

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10201
Order No. R-9421

APPLICATION OF BLACKWOOD & NICHOLS
CO. A LIMITED PARTNERSHIP FOR
DIRECTIONAL DRILLING AND AN UNORTHODOX
COAL GAS WELL LOCATION, RIO ARRIBA
AND SAN JUAN COUNTIES, NEW MEXICO.

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OIL CON. DIV.,
DIST. 3

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of January, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

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(2) The applicant, Blackwood & Nichols Co. a Limited Partnership, seeks authority to directionally drill its Northeast Blanco Unit Well No. 475 from a proposed surface location 2560 feet from the South line and 1695 feet from the West line (Unit K) of Section 20, Township 30 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool within 50 feet of a point 1750 feet from the North line and 54 feet from the East line (Unit H) of adjoining Section 19 in San Juan County, said bottomhole location being unorthodox for the Basin-Fruitland Coal Gas Pool.

(3) The applicant proposes to dedicate the E/2 equivalent of said Section 19, which is in both Rio Arriba and San Juan Counties, New Mexico, to the subject well forming a standard 320-acre, more or less, gas spacing and proration unit for said pool.

(4) According to evidence presented, the applicant is unable to drill the proposed well from a surface location in the NE/4 of said Section 19 due to the presence of Navajo Reservoir.

(5) According to further evidence, the applicant is unable to drill the subject well from a surface location in closer proximity to the NE/4 of said Section 19 due to topographic obstructions, the presence of Navajo Dam, and Bureau of Reclamation safety requirements associated therewith.

(6) Testimony by the applicant further indicates that the proposed bottomhole location is unorthodox due to the proposed surface location and due to mechanical restrictions associated with directionally drilling a distance greater than proposed.

(7) The proposed well locations, both surface and bottomhole, are located within the applicant's Northeast Blanco Unit, thereby assuring that correlative rights will be protected.

(8) Meridian Oil Inc., the only offset operator, did not appear at the hearing in opposition to the application.

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(9) Approval of the proposed directional drilling and unorthodox bottomhole location will afford the applicant a feasible means by which to recover its just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 19, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

(10) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from the kick-off point to total depth to determine its true depth and course.

(11) The applicant should further be required to submit copies of said directional surveys to the Santa Fe and Aztec offices of the Division.

(12) The applicant should notify the supervisor of the Aztec district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the proposed well in order that these operations may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Blackwood & Nichols Co. a Limited Partnership, is hereby authorized to directionally drill its Northeast Blanco Unit Well No. 475 from a surface location 2560 feet from the South line and 1695 feet from the West line (Unit K) of Section 20, Township 30 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool within 50 feet of a point 1750 feet from the North line and 54 feet from the East line (Unit H) of adjoining Section 19 in San Juan County, said bottomhole location being unorthodox for the Basin-Fruitland Coal Gas Pool.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the well in order that these operations may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(3) Form C-105 shall be filed in accordance with Division Rule No. 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(4) The E/2 equivalent of said Section 19, which is in both Rio Arriba and San Juan Counties, New Mexico, shall be dedicated to the above-described well forming a standard 320-acre, more or less, gas spacing and proration unit for said pool.

(5) Jurisdiction is hereby 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

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