

MERIDIAN OIL INC.

CASE 10324

JUNE 13, 1991

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

RECEIVED

MAY 21 1991

OIL CONSERVATION DIVISION

May 21, 1991

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Sunray "G" No. 2R
Application of Meridian Oil Inc.
for a Horizontal Directional Drilling
Pilot Project and Special Operating Rules
Including a Project Allowable,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our Application for a Horizontal Directional Drilling Pilot Project and Special Operating Rules which we request be set for hearing on the next available Examiner's docket now scheduled for June 13, 1991.

By copy of this letter to all parties, we are notifying them by certified mail, return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

Very truly yours,

W. Thomas Kellahin

WTK/tic
Enclosure

cc: Mr. Alan Alexander
Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

1988/appt517.330

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:

APPLICATION OF MERIDIAN OIL INC.
FOR A HORIZONTAL DIRECTIONAL DRILLING
PILOT PROJECT AND SPECIAL OPERATING RULES
INCLUDING A PROJECT ALLOWABLE,
SAN JUAN COUNTY, NEW MEXICO

RECEIVED

MAY 21 1991

OIL CONSERVATION DIVISION

A P P L I C A T I O N

Comes now Meridian Oil Inc., by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval for a Horizontal Directional Drilling Pilot Project including special operating rules and a project allowable for its Sunray "G" No. 2R well to be drilled at a standard surface well location in the SW/4SE/4, and dedicated to a 320-acre standard spacing unit in the E/2 of Section 21, T31N, R9W, in the Blanco Mesa Verde Pool, San Juan County, New Mexico and in support thereof states:

(1) Applicant is the operator of the E/2 of Section 21, T31N, R9W, N.M.P.M., San Juan County, New Mexico.

(2) Applicant proposes to drill a horizontal directional well commencing at a surface location in the SW/4SE/4 of Section 21 estimated to be 1755 feet FEL and 995 feet FSL of said Section 21 and drilled vertically to approximately 4766 feet (+ or - 100 feet) which is the estimated top of the Mesa Verda formation at which point the applicant will kickoff the well in a Northeasterly direction building an assumed 80-90 degree radius turn in approximately 571 feet of vertical distance and continuing to penetrate the Blanco Mesa Verde Pool at an estimated depth of 5300 feet and thence drilling horizontally at a an angle in a Northeasterly direction a distance not in excess of 3620 feet. See Exhibit "A."

(3) Except as otherwise requested herein, Applicant proposes that this project be subject to the Special Rules and Regulations that govern the Blanco Mesa Verde Pool and that the E/2 of Section 21 be dedicated as the spacing unit for the project.

(4) The potential productive zone of the Blanco Mesa Verde Pool is characterized by tight, low permeability blocks interconnected by a high capacity fracture system.

(5) Past experience in said pool has shown that conventionally drilled (vertical) wells may not adequately develop and produce all of the reserves in the spacing unit.

(6) By drilling a horizontal wellbore, the applicant is attempting to increase the probability of encountering and producing hydrocarbon reserves which may not ultimately be produced by the original vertical wells in the spacing unit, thereby preventing waste.

(7) In as much as the exact distance and direction of the lateral portion of the wellbore is not known at this time, the Applicant seeks approval to be allowed to drill said lateral portion anywhere within an area designated a target window as follows: commencing at a distance not closer than 790 feet from the East line no closer than 790 feet from the South line or no closer than 3430 feet from the West line of Section 21, thence towards the Northeast so that no portion of the wellbore in the pool shall be closer than 790 feet to the outer boundary of the E/2 of Section 21 as shown on Exhibit "B."

(8) All offset owners/operators are listed on Exhibit "C" and pursuant to Division Notice Rules have been provided with a copy of this application.

(9) Applicant seeks a special project allowable as follows:

The deliverability of the subject gas proration unit, for the purpose of calculating gas allowable, shall be determined as follows:

(a) If the highly-deviated wellbore is completed in and produces from both quarter sections in the proration unit, the sum of the deliverability of the deviated well plus the deliverability of either of the vertical wells shall be utilized; or

(b) If the highly deviated wellbore is not completed in and producing from both quarter sections in the proration unit, the sum of the deliverability of the deviated well must be added to the deliverability of a vertical well in the other quarter section of the proration unit; or

(c) Utilize the sum of the deliverabilities of the two existing vertical wellbores;
whichever method results in the higher calculated deliverability for the proration unit.

