

OIL CONSERVATION DIVISION  
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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: 10399

APPLICATION OF MERIDIAN OIL INC.  
FOR A HIGH ANGLE/HORIZONTAL DIRECTIONAL  
DRILLING PILOT PROJECT, SPECIAL  
OPERATING RULES, UNORTHODOX  
LOCATION, NON-STANDARD SPACING  
UNIT, EXCEPTIONS TO RULES 2,3,4 AND 5  
OF THE SPECIAL RULES AND REGULATIONS  
FOR THE RIO PUERCO-MANCOS OIL POOL,  
ORDER R-7471, AS AMENDED,  
SANDOVAL COUNTY, NEW MEXICO.

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 High Angle/Horizontal Directional Drilling Pilot Project including special operating rules for its San Isidro Wash #1 well to be drilled at a standard surface well location in the NW/4NW/4 of Section 21, T20N, R3W, NMPM, Sandoval County, New Mexico to test for production in the Rio Puerco-Mancos Oil Pool by drilling vertically

approximately 3,000 feet thence kicking off in a southeasterly direction and building angle of approximately 80 degrees thence drilling horizontally a distance of approximately 4,000 feet and in support thereof states:

1. Applicant is the operator of all of Section 21, T20N, R3W, N.M.P.M., Sandoval County, New Mexico.

2. Except as stated herein, Applicant proposes that this project be subject to the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool which were established by the Division Order R-7471 dated March 7, 1984, as amended.

3. Applicant's project is adjacent to Veteran Exploration Inc., formerly Samuel Gary Jr. & Associates Inc. San Isidro (Shallow) Unit for which Special Operating Rules for Drilling High Angle/Horizontal Wells was established by Division Order R-9330, dated October 26, 1990.

4. Applicant, for similar reasons, seeks similar special operating rules for its pilot project as follows:

(1) Pool Name:

Rio Puerco-Mancos Oil Pool

(2) Spacing/Proration Unit:

320 acres being N/2 of Section 21,

as a standard unit, or in the alternative 640 acres being all of Section 21 as a non-standard unit and an Exception to Pool Rule 2.

- (3) Type of Deviation:  
High Angle (approximately 80 degrees).
- (4) Surface location:  
tentative, but to be in NW/4NW/4 of Sec. 21 at a standard location no closer than 660' x 660' to outer boundary of section.
- (5) Bottom Hole Location:  
Projected to SE/4NE/4 of Sec 21, but desire flexibility to be anywhere within Sec. 21 provided no closer than 660 feet to outer spacing unit.
- (6) Horizontal Distance from Surface to Bottom Hole Location:  
approximately 4,000 feet.
- (7) Azimuth:  
tentatively southeast
- (8) Vertical Producing Interval:  
Mancos formation
- (9) Vertical Depth at Bottom Hole:  
estimated to be 4,000 feet
- (10) Special Allowable:  
640 BBL/D, exception to Pool Rule 5.
- (11) GOR:  
1,000 to 1 GOR, exception to Pool Rule 4.
- (12) Offset Operators and Owners:  
See Exhibits A & B attached.

5. All offset owners/operators are listed on Exhibit "A" and "B" and pursuant to Division Notice Rules have been provided with a copy of this application.

6. 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 October 17, 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

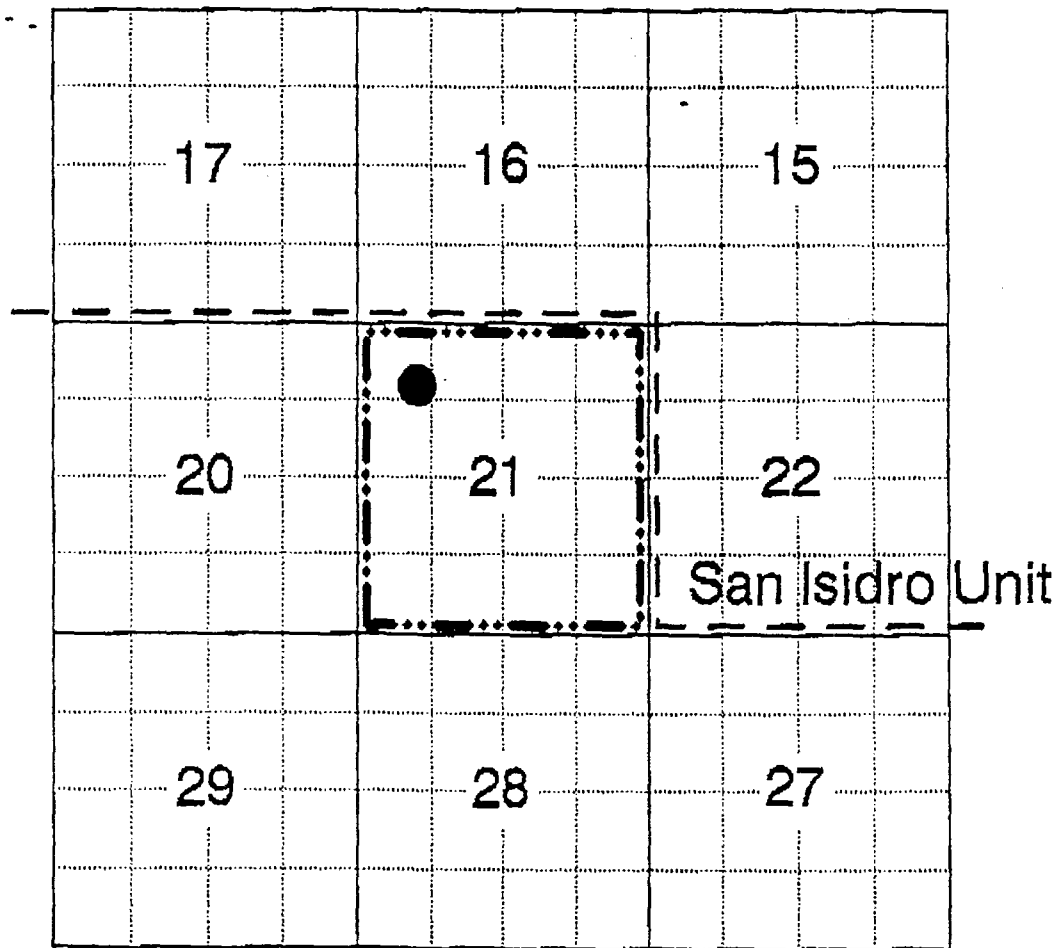
By: 

