from the South line and 10 feet from the East line (Unit P) of said Section 36.
- (4) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rules 111.D and E and 104.F, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable and/or practical provisions of Division General Rules 111 and 104.F(1).

IT IS THEREFORE ORDERED THAT:

(1) Texaco Exploration and Production, Inc. is hereby authorized to drill its Central Vacuum Unit Well No. 188 from a surface location 650 feet from the South line and 318 feet from the East line (Unit P) of Section 36, Township 17 South, Range 34 East, NMPM, Central Vacuum Unit Area, Lea County, New Mexico, and intentionally deviate to a targeted unorthodox bottomhole oil well location within the Vacuum Grayburg-San Andres Pool that is approximately 663 feet from the South line and 10 feet from the East line (Unit P) of said Section 36.

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.

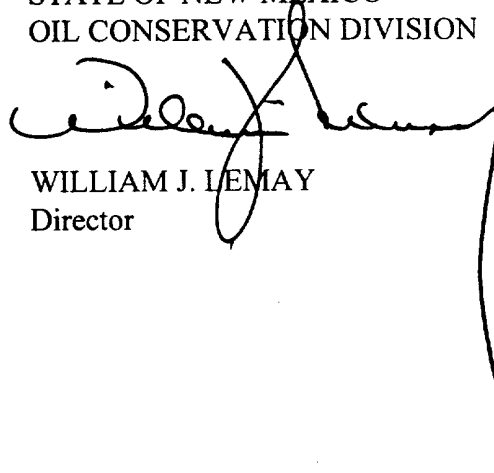
(3) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable and/or practical requirements in 111.D and F and 104.F(1).

(4) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(5) Jurisdiction of this cause is 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

cc: Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe



Texaco Exploration
and Production Inc

500 North Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

January 11, 1996

GOV - STATE AND LOCAL GOVERNMENTS

Unorthodox Locations

Directional Drilling

Central Vacuum Unit

Well Nos. 168, 176, 187, and 188

Vacuum Grayburg-San Andres Field

Lea County, New Mexico

State of New Mexico

Energy and Minerals Department

Oil Conservation Division

2040 South Pacheco

Santa Fe, New Mexico 87505

Attention: Mr. Michael E. Stogner

Gentlemen:

An Exception to Rule 104 F.I. and to Rule 111 c.2 by administrative approval is requested for Texaco Exploration and Production Inc.'s Central Vacuum Unit Well Nos. 168, 176, 187 and 188.

These wells must be drilled at these locations to ensure proper development of 10-acre spacing. Wells drilled previously on 10-acre spacing have proven to be viable wells. These wells must be directionally drilled because surface obstructions prevented staking them at the proposed bottom-hole locations. They will be completed in the Grayburg San Andres formation and will be producing wells. See attached list for the surface and proposed bottom-hole locations. Also attached is a type log section, and our proposed directional plans. These wells will be drilled to a TVD of 4800'.

Texaco Exploration and Production Inc. is the only "affected offset operator" to Well Nos. 187 and 188. We grant ourselves a waiver to the unorthodox location. There are no "affected offset operators" to Well No. 176. Phillips Petroleum Company is the only "affected offset operator" to Well No. 168 and they have been notified of this request. (see attached certified receipt) Attached is Form C-102 for each well showing the surface and bottom-hole locations and a lease plat showing the location of the subject wells.

Any questions concerning this request should be directed to me at (915) 688-4606.

Yours very truly,

C. W. Howard
Engineer Assistant

CWH:cwh cc: NMOCD, Hobbs, NM

CENTRAL VACUUM UNIT

WELL LOCATIONS

NO. 168: Surface 2068' FNL, 1467' FWL OF SEC. 36, T-17-S, R-34-E
BHL: 1918' FNL & 1310' FWL OF SEC. 36, T-17-S, R-34-E

NO. 176: Surface 1988' FSL, 355' FEL OF SEC. 36, T-17-S, R-34-E
BHL: 1993' FSL, 10' FEL OF SEC. 36, T-17-S, R-34-E

NO. 187: Surface 974' FSL, 1199' FWL OF SEC. 31, T-17-S, R-35-E
BHL: 660' FSL, 1292' FWL OF SEC. 31, T-17-S, R-35-E

NO. 188: Surface 650' FSL, 318' FEL OF SEC. 36, T-17-S, R-34-E
BHL: 663' FSL, 10' FEL OF SEC. 36, T-17-S, R-34-E

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Phillips Petroleum Co.
4001 PENBROOK
ODESSA, TX 79762