(10) The granting of 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 matter be set for hearing on June 13, 1991 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 

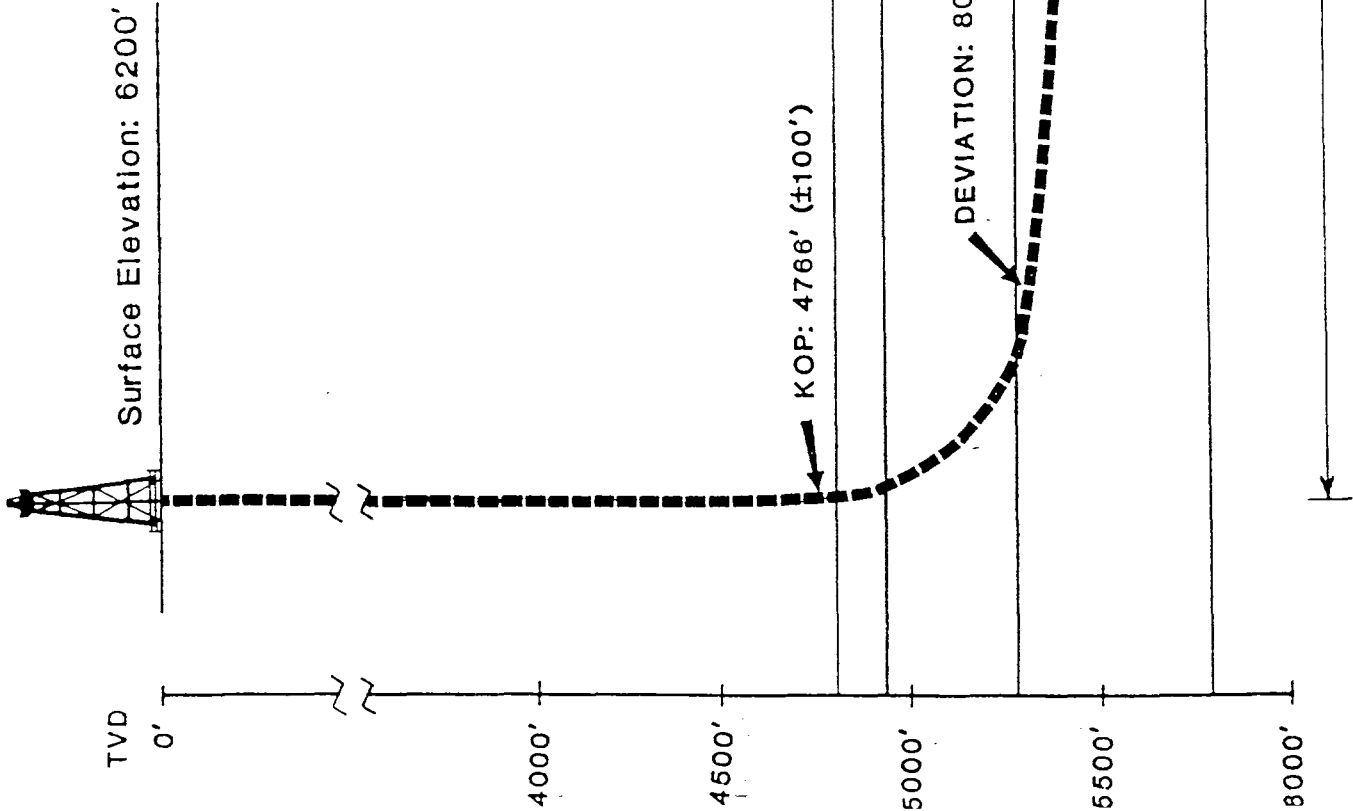
W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Attorneys for Applicant

EXHIBIT "C"

