



June 9, 1997

GOV - STATE AND LOCAL GOVERNMENTS

Directional Drilling - Horizontal
West Dollarhide Drinkard Unit #126, (API No. 30-025-31973)
Unit Letter L, Section 33, Township 24 South, Range 38 East
Drinkard Formation
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. David Catanach,

Gentlemen:

Administrative approval, Rule 111.D , is requested to enter Texaco's West Dollarhide Drinkard Unit #126 (API No. 30-025-31973), and drill a horizontal lateral in the Drinkard Pool.

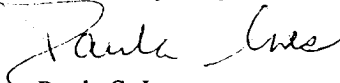
The West Dollarhide Drinkard Unit #126 (API No. 30-025-31973), is a 1993 completion that has never produced over 30 bopd. It is a candidate to drill a horizontal section in the Drinkard Pool due to its location and nature of the reservoir. The proposed lateral will oscillate to cover ~ 150' of gross Drinkard sand. Analytical modeling indicates an incremental production potential of ~ (105 MBO and 115.5 MMSCF). This horizontal process may present a viable method for future exploitation of the West Dollarhide Drinkard Unit's reserves. Application of horizontal technology in this case is estimated to cost less than drilling a conventional vertical well with the potential of increasing the ultimate recoverable reserves from this otherwise "depleted" reservoir.

Attached for your information is a copy of our directional plans, a type log section, and Form C-102.

This well is in the Unit and does not encroach any boundaries. The "affected" offset operators to this well is Texaco and the Texas State Line. No other operators will have to be notified.

Any questions concerning this request should be directed to me at (505)397-0432.

Yours very truly,


Paula S. Ives
Engineer Assistant

cc: NMOCD, P.O. Box 1980, Hobbs, NM 88240
Attachments