

PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE
ALBUQUERQUE, NEW MEXICO 87112
TELEPHONE (505) 293-4044

August 17, 1993

Mr. William J. LeMay-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87501

10819

RE: Application - High Angle/Horizontal
Directional Drilling Pilot Project
Special Operating Rules
Non-Standard Oil Proration Unit
Special Project Oil Allowable

Dear Mr. LeMay,

Petroleum Development Corporation (PEDCO) applies for public hearing on September 9, 1993 to authorize the intentional deviation from the existing vertical hole using the following procedure:

1. Mill a 45+ foot section in the existing 5 1/2" casing.
2. A directional survey will be run to determine the location of the kick off point.
3. Drill a 60+ foot radii 85° to 90° into the San Andres pay zone.
4. Horizontally drill 800+ feet into the pay zone.
5. Adequate directional surveys will be run in the deviated hole.
6. The horizontal hole will be maintained a distance of 100 feet from any boundary of any lease line.

The horizontal hole may be drilled as close to or cross any boundary of any adjoining 40 acre spacing tract on the same lease. In the event the horizontal hole crosses the boundary of any adjoining 40 acre spacing tract on the same lease, an 80 acre spacing unit may be formed with an allowable of 160 barrels of oil per day. However, the cumulative allowable for any spacing units formed will never be greater than 80 BOPD per 40 acre oil proration unit.

PEDCO request permission to horizontally drill the following wells:

TOMAHAWK - San Andres Field

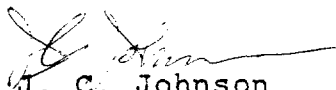
1. Mountain Federal #4 - Unit B, Section 30, T7S, R32E.
Located 990' FNL and 1980' FEL.
2. Mountain Federal #5 - Unit C, Section 30, T7S, R32E.
Located 990' FNL and 2217' FWL.
3. Strange Federal #1 - Unit P, Section 25, T7S, R31E.
Located 660' FSL and 660' FEL.
4. Strange Federal #2 - Unit O, Section 25, T7S, R31E.
Located 660' FSL and 1980' FEL.

CATO - San Andres Field

5. Wattam Federal #1 - Unit B, Section 6, T8S, R31E.
Located 660' FNL and 1980' FEL.

Attached is a list of offset operators with their correct mailing addresses.

Sincerely,


J. C. Johnson
President

attachment

Attachment

Murphy Operating Corporation
P.O. Box 2648
Roswell, NM 88202

Yates Petroleum Corporation
105 South 4th
Artesia, NM 88210

Yates Energy Corporation
Box 2323
Roswell, NM 88202-2323