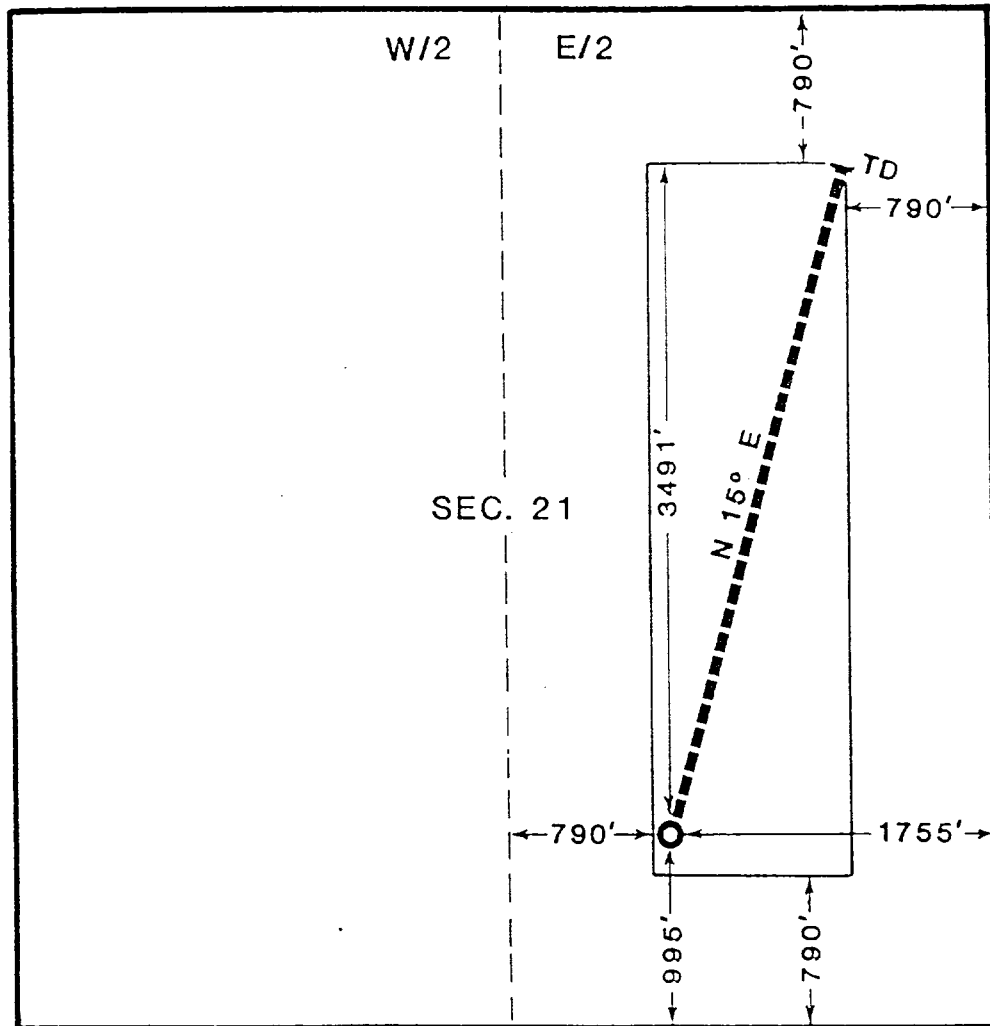
Amoco Production Inc.
P.O. Box 800
Denver, Colorado 80201

Texaco Inc.
P.O. Box 2100
Denver, Colorado 80237



MERIDIAN OIL INC.
Sunray 'G' #2R
SWSE/4 Sec. 21, T-31-N, R-09-W
San Juan County, New Mexico

MERIDIAN OIL INC.
Sunray 'G' #2R
SWSE/4 Sec. 21, T-31-N, R-09-W
San Juan County, New Mexico



