

Case No. 10864
Order No. R-10024
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(4) Likewise Texaco Inc. and its predecessor Texaco Exploration and Production Inc. has been developing and is continuing to conduct secondary recover operations in the Rhodes Pool within an area immediately offsetting said Rhodes Yates (Unit) Waterflood Project Area with its Texaco Rhodes "A" Federal (Lease) and Texaco Rhodes "B" Federal (Lease) Waterflood Projects underlying the following described area in Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, under the approval and authority of Division Orders R-2748, dated July 29, 1964, R-2748-A, dated December 3, 1969, WFX-395, dated June 12, 1973, R-9847, dated February 17, 1993, and WFX-645, dated June 17, 1993:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 22: W/2 SW/4, SE/4 SW/4, and SW/4 SE/4

Section 26: W/2 NW/4, SE/4 NW/4, SW/4, and W/2 SE/4

Section 27: E/2

Section 28: SE/4

(5) The Rhodes (Yates-Seven Rivers) Pool is governed under the Division's statewide rules for spacing and the location of oil wells, which provides for 40-acre proration units comprised of a single governmental quarter-quarter section or Lot and for wells to be located no closer than 330 feet to the boundary of such tract [Rule 104.C(1)]. The Division's statewide rules further provides for an administrative process in granting authority for unorthodox oil well locations within such secondary recovery projects, provided that any such unorthodox location is no closer than 330 feet to the outer boundary of the lease or unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary [Rule 104.F(1)].

(6) At this time Texaco Exploration and Production Inc. ("Texaco"), as operator of all three of the above-described secondary recovery projects seeks approval to drill nine "lease-line" producing wells in the Rhodes (Yates-Seven Rivers) Pool at the following described unorthodox oil well locations for the purpose completing an efficient production/injection waterflood pattern within each project area, all in Township 26 South, Range 37 East, NMPM, Lea County, New Mexico:

Well Name and No.	Footage Location	Section	Unit	Dedicated 40-Acre Tract
W. H. Rhodes "B" NCT-1 Well No. 22	1572' FSL - 2375' FEL	27	J	NW/4 SE/4
W. H. Rhodes "B" NCT-1 Well No. 26	2310' FN & EL	27	G	SW/4 NE/4
W. H. Rhodes "B" NCT-1 Well No. 27	1155' FNL - 2376' FEL	27	B	NW/4 NE/4
Rhodes Yates Unit Well No. 18	2531' FNL - 44' FWL	27	E	SW/4 NW/4