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March 26, 1991

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OIL CONSERVATION DIVISION

10285

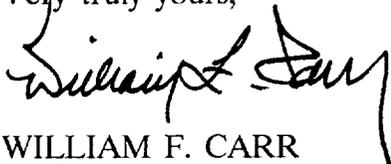
William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: In the Matter of the Application of American Hunter Exploration, Ltd. for
Horizontal Drilling, a Non-Standard Spacing Unit, an Unorthodox Well
Location, and Special Allowable, Rio Arriba County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of American Hunter Exploration, Ltd. in the
above-referenced case. American Hunter Exploration, Ltd. respectfully requests that this
matter be placed on the docket for the April 18, 1991 Examiner hearings.

Very truly yours,


WILLIAM F. CARR

WFC:mlh
Enclosures

cc w/enc.: Mr. Jeff Kirn
Mr. Jim Lister
American Hunter Exploration, Ltd.
410 Seventeenth Street
Suite 1220
Denver, Colorado 80202

BEFORE THE
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF AMERICAN HUNTER EXPLORATION, LTD.
FOR HORIZONTAL DRILLING, A
NON-STANDARD SPACING UNIT, AN
UNORTHODOX WELL LOCATION, AND
SPECIAL ALLOWABLE,
RIO ARRIBA COUNTY, NEW MEXICO.

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OIL CONSERVATION DIVISION
CASE NO. 10285

APPLICATION

COMES NOW AMERICAN HUNTER EXPLORATION, LTD., through its undersigned attorneys, and hereby makes application to horizontally drill its Jicarilla 8I Well No. 1, for a non-standard spacing unit, an unorthodox well location, and a special allowable, and in support thereof states:

1. Applicant is the operator of the Gallup formation, East Puerto Chiquito-Mancos Oil Pool, underlying Section 8, Township 27 North, Range 1 East, N.M.P.M., Rio Arriba County, New Mexico, and proposes to horizontally drill its Jicarilla 8I Well No. 1 from an unorthodox surface location of 2,000 feet from the South line and 500 feet from the East line of Section 8 by initially drilling a vertical pilot hole to a total depth of approximately 2,300 feet. The vertical hole will then be plugged back to approximately 500 feet above the Niobrara member of the Gallup formation. The well will then be directionally drilled along a westerly azimuth to reach a deviation of approximately 80 plus degrees at the top of the Niobrara member (approximately 2,020 feet TVD), and then continue drilling a high angle hole until approximately 2,000 feet of lateral distance is

attained.

2. The 640-acre well will be on a non-standard spacing or proration unit comprised of Section 8 and the wellbore will be located at a setback from the outer boundary of Section 8 of at least 500 feet and will be within a target area from 1,250 feet to 2,750 feet from the South line and from 500 feet to 3,000 feet from the East line of Section 8.

3. Applicant also seeks an exception to the spacing and well location requirements of the Special Rules for the East Puerto Chiquito-Mancos Oil Pool for the Jicarilla 8I Well No. 1 and an exemption from the oil well allowable limitations for this pool to permit an increased allowable for this well based on the total acreage dedicated to it.

4. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 18, 1991, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
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ATTORNEYS FOR AMERICAN
HUNTER EXPLORATION, INC.