Surface Location: 995' FSL, 1755' FEL

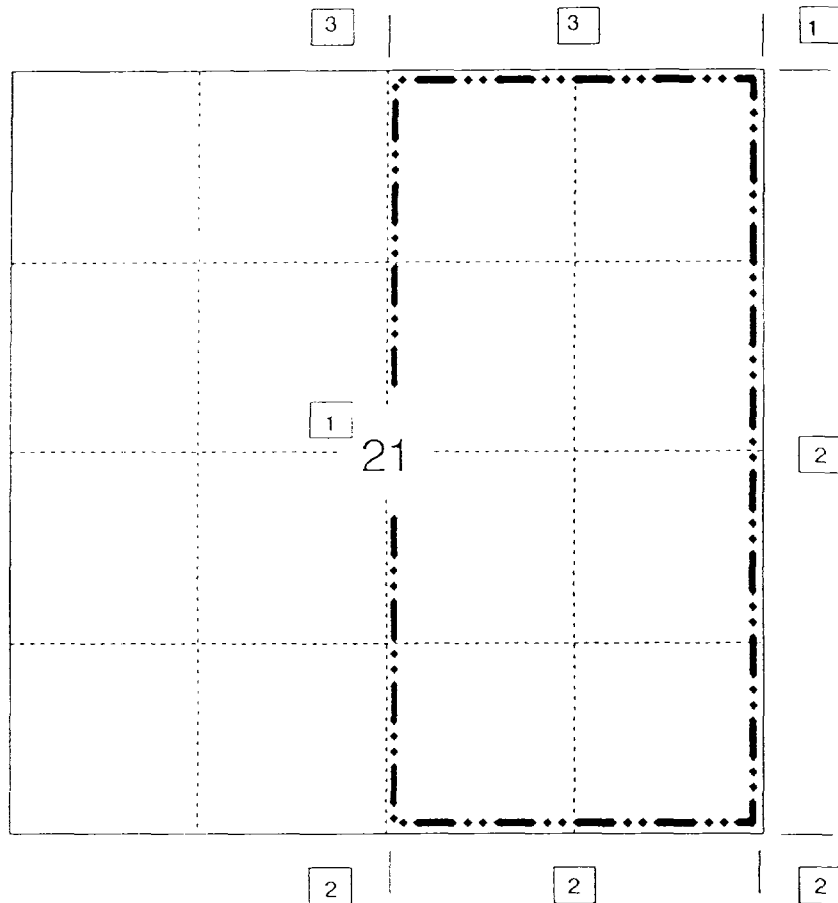
Proposed Azimuth - 0° - 25°

EXHIBIT B

OFFSET OPERATOR PLAT

Sunray G #2R

Township 31 North, Range 09 West



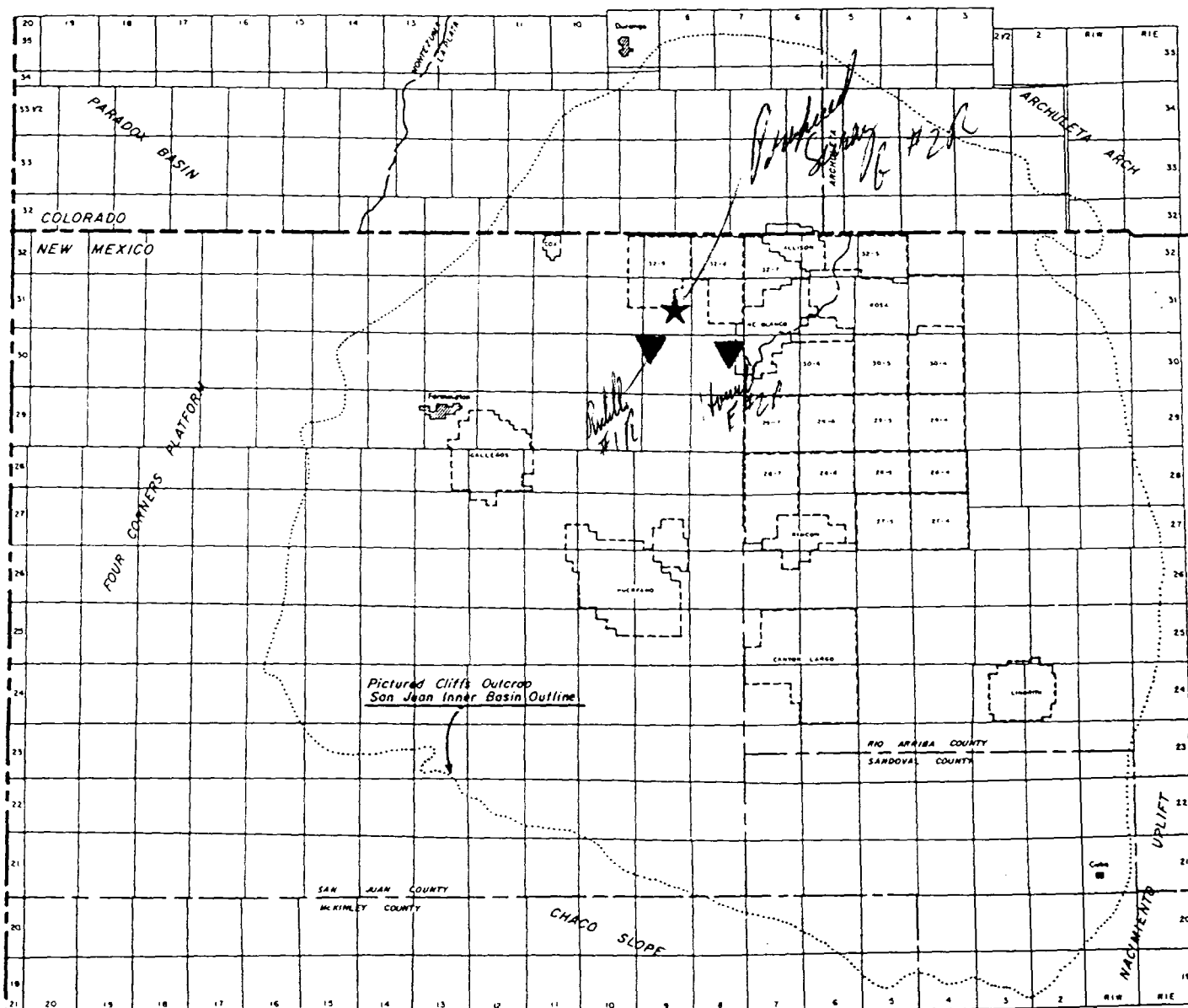
1) Meridian Oil Inc.

2) Amoco Production Company

P.O. Box 800, Denver, CO 80201

3) Texaco, Inc.

