



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

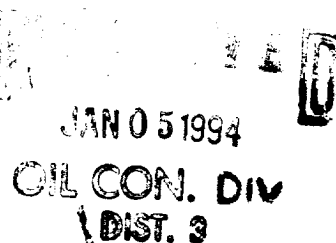
ANITA LOCKWOOD
CABINET SECRETARY

December 29, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Energy Development Corporation
1000 Louisiana, Suite 2900
Houston, TX 77002

Attention: Mark S. Gerding



Second Amendment to Division Administrative Order DD-52(H) High Angle/Horizontal Wellbore in ~~Section 12, Township 20 South, Range 3 West~~, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico.

Dear Mr. Gerding:

Reference is made to your letter dated October 19, 1993 requesting approval to drill at least three horizontal boreholes from a fourth well within the existing 640-acre non-standard proration unit comprising all of Section 12, Township 20 South, Range 3 West, NMPM, Rio Puerco-Mancos Oil Pool, Sandoval County, New Mexico (see Division Administrative Order DD-52(H), dated November 23, 1990).

By Administrative Order DD-52(H), dated November 23, 1990, the Division authorized the formation of a non-standard 640-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising all of said Section 12 for the purpose of drilling the San Isidro "12" Well No. 10 as a high angle/horizontal well.

Said order further simultaneously dedicated said 640-acre unit to the Gary Williams Company ~~San Isidro "12" Well No. 10, NMPM, Rio Puerco-Mancos Oil Pool~~. On May 19, 1992 said order was amended to allow the operator to drill a second horizontal high angle/horizontal hole within the wellbore of the San Isidro "12" Well No. 10.

Now on this 29th day of December, 1993, the Division Director Finds That:

(1) The application has been duly filed under the provisions of Rules 4 and 8 of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit, as promulgated by Division Order No. R-9330, as amended, for administrative authorization to intentionally deviate into the Mancos formation from one well with three lateral boreholes, each having a maximum angle off-vertical of 90°, more or less.

Energy Development Corporation
Attention: Mark S. Gerding
December 29, 1993
Page 2

(2) As previously stated, the subject well is to be simultaneously dedicated to an existing 640-acre non-standard oil spacing and proration unit, which is currently dedicated to the:

- (a) San Isidro Unit 12 Well No. 2 located 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 12;
- (b) San Isidro Unit 12 Well No. 24 located 660 feet from the North and West lines (Unit D) of said Section 12; and,
- (c) San Isidro Unit 12 Well No. 10 located at a surface location 1545 feet from the South line and 1420 feet from the East line (Unit J) of said Section 12.

(3) The applicant shall abide by the provisions of Rule 10 as it concerns all four wells on the subject 640-acre oil spacing unit.

(4) Said spacing unit is within the applicant's San Isidro (Shallow) Unit Area and therefore, has no offset operators other than themselves.

(5) The applicant has satisfactorily met all requirements prescribed in Rules 2 and 8.

(6) The subject application should be approved and the well and unit should be governed by the provisions of Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by said Order No. R-9330, as amended.

IT IS THEREFORE ORDERED THAT:

(1) Energy Development Corporation is hereby authorized a fourth well within the existing 640-acre oil spacing and proration unit in which it is authorized to drill three lateral boreholes extending out from its San Isidro Unit 12 Well No. 11 to be drilled at a surface location 2290 feet from the South line and 2372 feet from the West line (Unit K) of Section 12, Township 20 North, Range 3 West, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico. It is our understanding that said well will be drilled vertically to an approximate depth of 5500 feet in order to evaluate the zone of interest by electric logs. A balanced plug will be placed in the vertical hole from 3550 feet to 3950 feet and three separate laterals will be executed from depths of 3721 feet, 3965 feet and 4411 feet. Each lateral is to be in a north-northwesterly direction and is to extend a distance of approximately 1750 feet from the vertical borehole.

(2) The operator shall have the entire well surveyed including each lateral drilled. Further, the operator shall forward a copy of these wells' survey reports directly to the Santa Fe Office and to the Aztec District Office of the Division.

(3) The operator shall notify the Division's Aztec District Office of the date and time each lateral is to be commenced.

(4) 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.

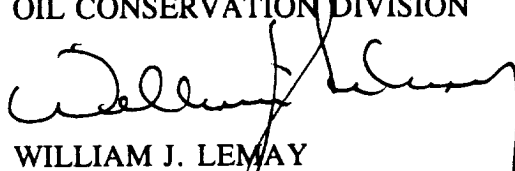
(5) The applicant shall comply with the terms of Rule 10 of said Order No. R-9330 with respect to all three wells within the 640-acre spacing unit.

(6) The applicant shall operate said well and unit and conduct said directional drilling operations in accordance with the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by Division Order No. R-9330, as amended.

(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

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 10100
DD-52(H)

