



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

May 7, 1996

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

Administrative Order DD-145

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, Texaco Exploration and Production Inc. ("Texaco") made application to the New Mexico Oil Conservation Division on March 15, 1996 for authorization to directional drill its proposed New Mexico "N" State Well No. 10, Lea County, New Mexico.

The Division Director Finds That:

- (1) The proposed wellbore, to be drilled to a pre-determined bottom-hole location in the Atoka formation to test for oil production, is subject to the statewide rules and regulations for oil wells, as promulgated by **Rules 104.C(2)(c)**, 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 any boundary of such tract;
- (2) The 37.59 acres tract comprising Lot 4 (the SW/4 SW/4 equivalent) of said Section 30 is to be dedicated to said well to form a (standard) oil spacing and proration unit for said pool;
- (3) Texaco is requesting to directional drill this well in a conventional manner because surface obstructions prevent drilling at the proposed bottom-hole location;
- (4) It is Texaco's intent to place its New Mexico "N" State Well No. 10 at a standard surface oil well location 800 feet from the South line and 510 feet from the West line (Lot 4/Unit M) of Section 30, Township 17 South, Range 35 East, NMPM,

Lea County, New Mexico, drill vertically to an approximate depth of 8,000 feet, kick-off in a south-southwesterly direction, and drill directionally to a targeted standard bottomhole oil well location that is approximately 380 feet from the South and West lines of said Section 30;

- (5) The applicable drilling window or "producing area" for said wellbore should include that area within Lot 4 (the SW/4 SW/4 equivalent) of said Section 30 that is no closer than 330 feet to the outer boundary of said dedicated 37.59-acre tract; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said **Rule 111.D** and **E**, 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**.

IT IS THEREFORE ORDERED THAT:

(1) Texaco Exploration and Production, Inc. ("Texaco") is hereby authorized to drill its New Mexico "N" State Well No. 10 from a standard surface oil well location 800 feet from the South line and 510 feet from the West line (Lot 4/Unit M) of Section 30, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, drill vertically to an approximate depth of 8,000 feet, kick-off in a south-southwesterly direction, and drill directionally to a targeted standard bottomhole oil well location that is approximately 380 feet from the South and West lines of said Section 30.

(2) The 37.59-acre tract comprising Lot 4 (the SW/4 SW/4 equivalent) of said Section 30 shall be dedicated to said well to form a (standard) oil spacing and proration unit for said pool.

(3) The applicable drilling window or "producing area" for said wellbore shall consist of that area within Lot 4 (the SW/4 SW/4 equivalent) of said Section 30 that is no closer than 330 feet to the outer boundary of said dedicated 37.59-acre tract.

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.

(4) 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.

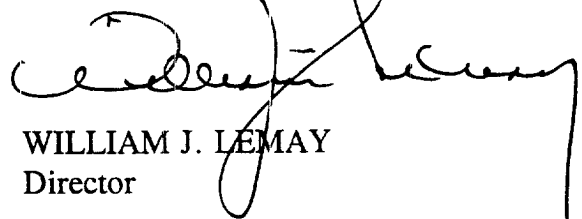
(5) The operator shall comply with all requirements and conditions set forth in **Division General Rule 111.E(2)** and any applicable requirements in **111.D** and **F**.

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

(7) 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