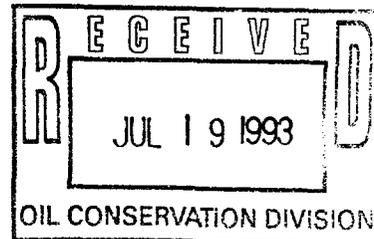


BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF BRIGHT & COMPANY
TO DRILL A SECOND WELL IN A
PREVIOUSLY APPROVED HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT,
FOR AN UNORTHODOX SURFACE OIL WELL
LOCATION, AND FOR SPECIAL OPERATING
RULES THEREFOR INCLUDING AN
INCREASED OIL ALLOWABLE,
SANDOVAL COUNTY, NEW MEXICO.

No. 10789



APPLICATION

Bright & Company hereby applies for approval to drill a second well in a previously approved horizontal directional drilling pilot project, and for additional relief, for a well to be drilled in the Rio Puerco-Mancos Oil Pool, and in support thereof, states:

1. Applicant is a working interest owner in, and has the right to drill a well in, the W $\frac{1}{2}$ of Section 35, Township 21 North, Range 2 West, N.M.P.M., Sandoval County, New Mexico.

2. Applicant is the operator of the Cuba Mesa Unit 35 No. 1 Well, a horizontal/high angle well with a surface location in Unit M of Section 35, which was drilled pursuant to Division Order No. R-9676, a copy of which is attached hereto as Exhibit A. Said well is completed in the Rio Puerco-Mancos Oil Pool, and the W $\frac{1}{2}$ of Section 35 is dedicated to the well.

3. Order No. R-9676 authorized the Cuba Mesa Unit 35 No. 1 Well to be drilled horizontally for a distance of 3,000 feet. Due to oil flows encountered while drilling said well, the wellbore is only approximately 800 feet in horizontal extent.

4. In order to test the entire $W\frac{1}{2}$ of Section 35, and to test a separate Mancos zone, Applicant proposes to drill its Cuba Mesa Unit 35 No. 2 Well at a surface location 820 feet from the West line and 1,010 feet from the South line of Section 35, in the following unconventional manner:

Drill vertically to a depth of approximately 3,539 feet, kick off from vertical and commence a medium radius curve in a north-northwest direction, building angle to approximately 87.25 degrees, drilling horizontally a distance of approximately 3,613 feet, and bottoming said wellbore at a location approximately 660 feet from the West line and 660 feet from the North line of the Section. The true vertical depth of the end of the wellbore will be at a depth of approximately 4,466 feet.

Copies of the Form C-102 and the drilling plan are attached hereto as Exhibits B and C.

5. The $W\frac{1}{2}$ of Section 35 shall be dedicated to both the Cuba Mesa Unit 35 No. 1 and No. 2 Wells. Applicant requests approval of the non-standard surface location for the No. 2 Well.

6. The special pool rules for the Rio Puerco-Mancos Oil Pool and Order No. R-9676 provide for an allowable for the well unit of 320 barrels of oil per day.

7. The Cuba Mesa Unit 35 No. 2 Well will test a different Mancos zone than the existing Cuba Mesa Unit 35 No. 1 Well, and as a result Applicant requests an additional oil allowable of 320 barrels of oil per day, so that the separate zone may be properly tested.

8. Applicant further requests an oil allowable of 19,200 barrels (60 x 320 barrels) for a 60 day period while drilling and completing the Cuba Mesa Unit 35 No. 2 Well.

9. Except for the special oil allowables, Applicant requests that the special operating rules of Order No. R-9676 apply.

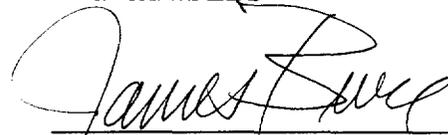
10. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

Dated: 7/19/93.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

**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. 10459
Order No. R-9676**

**APPLICATION OF BRIGHT & COMPANY FOR A
HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT, SPECIAL OPERATING
RULES THEREFOR, AND AN EXCEPTION TO THE
POOL'S GAS/OIL RATIO LIMITATION FACTOR,
SANDOVAL COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

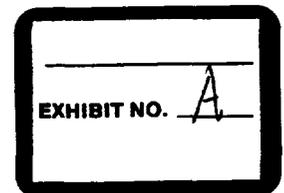
This cause came on for hearing at 8:15 a.m. on April 2 and 30 and May 14, 1992, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner.

