

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 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 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;

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 "project area" for said horizontal well shall consist of an oversized 160-acre non-standard oil spacing and proration unit for said pool comprising the NW/4 of said Section 27.

(4) The "producing area" for said horizontal wellbore shall include that area within the NW/4 of said Section 27 that is no closer than 460 feet from the outer boundary of said quarter.

(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.

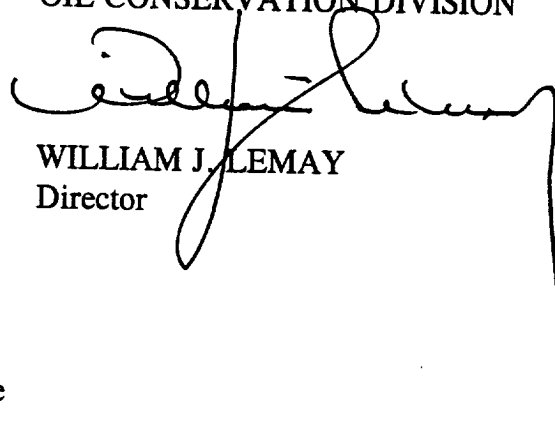
(6) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

Administrative Order DD-153(H)
Texaco Exploration and Production, Inc.
October 11, 1996
Page 4

(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