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OIL CONSERVATION DIV.
SANTA FE

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: 10198

APPLICATION OF RICHMOND PETROLEUM INC.
FOR A HORIZONTAL DIRECTIONAL DRILLING
PILOT PROJECT, SPECIAL OPERATING RULES
THEREFOR, AN UNORTHODOX WELL LOCATION,
AND NON-STANDARD SPACING UNIT,
RIO ARriba COUNTY, NEW MEXICO.

A P P L I C A T I O N

Comes now Richmond Petroleum 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 for its Jicarilla-Richmond JV Well #28 to be drilled at an unorthodox well location and a 430.56 acre non-standard spacing unit in Section 28, T27N, R2W, in the Gavilan Mancos Oil Pool, Rio Arriba County, New Mexico and in support thereof states:

(1) Applicant is the operator of Section 28, T27N, R2W, N.M.P.M., Rio Arriba County, New Mexico.

(2) Applicant proposes to drill a horizontal directional well commencing at an unorthodox surface location **500 feet FEL and 500 feet FSL** of said Section 28 and drilled vertically to approximately 7100 feet which is the estimated top of the Mancos formation at which point the applicant will kickoff the well in a Northwesterly direction building an assumed 350 foot radius turn and penetrating the Gavilan Mancos Pool at an estimated depth of 7412 feet and thence drilling horizontally in a ~~Northwesterly~~ **direction a distance not in excess of 2,000 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 Gavilan Mancos Oil Pool and that Section 28 be dedicated as the spacing unit for the project.

(4) As a result of governmental survey, Section 28 contains only 430.56 acres, more or less, which applicant seeks to be dedicated and approved as a non-standard spacing and proration unit for the subject well.

(5) The Niobrara interval of the Mancos is the productive zone of the Gavilan Mancos Oil Pool, which is characterized by tight, low permeability blocks interconnected by a high capacity fracture system.

(6) Past experience in said pool has shown that unless a conventionally drilled (vertical) well intersects such a fracture, the chance of obtaining commercial production is severely curtailed.

(7) By drilling a horizontal wellbore, the applicant is attempting to increase the probability of encountering several of these fractures, which may ultimately result in the recovery of a greater amount of oil, thereby preventing waste.

(8) 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 500 feet from the east line and no closer than 500 feet from the south line of Section 28, thence towards a standard location so that once within the standard drilling window for the Gavilan Mancos Pool, ~~no portion of the wellbore shall be closer than 790 feet to the outer boundary of Section 28.~~

(9) Applicant seeks an exception from Rule 4 of Order R-7407 as amended, to authorize the unorthodox well location based upon geologic reasons.

(10) The offsetting operators and parties to whom notice is required are identified on Exhibit B.

(11) In accordance with Division Notice Rule 1207, Applicant has notified by certified mail return-receipt all of those parties shown on Exhibit C of this application and the Applicant's request that this matter be set for hearing on January 10, 1991.

(12) 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 January 10, 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,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name and address.

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Attorneys for Applicant

A
West

PALMER O&G
Apache JVA #2
Sec 28, T27N-R2W

Proposed

A'
East

Proposed
Depth
Not to Scale



9 5/8" SURFACE CASING
Ø350'

3865'

Pictured Cliffs

Green Marker

5636'

6160'

Mesaverde

Mancos

7442'

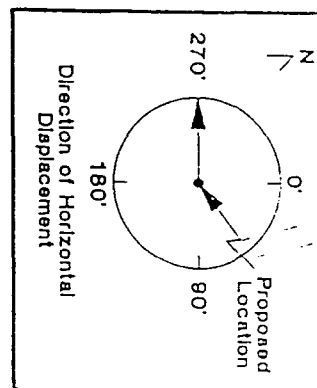
Niobrara

SECTION 28

SECTION 27

7" INTERMEDIATE CASING
Ø7090'

2000' of Horizontal
Displacement in
Niobrara "C"



JICARILLA-RICHMOND JOINT VENTURE Rio Arriba County, New Mexico	CROSS SECTION A-A'
	Sec 28, T27N-R2W
	Hor. Scale = 1:2000'
D.M.C.	6-80'

EXHIBIT "C"

