

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE SECOND AMENDED
APPLICATION OF ENRE CORPORATION FOR A
HORIZONTAL DIRECTIONAL DRILLING
PILOT PROJECT AREA AND
SPECIAL OPERATING RULES THEREFOR,
RIO ARriba COUNTY, NEW MEXICO.

CASE NO. 11050

SECOND AMENDED APPLICATION

ENRE CORPORATION ("EnRe"), through its undersigned attorneys, hereby makes application for a horizontal directional drilling pilot project area and special operating rules therefor and in support thereof states:

1. EnRe is the operator of the Mancos formation, Boulder-Mancos Oil Pool, underlying the eight 80-acre spacing units in Section 22, Township 28 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico, hereinafter referred to as the "Project Area."
2. Within the Project Area, EnRe seeks authority to:
 - (a) horizontally drill its Cedar Canyon 22 G Well No. 1 from a surface location 1650 feet from the North line and 2020 feet from the East line (Unit B) of Section 22, Township 28 North, Range 1 West, in a southwesterly direction;
 - (b) traverse quarter and quarter-quarter section lines within the Project Area by its proposed horizontal wellbore;
 - (c) drill the proposed horizontal wellbore to within 330 feet of the outer boundary of the Project Area; and

(d) receive a project allowable based upon the number of 80-acre proration units within the Project Area which are developed by the horizontal wellbore.

3. EnRe also seeks the promulgation of special operating rules and procedures within the Project Area including provisions for the formation of a non-standard or irregular sized spacing unit, and the assignment of special oil allowables.

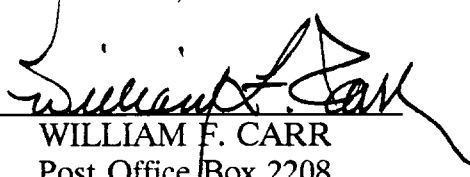
4. Horizontally drilling within the Project Area should result in the recovery of significant volumes of oil and gas will not otherwise be recovered, thereby preventing waste.

5. Approval of this application will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, EnRe Corporation requests that this amended application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 18, 1994, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

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