4a. Article Number

P 652 054 553

4b. Service Type

- | | |
|---|--|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input checked="" type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

1-11-96 Jm

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

Nancy Buck

PS Form 3811, December 1991

U.S. GPO: 1993-382-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.



Texaco Exploration
and Production Inc

500 North Lorraine
Midland TX 79701

P O Box 3109
Midland TX 79702

January 11, 1996

GOV - STATE AND LOCAL GOVERNMENTS
Unorthodox Locations
Central Vacuum Unit Well No. 168
Vacuum Grayburg-San Andres Field
Lea County, New Mexico

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Gentlemen:

As the "affected offset operator" to the captioned well, you are being furnished with a copy of our Application for an Exception to Rules 104, F.I. and 111 c.2. If you have no objection, please sign the waiver at the bottom of this letter and return in the enclosed envelope.

Any questions concerning this request should be directed to me at (915) 688-4606.

Yours very truly,

C. Wade Howard

C. W. Howard
Engineer Assistant

CWH:cwh

File

WAIVER APPROVED:

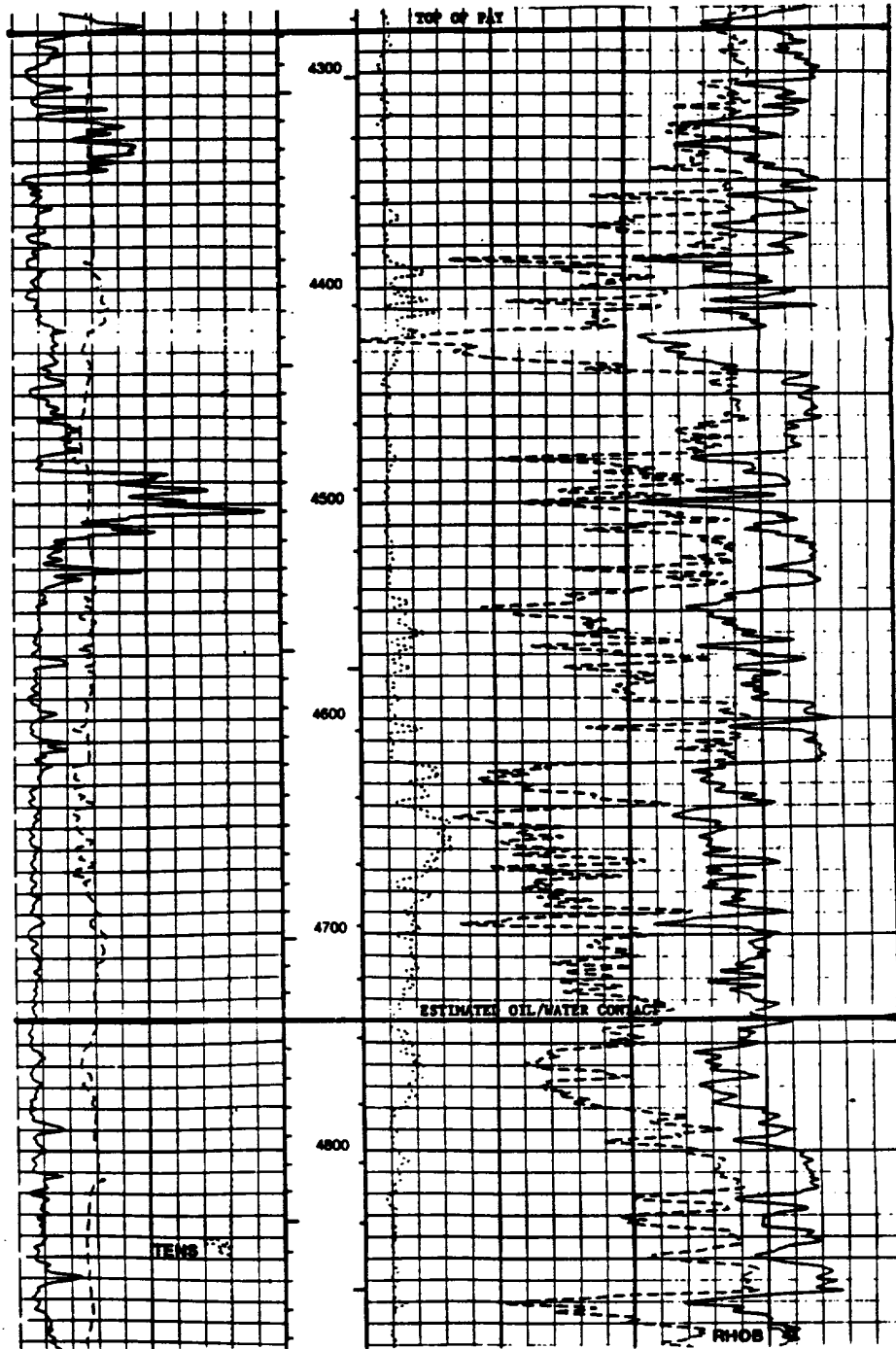
COMPANY: _____

BY: _____

DATE: _____

TYPE LOG

VACUUM GRATING SAN ANDRES FIELD
 TERACO RAP INC.
 VACUUM 36 STATE COM #1
 2310' FEL & 640' FEL
 SEC. 36 179-34E
 LEA COUNTY, NEW MEXICO



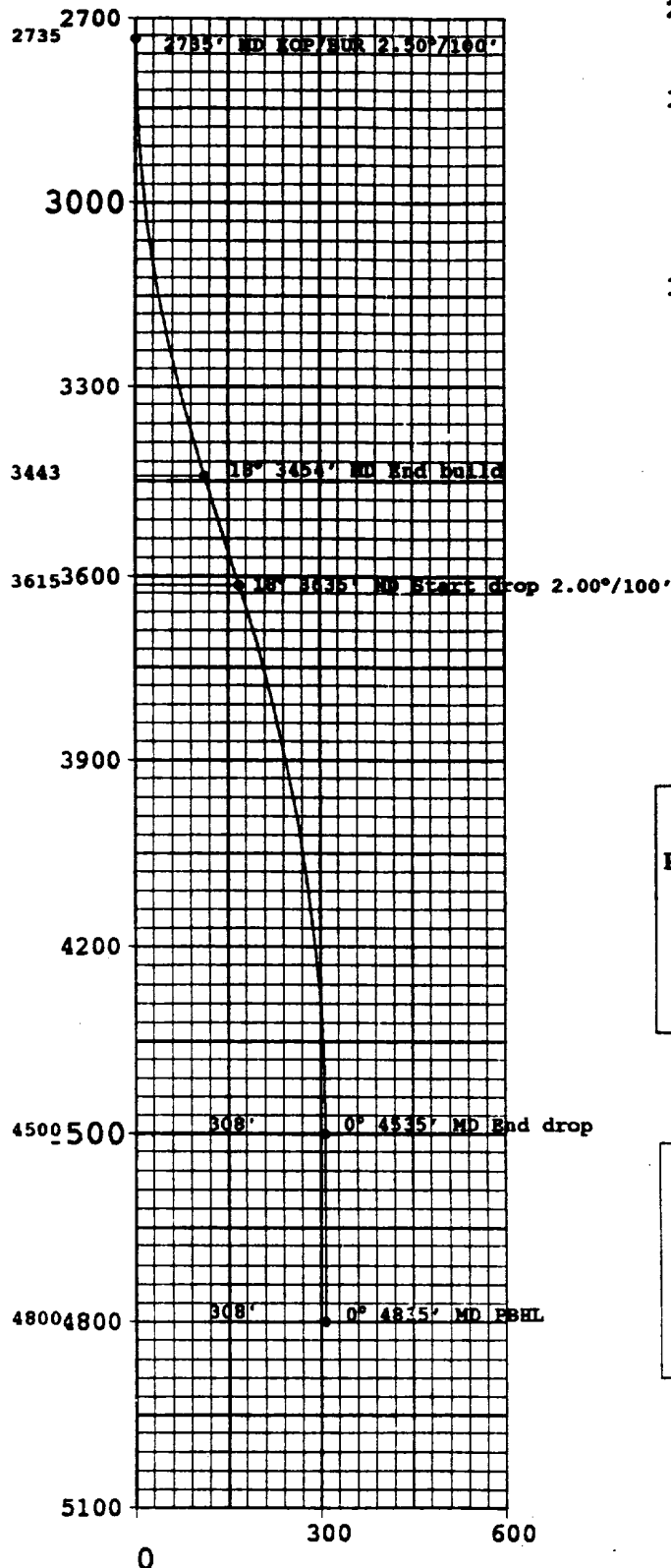
Texaco Exploration & Production, Inc.
Texaco Central Vacuum Unit, Well #188
Section 36, Tp. 17S, Rge 34E - Lea County, New Mexico
Directional Proposal