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

appt924.330

# OFFSET OPERATOR PLAT SAN ISIDRO WASH #1

Township 20 North, Range 03 West



Ownership List Attached

1. Yates Petroleum Corp  
105 S. 4th Street  
Artesia, NM 88210  
Section 20
2. Chorney Oil Company  
555 17th St., Suite 1000  
Denver, CO 80202  
Section 20
3. Lancaster Corp.  
PO Box 8439  
Denver, CO 80201  
Section 20
4. Gary Williams Company  
115 Inverness Dr. E.  
Inglewood, CO 80112  
Sections 27, 28 & 29
5. Energy Development Corp  
1200 Smith, St., Suite 3040  
Houston, TX 77002  
Section 27, 28 & 29
6. Talus Properties,  
Limited Partnership  
PO Box 2485  
Greenville, NC 29602  
Section 27, 28 & 29
7. Veteran Exploration Inc.  
7535 East Hampden Ave.  
Suite 506  
Denver, CO 80231  
Sections 27, 28, 29 &  
San Isidro Unit  
Operator
8. Wessely Energy Co.  
2001 Bryan Tower, Suite 953  
Dallas, TX 75201  
Section 28
9. Texaco Producing Inc.  
PO Box 3109  
Midland, TX 79701  
Section 28
10. Toga Petroleum Corp  
Suite 2950  
One Allen Center  
500 Dallas St  
Dallas, TX  
Section 28
11. Dr. Lamar B. Robmer  
530 S. University  
Denver, CO 80209  
Section 28
12. ICG Petroleum Inc  
#1820, 1444 - 4th Ave SW  
Calgray, Alberta, Canada  
T2P3N4  
Section 29

- |  |            |
|--|------------|
| 13. AMR Energy Corp<br>1500 Fidelity Union Tower<br>Dallas, TX 75201                 | Section 29 |
| 14. Energy Development Corp.<br>1200 Smith, St., Suite 3040<br>Houston, TX 77002     | Section 29 |
| 15. Ottawa Energy Inc.<br>#1150, 630-6th Ave. SW<br>Calgray, Alberta Canada T2 P3 N4 | Section 29 |
| 16. Talus Properties<br>Limited Partnership<br>P.O. Box 2485<br>Greenville, NC 29602 | Section 29 |
| 17. Celsius Energy Company<br>Box 11070 Utah<br>Salt Lake City, UT 84147             | Section 29 |

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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KAREN AUBREY

JASON KELLAHIN  
OF COUNSEL

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

September 24, 1991

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 206  
Post Office Box 2088  
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: San Isidro Wash #1 well Application  
of Meridian Oil Inc. for a High Angle/  
Horizontal Directional Drilling Pilot  
Project, Special Operating Rules,  
Unorthodox Location, Non-Standard Spacing  
Unit, Special Project Allowable, Increase  
Gas-Oil Ratio, Rio Puerco- Mancos Oil Pool,  
Sandoval County, New Mexico.

*Case 10399*

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our Application for a High Angle/Horizontal Directional Drilling Pilot Project, Special Operating Rules and other referenced matters for a well to be drilled in the Rio Puerco-Mancos Oil Pool which we request be set for hearing on the next available Examiner's docket now scheduled for October 17, 1991.

We suggest the following as a possible advertisement for this case:

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules, therefor, a non-standard proration and spacing unit, unorthodox well location, special project allowable, increase in gas-oil ratio, Sandoval County New Mexico. Applicant, in the above styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool as an exception to the Special Rules and Regulations of said pool by commencing its San Isidro Wash #1 well at a standard surface location tentatively selected in the NW/4NW/4 of Section 21, T20N, R3W, NMPM, to be drilled vertically to a



Mr. William J. LeMay  
September 24, 1991  
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depth of approximately 3,000 feet, then kicked-off in a southeasterly direction, with angle built up to approximately 80 degrees and then drilled horizontally for approximately 4,000 feet. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320 acre spacing unit or, in the alternative, the approval of all of section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the spacing unit.

By copy of this letter, with application enclosed, we are notifying all appropriate parties of their right to appear at the hearing either in support of or opposition to the application.

Any party desiring to appear and participate should file with the Division, copy to applicant's attorney, a pre-hearing statement as set forth by Division guidelines not later than 4 PM on Friday before the hearing.

Very truly yours,



W. Thomas Kellahin

WTK/jcl/appt924.330

Enclosure

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

cc: By certified mail return receipt requested  
to all parties listed in Exhibits A & B