Kindermac Partners
650 S. Cherry Street
Denver, Colorado 80222

Roberts & Murphy, Inc.
P.O. Box 7125
Shreveport, Louisiana 71137

Jicarilla Apache Tribe
Oil & Gas Administration
P.O. Box 507
Dulce, New Mexico 87528
Attn: Thurman Velarde

Giant Exploration Production Co.
P.O. Box 2810
Farmington, New Mexico 87499

Dugan Production Corp.
P.O. Box 420
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W.M. Gallaway
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Farmington, New Mexico
87401

Meridian Oil Inc.
P.O. Box 4289
Farmington, New Mexico
87499

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

December 7, 1990

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

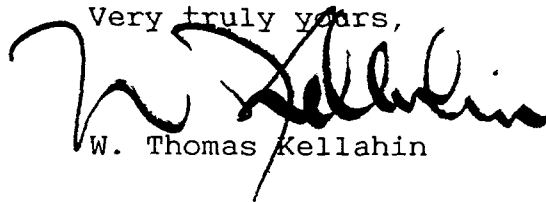
Re: Application of Richmond Petroleum Inc.
for a Horizontal Directional Drilling
Pilot Project, Special Operating Rules
therefore, an Unorthodox Well Location,
and Non-standard Spacing Unit, Rio
Arriba County, New Mexico

Dear Mr. LeMay:

On behalf of Richmond Petroleum Inc., please find enclosed our Application for a Horizontal Directional Drilling Pilot Project, Special Operating Rules therefore, an Unorthodox Well Location, and Non-standard Spacing Unit which we request be set for hearing on the next available Examiner's docket now scheduled for January 10, 1990.

By copy of this letter and application 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

Case 10198

Mr. William J. LeMay
December 7, 1990
Page 2

cc: Mr. Steve Roche
Roche Oil and Gas Corp
6400 Uptown Blvd., N.E.
Suite 480W
Albuquerque, New Mexico 87110

Certified copy return receipt:

All parties listed on Exhibit "C"
of application

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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(3) Except as otherwise requested herein, Applicant proposes that this project be subject to the Special Rules and Regulations that govern the Gavilan Mancos Oil Pool and that Section 28 be dedicated as the spacing unit for the project.

(4) As a result of governmental survey, Section 28 contains only 430.56 acres, more or less, which applicant seeks to be dedicated and approved as a non-standard spacing and proration unit for the subject well.

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WHEREFORE, Applicant requests that this matter be set for hearing on January 10, 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.

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A
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PALMER O&G
Apache JVA #2
Sec 28, T27N-R2W

Proposed

A'
East

Proposed
Depth
Not to Scale



9 5/8" SURFACE CASING
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Pictured Cliffs

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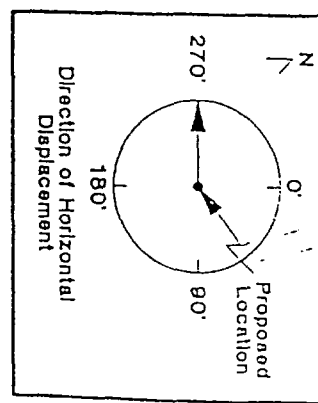
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Niobrara

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2000' of Horizontal
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JICARILLA-RICHMOND JOINT VENTURE Rio Arriba County, New Mexico
CROSS SECTION A-A' Sec 28, T27N-R2W Hor. Scale = 1:2000'
d.m.c. 6-80'

Exhibit A

EXHIBIT "C"

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650 S. Cherry Street
Denver, Colorado 80222

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P.O. Box 7125
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Oil & Gas Administration
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Attn: Thurman Velarde

