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ENERGY AND MINERALS DEPARTMENT

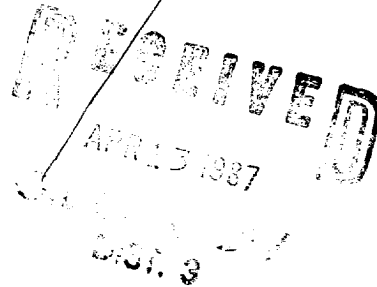
OIL CONSERVATION DIVISION



April 6, 1987

GARREY CARRUTHERS
GOVERNORPOST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800Manana Gas, Inc.
P. O. Box 36990
Albuquerque, New Mexico 87176

Attention: Ed Hartman



ADMINISTRATIVE ORDER DD-13

Gentlemen:

Under the provisions of Rule 111 (C) and (D), Manana Gas, Inc. made application to the New Mexico Oil Conservation Division on February 24, 1987, for permission to directionally drill and complete for Basin Dakota Pool production in the W/2 of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 111 of the Division General Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators have been duly notified;
- (3) The applicant, Manana Gas, Inc., proposes to directional drill their Cook Well No. 1-E, the surface location to be 235 feet from the North line and 368 feet from the West line of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.
- (4) The applicant seeks to directionally drill said well in such a manner as to penetrate at a standard gas well location for said pool in the NW/4 NW/4 of said Section 22.
- (5) The subject well is an infill well to the applicant's Cook Well No. 1 located in the SE/4 SW/4 of said Section 22.

(6) The W/2 of Section 22 should therefore be dedicated to both wells.

(7) The applicant should be required to determine the subsurface location of the bottom of the hole by means of a continuous multi-shot directional survey conducted subsequent to said directional drilling, if said well is to be completed as a producing well.

(8) Approval of the subject application will prevent the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Manana Gas, Inc., is hereby authorized to directionally drill its Cook Well No. 1-E from a surface location 235 feet from the North line and 368 feet from the West line of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, in such a manner as to penetrate at a standard gas well location for said pool in the NW/4 NW/4 of said Section 22.

PROVIDED HOWEVER, that prior to the above-described directional drilling, the applicant shall establish the location of the kick-off point by conducting a continuous multi-shot directional survey of the well.

PROVIDED FURTHER, that subsequent to the above-described directional drilling, should said well be a producer, a continuous multi-shot directional survey shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; that the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico 87504, and the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

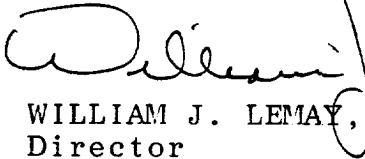
(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(3) The W/2 of said Section 22 shall be dedicated to the subject well and to the applicant's Cook Well No. 1 located in the SE/4 SW/4 of said Section 22.

(4) 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

cc: OCD - Aztec