Plane of Proposal

N 87° 35' E

VERTICAL SECTION

Scale 1" = 300'



HORIZONTAL PLAN

Scale 1" = 200'



PDS

PERFORMANCE DRILLING SPECIALISTS, INC.

DATE: January 8, 1996

DRAWN BY: Gary Long

PREPARED FOR: Scott Elkington

Note:

With motors, drilling a "S" curve will probably be the easiest way to stay within the 50' radius for the last 300'. End of curve has 181' tangent to establish drop rate in rotary mode.

Directional Proposal

Minimum Curvature Method

MEASURED DEPTH	INCL.	DIRECTION	VERTICAL DEPTH	RECTANGULAR COORDINATES		DLS Deg/100'
2000.00	0	0	2000.00	0	0	0
2500.00	0	0	2500.00	0	0	0
2734.51	0	0	2734.51	0	0	0
2834.51	2.50	87.58	2834.48	.09 N	2.18 E	2.50
2934.51	5.00	87.58	2934.26	.37 N	8.71 E	2.50
3034.51	7.50	87.58	3033.65	.83 N	19.59 E	2.50
3134.51	10.00	87.58	3132.48	1.47 N	34.79 E	2.50
3234.51	12.50	87.58	3230.55	2.29 N	54.28 E	2.50
3334.51	15.00	87.58	3327.68	3.30 N	78.02 E	2.50
3434.51	17.50	87.58	3423.68	4.48 N	105.98 E	2.50
3454.50	18.00	87.58	3442.71	4.74 N	112.07 E	2.50
3635.38	18.00	87.58	3614.75	7.10 N	167.91 E	0
3735.38	16.00	87.58	3710.37	8.33 N	197.12 E	2.00
3835.38	14.00	87.58	3806.96	9.42 N	222.98 E	2.00
3935.38	12.00	87.58	3904.39	10.37 N	245.45 E	2.00
4035.38	10.00	87.58	4002.55	11.18 N	264.52 E	2.00
4135.38	8.00	87.58	4101.31	11.84 N	280.15 E	2.00
4235.38	6.00	87.58	4200.56	12.35 N	292.32 E	2.00
4335.38	4.00	87.58	4300.18	12.72 N	301.03 E	2.00
4435.38	2.00	87.58	4400.03	12.94 N	306.26 E	2.00
4535.37	0	0	4500.00	13.02 N	308.00 E	2.00
4835.37	0	0	4800.00	13.02 N	308.00 E	0

Final location: 308.28 feet at 87.58 degrees

DISTRICT I
P. O. Box 1980, Hobbs, NM 88240

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DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

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Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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Form C-10
Revised February 10, 199