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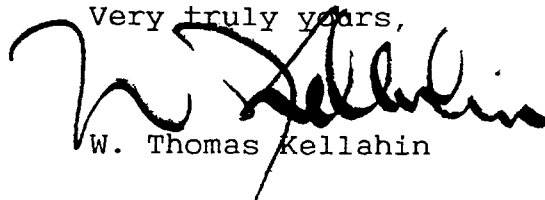
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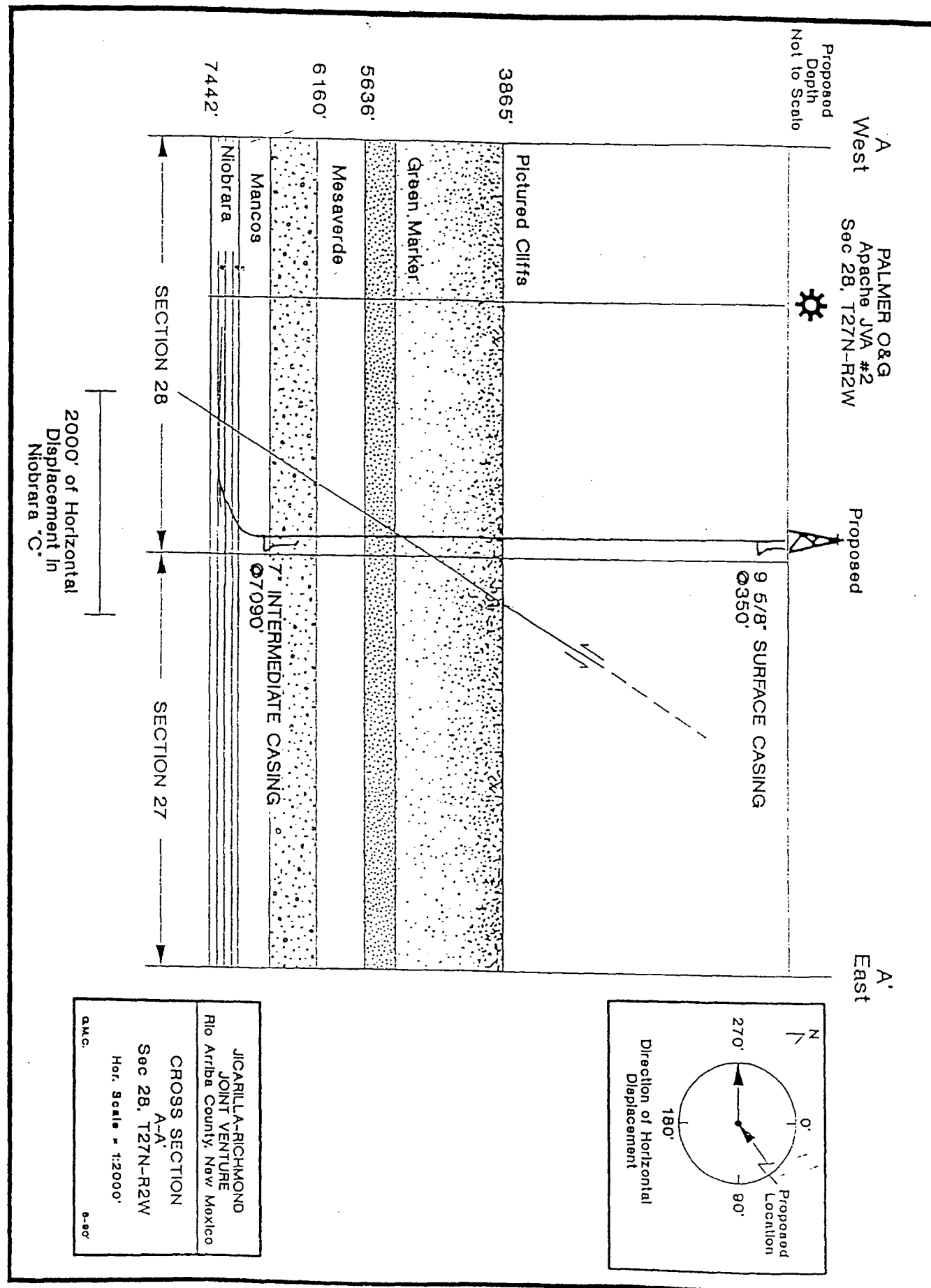


Exhibit A

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87499

Sec. 28 Township No. 27 North of Range No. 2 West

④ 27.82	③ 27.70	② 27.58	① 27.46
Township 26 North			

County Rio Arriba Pool ^{Sec. 28} Gavilan-Mancos Oil

TOWNSHIP 26 North Range 2 West NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

EXT: All Secs. 25 and 26, All Secs. 35 and 36 (R-8063, 1-3-86)

EXT: ALL SECS. 15, 22, 27, 34. (R-8542 11/10/87) EXT: All of Sec's 10, 11,

14, 21, 23, 28, and 33 (R-8828, 12-22-88) EXT: All sec's 8, 9, & 16 (R-8915 4-24-89)

EXT: All sec 3 (R-9016, 11-1-89) EXT: All SEC 2 (R-9091, 1-1-90)