NOW, on this 22nd day of May, 1992, 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) The applicant, Bright & Company, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by drilling its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the South line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, NMPM, Sandoval County, New Mexico, in the following unconventional manner:



(10) No part of the horizontal wellbore should be located closer than 660 feet from the outer boundary of the project area.

(11) The applicant should be required to conduct a directional survey on the vertical portion of the wellbore prior to commencing directional drilling operations, and on the horizontal portion of the wellbore during or subsequent to completion of directional drilling operations in order that direction, extent and terminus of said wellbore may be determined to be in compliance with the terms of this order.

(12) The applicant should further be required to submit copies of said directional surveys to the Santa Fe and Aztec offices of the Division.

(13) The applicant should notify the supervisor of the Aztec district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the proposed well in order that these operations may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Bright & Company for a horizontal directional drilling pilot project in the W/2 of Section 35, Township 21 North, Range 2 West, NMPM, Sandoval County, New Mexico, is hereby approved.

(2) The applicant is further authorized to drill its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the South line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, NMPM, Sandoval County, New Mexico, in the following unconventional manner:

Drill vertically to a depth of approximately 4,950 feet, run logs and evaluate the pay zone. Plug back and kick off from vertical at an approximate depth of 3,940 feet drilling a short radius curve in a north-northwest direction building angle to approximately 86.25 degrees from the vertical. Drill horizontally a distance of approximately 3,000 feet bottoming said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line (Unit D) of said Section 35.

PROVIDED HOWEVER THAT, no portion of the horizontal wellbore shall be located closer than 660 feet from the outer boundary of the project area.

(3) The W/2 of said Section 35 shall be dedicated to the above-described well forming a standard 320-acre oil spacing and proration unit for said pool.

15:08 07 13 93 WESTERN OFFICE
District Office
State Lease - 4 copies
Fee Lease - 3 copies

SF-1220 New Mexico 303 565-1277

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 1920, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Azusa, NM 88210

DISTRICT III
1000 N. Co Street Rd., Azusa, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator BRIGHT & Co.		Lease CUBA MESA		Well 35 - 2	
Unit Letter M	Section 35	Township 21 N.	Range 2 W.	County SANDOVAL	
Actual Footage Location of Well: 1010		line and 820		feet from the West	
Ground level Elev. 7016'	Producing Formation	Pool	Dedicated Acreage: Acres		

