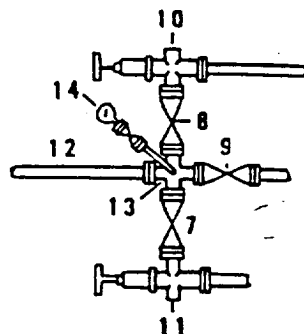
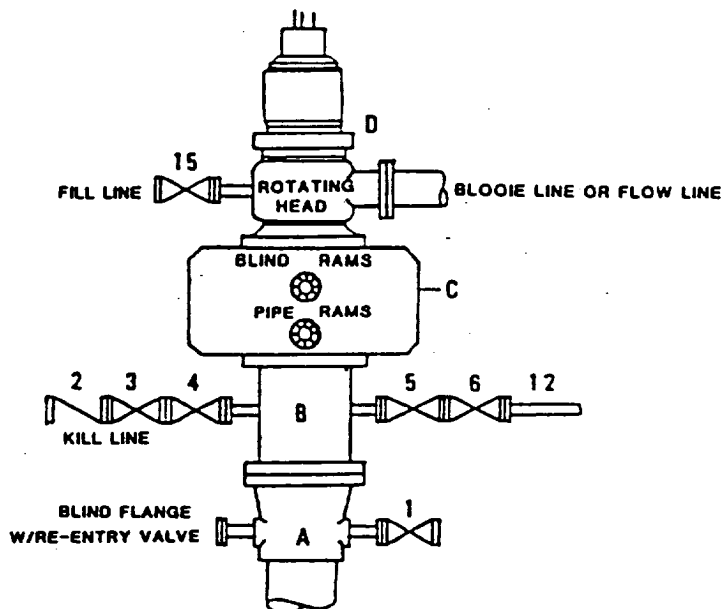


DRILLING CONTROL
CONDITION II-B 3000 WP
FOR AIR DRILLING OR
WHERE NITROGEN OR AIR BLOWS ARE EXPECTED

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 Blooe 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	DWG. 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

December 23, 1996

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

AMENDED Administrative Order DD-153(H)
High Angle/Horizontal

Dear Mr. Howard:

By Division Administrative Order DD-153(H), dated October 11, 1996, authorization was given Texaco Exploration and Production, Inc. ("Texaco") to initiate a high angle/horizontal directional drilling project within a non-standard 160-acre oil spacing and proration unit comprising the NW/4 of Section 27, Township 17 South, Range 34 East, NMPM, North Vacuum-Abo Pool, North Vacuum Abo West Unit, North Vacuum Abo West Unit Waterflood Project Area, Lea County, New Mexico, by drilling its North Vacuum Abo West Unit Well No. 26 (API No. 30-025-33637) at a standard North Vacuum-Abo Pool surface oil well location 560 feet from the North line and 2080 feet from the West line (Unit C) of said Section 27, drill vertically to an approximate depth of 8600 feet, kick-off in a southwesterly direction with a short radius wellbore (57.3 degrees/100 feet), and drill horizontally a lateral distance of approximately 1,800 feet through the Abo formation. Said order further provided for an applicable drilling window or "producing area" for said horizontal wellbore such that no portion of the producing interval of said wellbore is to be no closer than 460 feet from the outer boundary of said 160-acre tract.

Reference is now made to your letter with attachments dated December 11, 1996, whereby an amendment should be issued in this order to accurately reflect the actual subsurface path of the producing portion of this wellbore.

The Division Director Finds That:

- (1) This application was originally approved under the provisions of Division General Rule 111.D;
- (2) In complying with the provisions of said order Texaco's survey of the vertical portion of the North Vacuum Abo West Unit Well No. 26 indicates that the penetration point of the Abo formation is located approximately 563 feet from the North line and 2251 feet from the West line of said Section 27, which is only 389

feet from the eastern boundary of the subject 160-acre tract; and,

- (3) This amendment has been duly filed under the provisions of Division General Rules 111.D, 111.E, and 104.F.

IT IS THEREFORE ORDERED THAT:

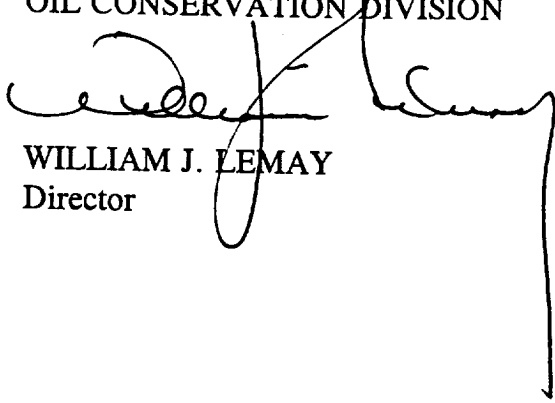
(1) Decretory Paragraph No. (4) Division Administrative Order DD-153(H) is hereby amended to properly reflect the actual subsurface path of the producing portion of said North Vacuum Abo West Unit Well No. 26 within the North Vacuum-Abo Pool such that the "producing area" for said horizontal wellbore shall include that area within the NW/4 of said Section 27 that is no closer than 389 feet from the eastern boundary of said 160-acre tract nor closer than 460 feet from the northern, western, or southern boundaries of said 160-acre tract.

(2) All other provisions of said Order DD-153(H), dated October 11, 1996, not in conflict with this change shall remain in full force and effect until further notice.

(3) 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
File: DD-153(H)