



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

March 10, 1997

Texaco Expl & Prod Inc
ATT: Wade Howard
P O Box 3109
Midland, TX 79702

RE: Non-Standard Locations
New Mexico Q State #12
S J Sarkeys #7

Gentlemen:

Per our conversation on March 5, 1997 between Donna Pitzer and Wade Howard on Non-standard location for the two wells listed below:

New Mexico Q State #12-O, Sec.25, T-17s, R-34e, Vacuum Upper Penn. The intend to drill had this statement written on by mistake. "Approval for drilling only -- CANNOT produce until Non-Standard Location is approved." The pool that you plan to drill this well in has a special pool rule for the first well on an 80 acre tract to be within 200' of the center of the quarter/quarter. The #12 will be the second well and does not require this rule. So by this letter the statement written is removed.

S J Sarkeys #7D, Sec.26, T-21s, R-37e is to be drilled in the Wantz Abo & Drinkard pools. This well was staked at 330/N & 1050/W and is a Non-Standard Location per the state rules of 330 from the quarter/quarter lines. Wade has informed us that the application for this non-standard location is in OCD-Santa Fe. With this knowledge, Jerry gave permission for Texaco to drill this well with the understanding that "Approval for drilling only -- CANNOT produce until Non-Standard Location is approved in Santa Fe."

If you have any questions on this matter, please call the District I Hobbs office (505) 393-6161.

Yours very truly,
OIL CONSERVATION DIVISION

Jerry Sexton

Jerry Sexton
District I, Supervisor

by dp

JS:dp
cc: file