P.O. Box 52332, Houston, TX 77052



MERIDIAN OIL

▼ HIGH ANGLE MESA VERDE

★ SUNRAY 'G' #2R

San Juan Basin, New Mexico

Submit to Appropriate
District Office
State Leases - 4 copies
Fee Leases - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

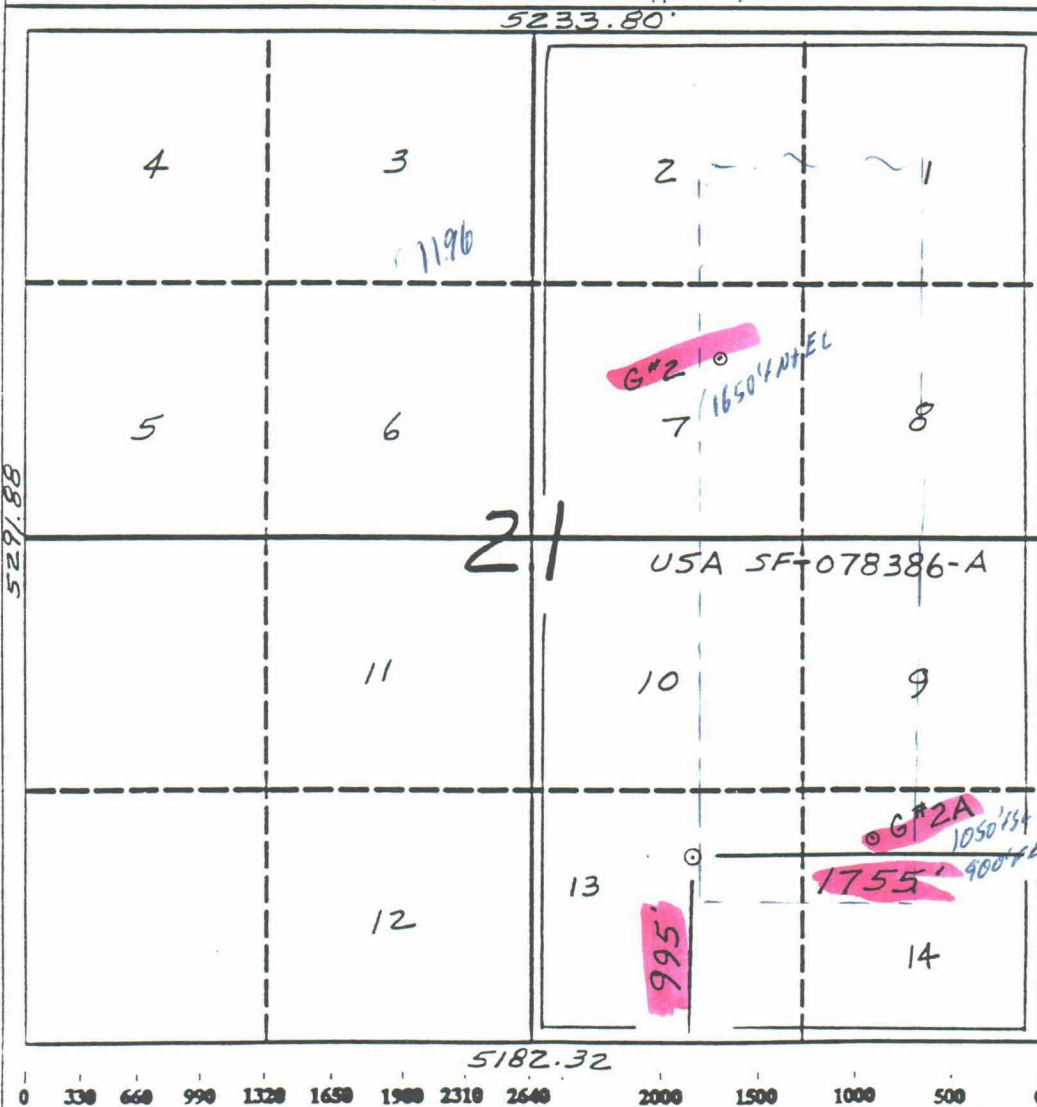
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Approved Location

Operator Meridian Oil Inc.			Lease Sunray G		Well No. 2R
Unit Letter O	Section 21	Township 31 North	Range 9 West	County NMPM San Juan	
Actual Footage Location of Well: 995 feet from the South line and 1755 feet from the East line					
Ground level Elev. 6200'	Producing Formation Mesa Verde	Pool Blanco	Dedicated Acreage: 314.96 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to best of my knowledge and belief.