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

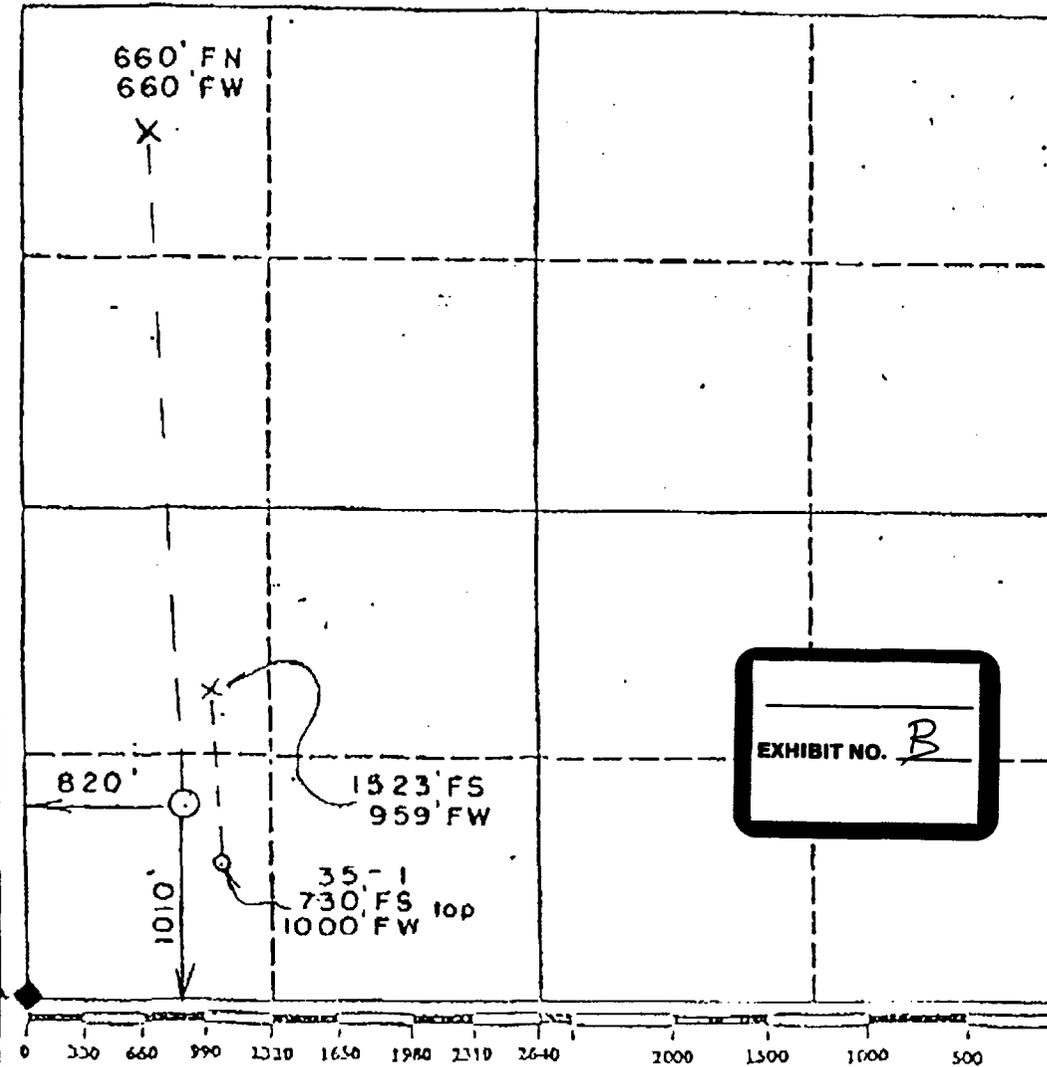


EXHIBIT NO. **B**

OPERATOR CERTIFICATION

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

Signature

Printed Name

Position

Company

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of 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.

Date Surveyed

Signature of Surveyor
Professional



07/16/93

14:17

303

0827

ET DENVER

002/004

BRIGHT AND COMPANY
S35-21N-2W

CUBA MESA 35-2
OFFSET WELL
SANDOVAL COUNTY
NEW MEXICO

PROPOSAL LISTING

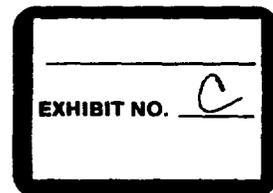
by
Baker Hughes Inteq

Your ref : OFFSET TO CUBA MESA 35-1
Our ref : prop660
License :

Date printed : 16-Jul-93
Date created : 8-Jul-93
Last revised : 16-Jul-93

Field is centred on n36 15 0.000,w107 15 0
Structure is centred on n36 15 0.000,w107 15 0

Slot location is n36 15 2.769,w107 15 2.198
Slot Grid coordinates are N 1912013.566, E 204965.239
Slot local coordinates are 280.00 N 180.00 W
Reference North is True North



07/16/93 14:18 303 0627

ET DENVER

003/004

BRIGHT AND COMPANY
S35-21N-2W, CUBA MESA 35-2
SANDOVAL COUNTY, NEW MEXICO

PROPOSAL LISTING Page 1
Your ref : OFFSET TO CUBA MESA 35-1
Last revised : 16-Jul-93

