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**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. 10917 (Reopened)
Order No. R-10071-A**

**APPLICATION OF CONOCO INC. TO
REOPEN CASE NO. 10917 AND TO
AMEND DIVISION ORDER NO. R-10071,
SAN JUAN COUNTY, NEW MEXICO.**

RECEIVED
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ORDER OF THE DIVISION

**OIL CON. DIV.
DIST. 3**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 19, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 1995, 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.

(2) By Order No. R-10071 issued in Case No. 10917 on February 28, 1994, the Division authorized Conoco Inc. (Conoco) to initiate a high angle/horizontal directional drilling pilot project within an existing standard 312.40-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 18, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) Said Order No. R-10071 further authorized Conoco to vertically drill its proposed FC Federal Com Well No. 8R from a standard surface coal gas well location 1840 feet from the South line and 1445 feet from the West line (Unit K) of Section 18, to a depth of approximately 2,585 feet, kick off from the vertical at this depth and drill in a northerly direction building angle to approximately 90 degrees so as to penetrate the targeted coal seam at a depth of approximately 3,060 feet, and continue drilling horizontally in the Basin-Fruitland Coal Gas Pool to a bottomhole location approximately 790 feet from the North and West lines (Unit D) of Section 18.

(4) The applicant, Conoco Inc., seeks to amend Division Order No. R-10071 by authorizing the re-entry and horizontal drilling of the existing FC Federal Com Well No. 8, located 1870 feet from the South line and 1525 feet from the West line (Unit K) of Section 18, in lieu of drilling the aforesaid FC Federal Com Well No. 8R.

(5) This case was styled such that "In the absence of objection, this case will be taken under advisement".

(6) Conoco appeared through legal counsel and submitted evidence to support its request.

(7) The FC Federal Com Well No. 8 is an existing Basin-Fruitland Coal Gas Pool well currently dedicated to the W/2 equivalent of Section 18.

(8) The FC Federal Com Well No. 8 was not originally considered to be a candidate for horizontal drilling due to its wellbore configuration.

(9) Applicant's original plan included utilizing the FC Federal Com Well No. 8 as an observation well in the Basin-Fruitland Coal Gas Pool in the event the FC Federal Com Well No. 8R was successfully completed.

(10) According to applicant's evidence, recent advances in slimhole horizontal drilling technology should enable the applicant to utilize the existing FC Federal Com Well No. 8 as the horizontal wellbore within the project area and achieve the same objectives as originally proposed with the drilling of the FC Federal Com Well No. 8R.

(11) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) Approval of the subject application will prevent the drilling of unnecessary wells and will otherwise prevent waste and protect correlative rights.

(13) All other provisions contained within Division Order No. R-10071 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (2) of Division Order No. R-10071 is hereby amended to read in its entirety as follows:

"(2) The applicant is further authorized to re-enter and horizontally drill its existing FC Federal Com Well No. 8, located at a standard surface coal gas well location 1870 feet from the South line and 1525 feet from the West line (Unit K) of Section 18, by kicking off from the vertical at a depth of approximately 2,869 feet and drilling in a northerly direction building angle to approximately 90 degrees so as to penetrate the targeted coal seam at a depth of approximately 3,060 feet, and continue drilling horizontally in the Basin-Fruitland Coal Gas Pool to a bottomhole location approximately 790 feet from the North and West lines (Unit D) of Section 18."

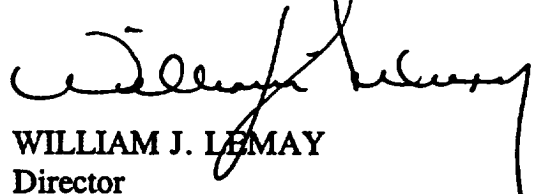
(2) Decretory Paragraph No. (6) of Division Order No. R-10071 is hereby deleted.

(3) All other provisions contained within Division Order No. R-10071 shall remain in full force and effect.

(4) 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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