Signature
Peggy Bradfield
Printed Name
Regulatory Affairs
Position
Meridian Oil Inc.
Company

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

5-13-91

Date Surveyed

Signature
Professional Surveyor

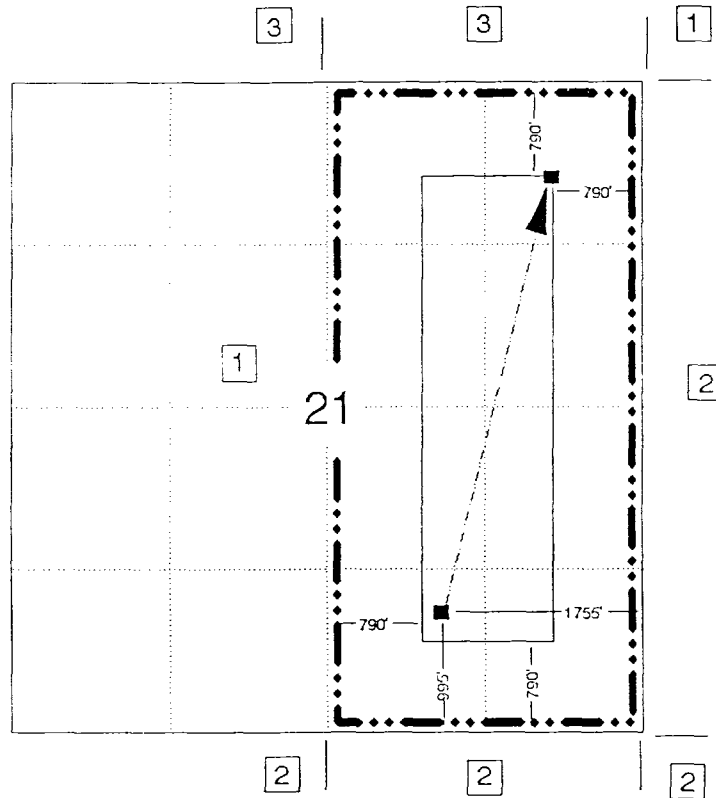


Certificate No.
Neale C. Edwards

OFFSET OPERATOR PLAT