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	RECTANGULAR DOGLEG			Vert Sect
				C O O R D I N A T E S	Deg/100Ft		
0.00	0.00	357.49	0.00	0.00 N	0.00 E	0.00	0.00
500.00	0.00	357.49	500.00	0.00 N	0.00 E	0.00	0.00
1000.00	0.00	357.49	1000.00	0.00 N	0.00 E	0.00	0.00
1500.00	0.00	357.49	1500.00	0.00 N	0.00 E	0.00	0.00
2000.00	0.00	357.49	2000.00	0.00 N	0.00 E	0.00	0.00
2500.00	0.00	357.49	2500.00	0.00 N	0.00 E	0.00	0.00
3000.00	0.00	357.49	3000.00	0.00 N	0.00 E	0.00	0.00
3500.00	0.00	357.49	3500.00	0.00 N	0.00 E	0.00	0.00
3539.00	0.00	357.49	3539.00	0.00 N	0.00 E	0.00	0.00
3639.00	8.23	357.49	3638.66	7.16 N	0.31 W	8.23	7.17
3739.00	16.46	357.49	3736.26	28.51 N	1.25 W	8.23	28.54
3839.00	24.70	357.49	3829.80	63.60 N	2.78 W	8.23	63.66
3939.00	32.93	357.49	3917.34	111.70 N	4.89 W	8.23	111.81
4039.00	41.16	357.49	3997.10	171.83 N	7.53 W	8.23	172.00
4139.00	49.39	357.49	4067.40	242.75 N	10.63 W	8.23	242.99
4239.00	57.62	357.49	4126.83	323.00 N	14.15 W	8.23	323.31
4339.00	65.85	357.49	4174.14	410.92 N	18.00 W	8.23	411.31
4439.00	74.09	357.49	4208.36	504.70 N	22.11 W	8.23	505.18
4539.00	82.32	357.49	4228.78	602.41 N	26.39 W	8.23	602.99
4598.92	87.25	357.49	4234.23	662.00 N	29.00 W	8.23	662.63 TOP OF FORMATION AND CASING POINT
4836.59	87.25	357.49	4245.63	899.17 N	39.39 W	0.00	900.03
4861.67	87.00	357.49	4246.89	924.19 N	40.48 W	1.00	925.08
4936.59	86.25	357.49	4251.30	998.92 N	43.76 W	1.00	999.87
5000.00	86.25	357.49	4255.45	1062.13 N	46.53 W	0.00	1063.15
5500.00	86.25	357.49	4288.15	1560.58 N	68.36 W	0.00	1562.08
5538.04	86.25	357.49	4290.64	1598.50 N	70.02 W	0.00	1600.03
5538.11	86.25	357.49	4290.64	1598.57 N	70.02 W	1.25	1600.11
5638.04	85.00	357.49	4298.27	1698.11 N	74.38 W	1.25	1699.74
6000.00	85.00	357.49	4329.81	2058.35 N	90.16 W	0.00	2060.32
6500.00	85.00	357.49	4373.39	2555.97 N	111.96 W	0.00	2558.42
7000.00	85.00	357.49	4416.97	3053.59 N	133.75 W	0.00	3056.52
7500.00	85.00	357.49	4460.55	3551.21 N	155.55 W	0.00	3554.62
7558.64	85.00	357.49	4465.66	3609.57 N	158.11 W	0.00	3613.03

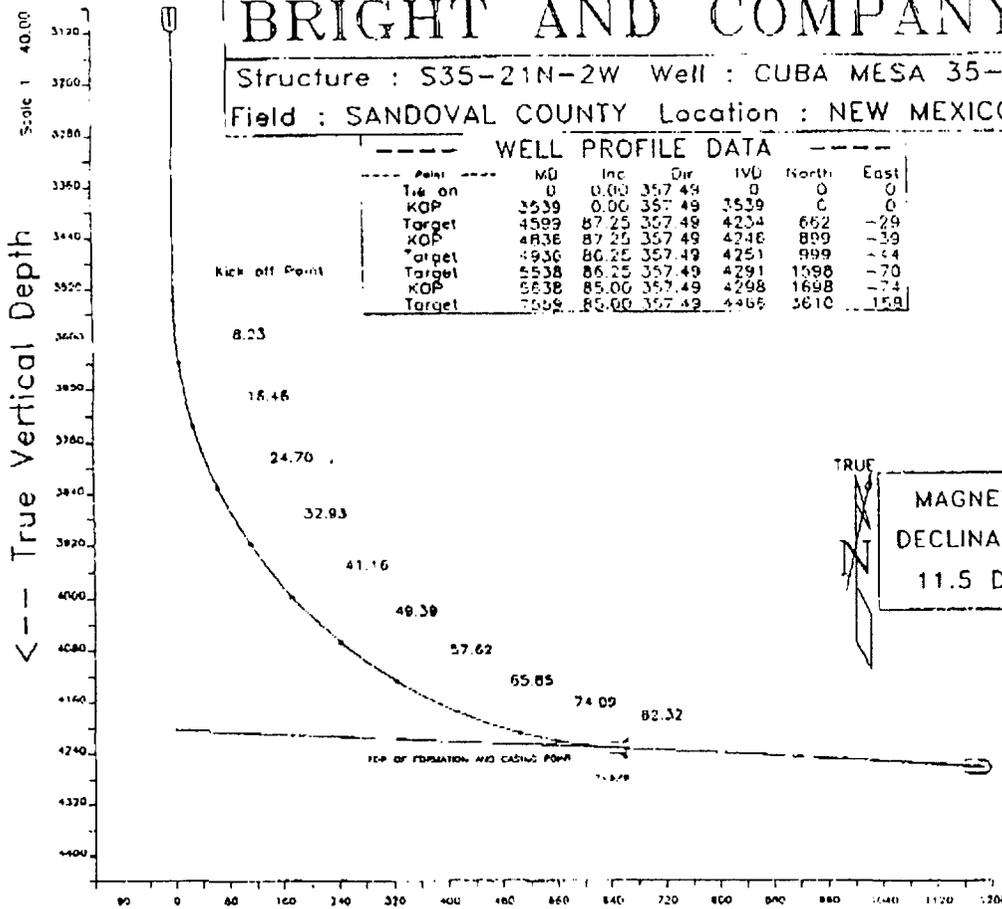
All data is in feet unless otherwise stated
Coordinates from OFFSET WELL and TVD from wellhead.
Vertical section is from wellhead on azimuth 357.49 degrees.
Declination is 11.45 degrees, Convergence is -0.59 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes Inteq