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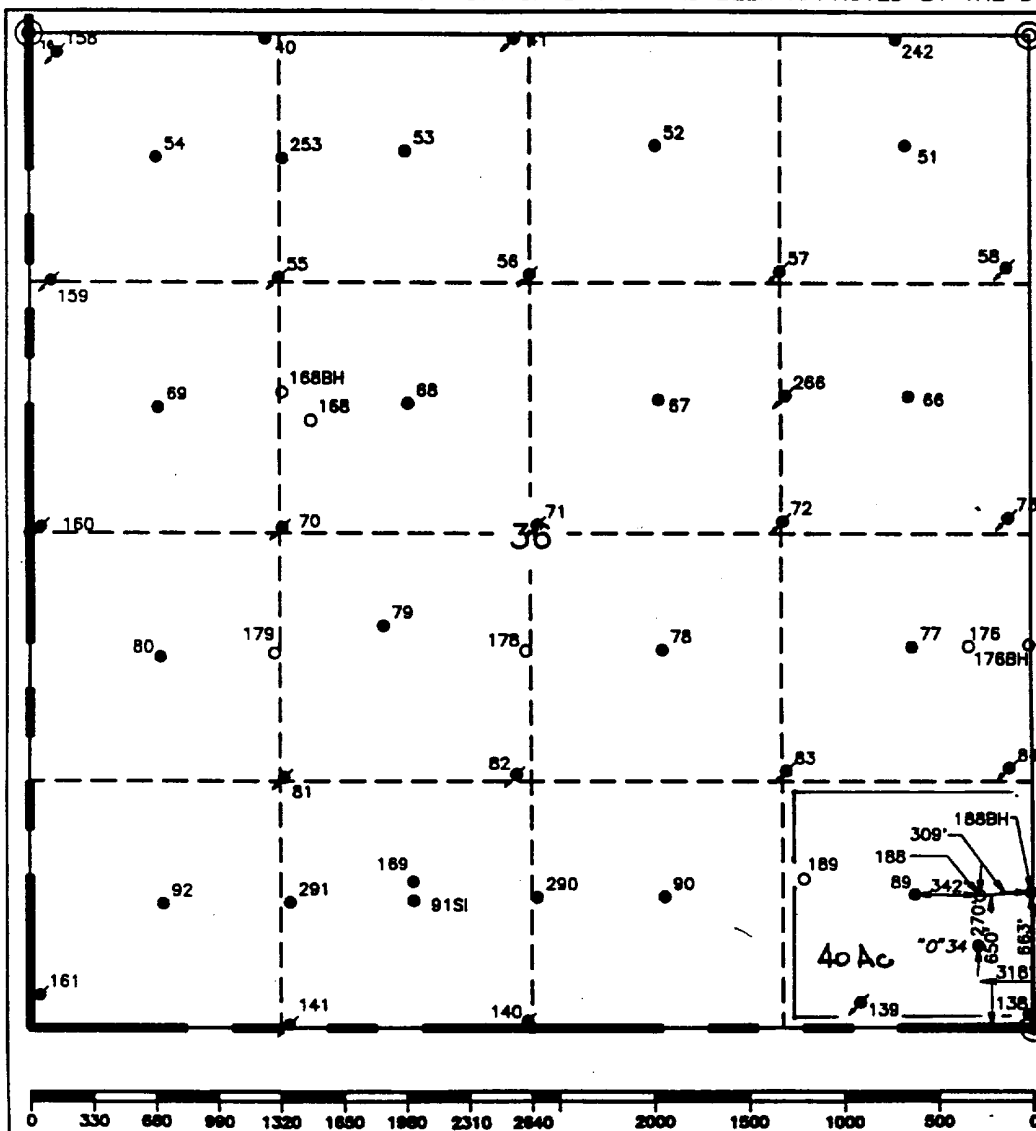
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Signature

C. Wade Howard

Printed Name

C. Wade Howard

Position

Engineer's Assistant

Company

Texaco Expl. & Prod. Inc.

Date

December 21, 1995

17 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

December 5, 1995

Signature & Seal of Professional Surveyor

John S. Piper

Certificate No.

7234 John S. Piper

Sheet

5/3/96

RECEIVED
MAY 1967
JUL
100-108295