Sunray G #2R

Township 31 North, Range 09 West



Surface Location 995' FSL, 1755' FEL
Bottom Hole Location 790' FNL, 790' FEL

1) Meridian Oil Inc

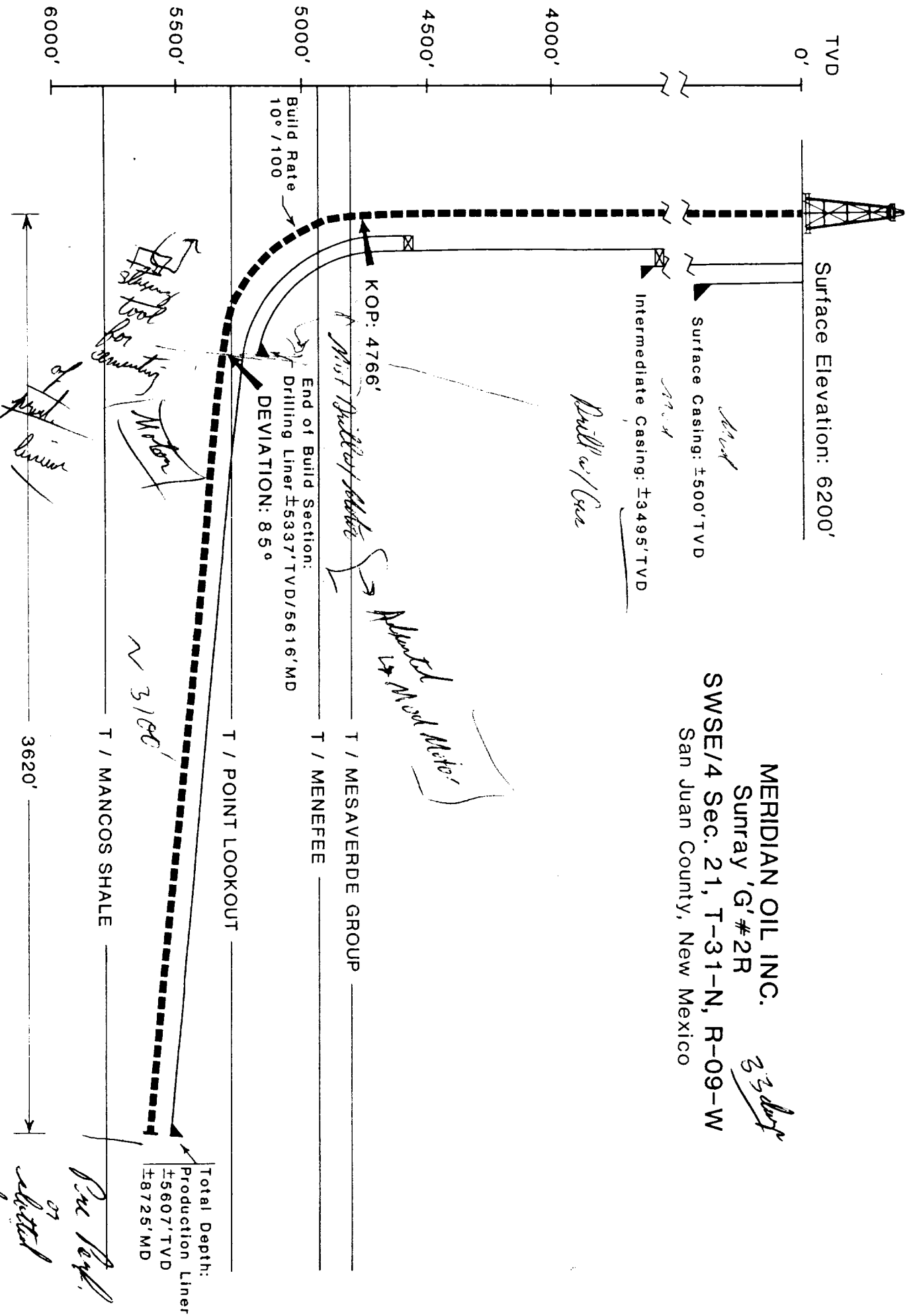
2) Amoco Production Company

P.O. Box 800, Denver, CO 80201

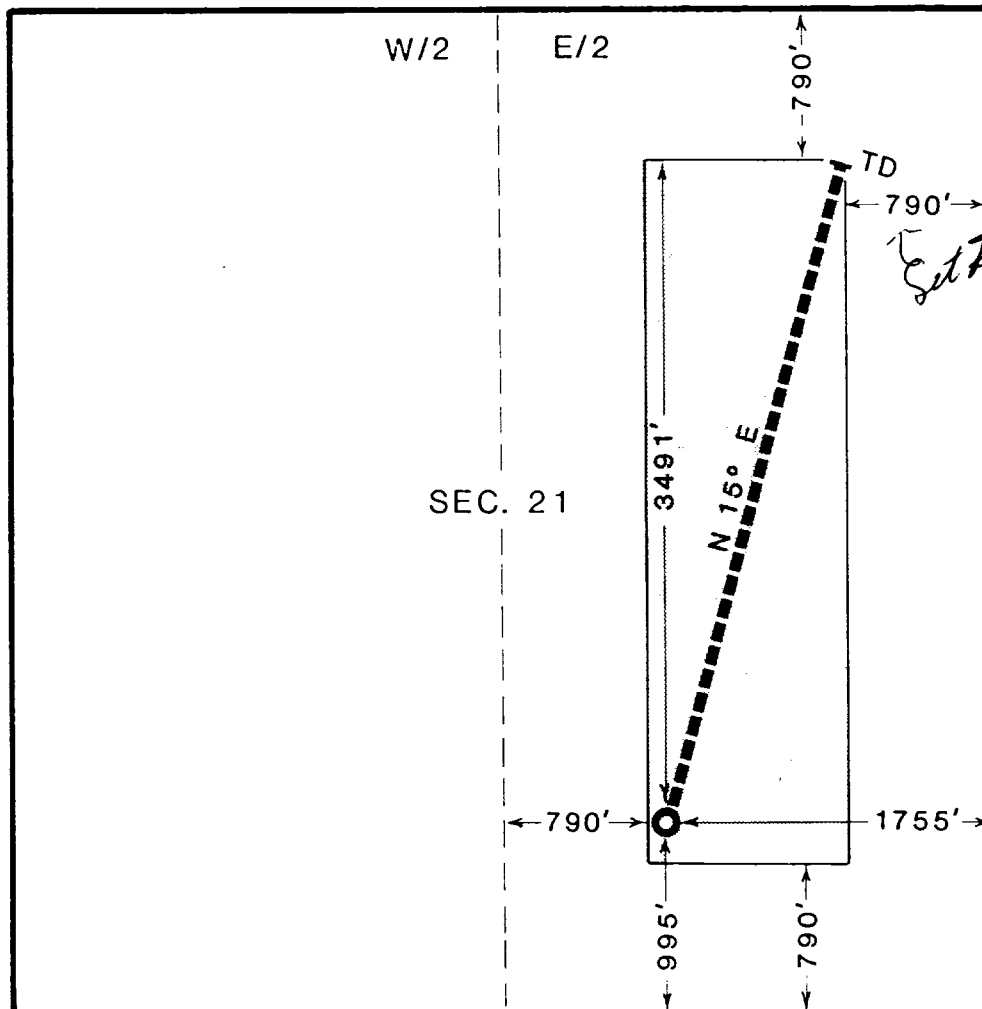
3) Texaco, Inc.

