



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

January 14, 2000

**Phillips Petroleum Company  
4001 Penbrook  
Odessa, Texas 79762  
Attention: L. M. Sanders**

**Texaco Exploration and Production, Inc.  
c/o Campbell, Carr, Berge & Sheridan, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87504-2208  
Attention: William F. Carr**

*Administrative Order NSL-4389*

Dear Messrs. Sanders and Carr:

Reference is made to the following: (i) Phillips Petroleum Company's ("Phillips") initial application by letter dated December 30, 1999 that was submitted by Mr. Larry Sanders to the New Mexico Oil Conservation Division ("Division") on January 7, 2000; (ii) an e-mail message from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer with the Division in Santa Fe, to Mr. Sanders on January 10, 2000 requesting additional supporting data; (iii) Texaco Exploration and Production, Inc.'s ("Texaco") application to the Division on January 11, 2000 through its attorneys Campbell, Carr, Berge & Sheridan, P.A.; (iv) a second filing by Phillips through its attorneys, Campbell, Carr, Berge & Sheridan, P.A., on January 11, 2000; (v) Mr. Stogner's telephone conversations with Mr. Sanders on January 12, 2000; (vi) Mr. Stogner's telephone conversations with Mr. Paul R. Owen of Campbell, Carr, Berge & Sheridan, P.A. on January 13, 2000; (vii) the supplemental information submitted by Mr. Sanders on January 13, 2000; (viii) Mr. Stogner's and Mr. Sanders' meeting in Santa Fe on January 13, 2000; (ix) Mr. Owen's e-mail message on January 13, 2000; and (x) the Division's records: all concerning both Phillips' and Texaco's requests to drill the following eight described wells at unorthodox locations along a line common to two separately operated secondary recovery projects within the Vacuum Grayburg-San Andres Pool in Sections 31 and 32, Township 17 South, Range 35 East, NMPM, and Section 6, Township 18 South, Range 35 East, NMPM, all in Lea County, New Mexico:

- (a) East Vacuum G/SA Unit, Tract 3236, Well No. 394 to be drilled 1980 feet from the North line and 10 feet from the West line (Unit E) of Section 32 and completed as a producing well;
- (b) East Vacuum G/SA Unit, Tract 3127, Well No. 395-W to be