BRIGHT AND COMPANY

Structure : S35-21N-2W Well : CUBA MESA 35-2
Field : SANDOVAL COUNTY Location : NEW MEXICO

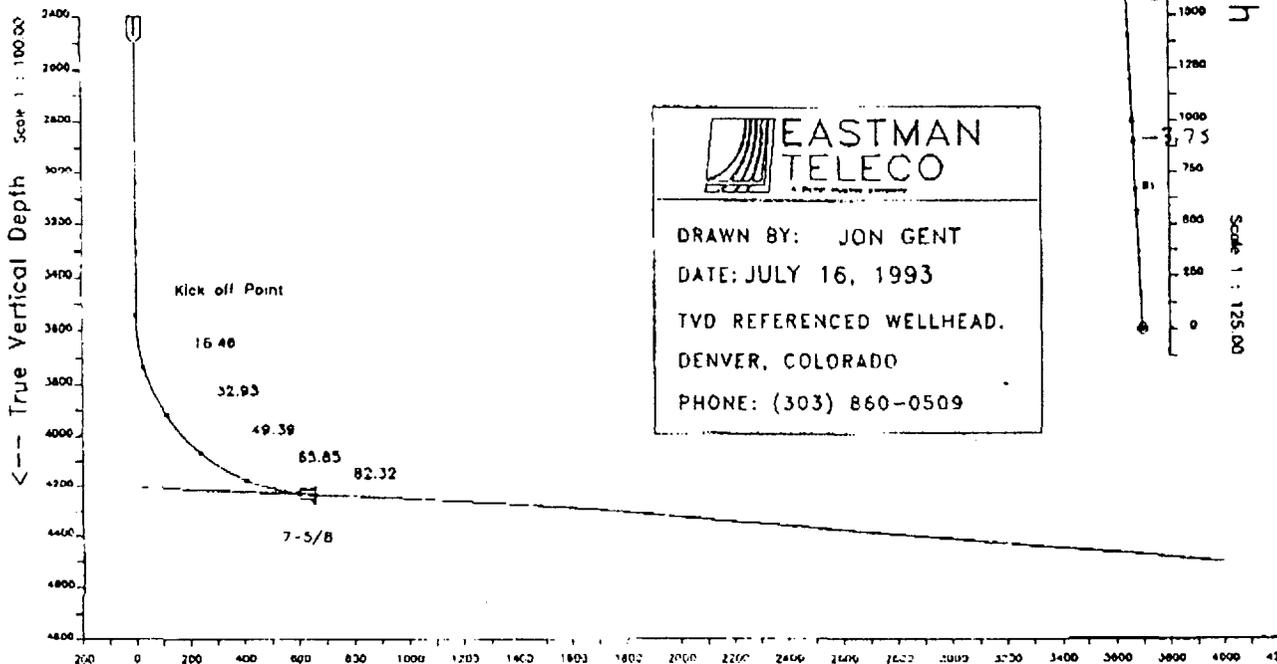
WELL PROFILE DATA

Point	MD	Inc	Dir	IVD	North	East
Tie on	0	0.00	357.49	0	0	0
KOP	3539	0.00	357.49	3539	0	0
Target	4589	87.25	357.49	4234	662	-29
KOP	4838	87.25	357.49	4748	809	-39
Target	4936	80.25	357.49	4251	999	-44
Target	5538	86.25	357.49	4291	1598	-70
KOP	5638	85.00	357.49	4298	1698	-74
Target	7558	85.00	357.49	4465	3610	-158



Scale 1 : 40.00

Vertical Section on 357.49 azimuth with reference 0.00 N, 0.00 E from OFFSET WELL



EASTMAN TELECO
A BELL SYSTEM COMPANY

DRAWN BY: JON GENT
DATE: JULY 16, 1993
TYD REFERENCED WELLHEAD.
DENVER, COLORADO
PHONE: (303) 860-0509

Scale 1 : 100.00

Vertical Section on 357.49 azimuth with reference 0.00 N, 0.00 E from OFFSET WELL