P.O. Box 52332, Houston, TX 77052

MERIDIAN OIL INC.
 Sunray 'G' #2R
 SWSE/4 Sec. 21, T-31-N, R-09-W
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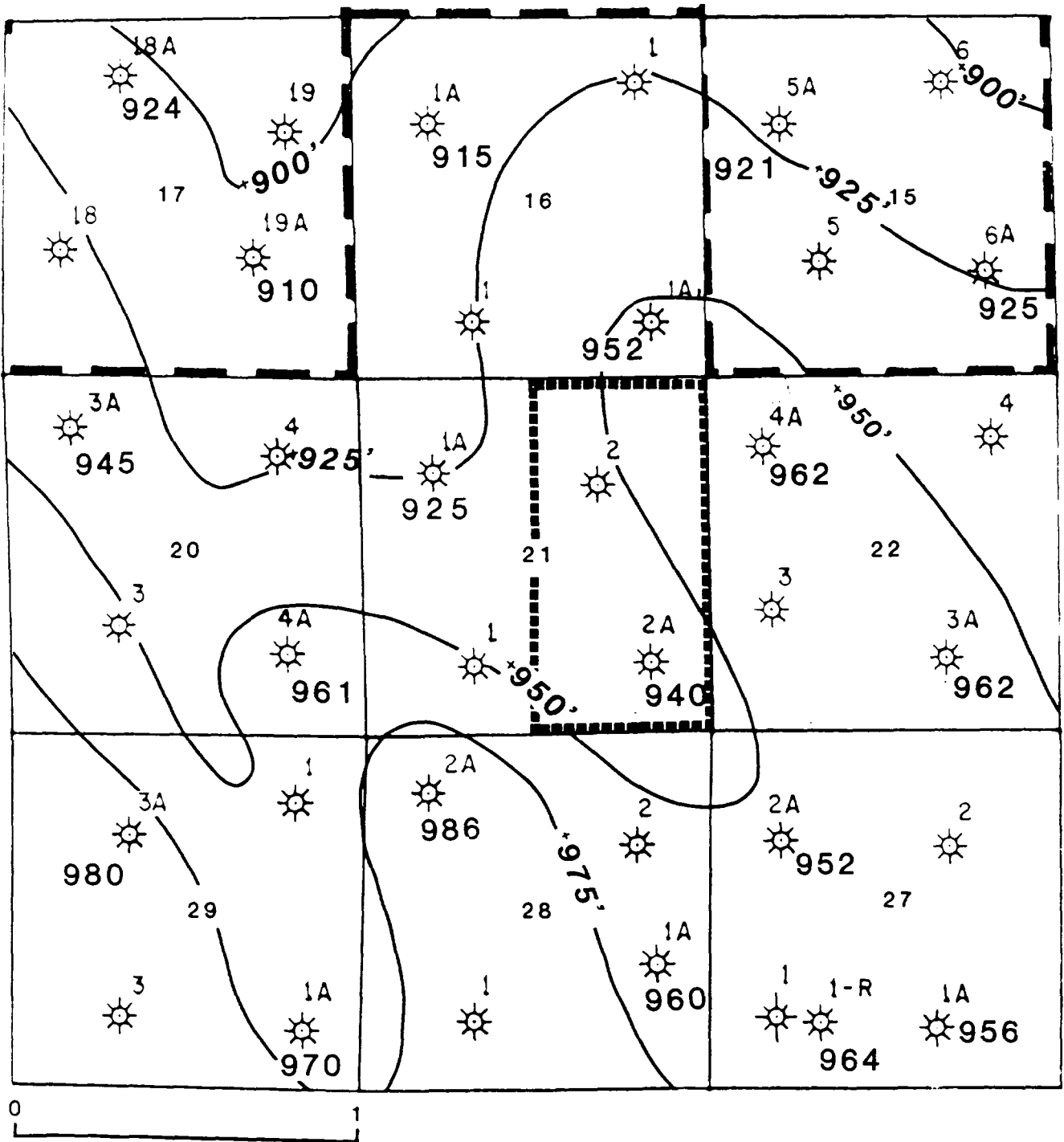


Surface Location: 995' FSL, 1755' FEL

☐ Drilling Window

R 9 W

T
31
N



MILE

SUNRAY G NO. 2R

E/2 Sec 21-31N-9W

STRUCTURE: T/POINT LOOKOUT Ss

CI = 25'

(MESAVERDE WELL CONTROL ONLY)