

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. 10720
Order No. R-9702-A*

**APPLICATION OF MERIDIAN OIL INC. FOR AMENDMENT OF DIVISION ORDER
NO. R-9702, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 22, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of May, 1993, 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, Meridian Oil Inc., seeks to amend Division Order No. R-9702, issued in Case 10486 and dated August 6, 1992, in order to change the commencement locale of its previously approved Black Diamond Com "20" Well No. 1 to an unorthodox surface location 120 feet from the North and West lines (Unit D) of Section 20, Township 30 North, Range 15 West, NMPM, San Juan County, New Mexico and to utilize the W/2 of said Section 20 as the pilot project area.

(3) Said Order No. R-9702 authorized Meridian Oil Inc. to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Horseshoe-Gallup Oil Pool within a non-standard 320-acre oil spacing and proration unit comprising either the E/2 or W/2 of said Section 20 by drilling the Black Diamond Com "20" Well No. 1 from an unorthodox surface location 195 feet from the South line and 2510 feet from the West line (Unit N) of said Section 20, kick-off from vertical and drill horizontally in either a north-northwesterly or north-northeasterly direction.

(4) This amendment will allow Meridian Oil Inc. to locate the proposed well at a surface location that will accommodate the building of a gas "gathering" line from the wellhead to the main "trunk" line a shorter distance than would be required if the well were located at the original proposed location.

(5) Said location change is necessary to avoid the San Juan Basin Generating Plant and surface strip mining operations which is partially situated between the previously approved well location and El Paso Natural Gas Pipeline Company's gas pipeline. A one-half mile gathering line would be required as opposed to a four-mile length previously needed.

(6) The geologic and technical aspects of this amendment will not vary from the original proposed project. The surface location and horizontal direction are the only anticipated changes.

(7) The decretory portion of Order No. R-9702 should be amended to reflect these changes.

IT IS THEREFORE ORDERED THAT :

(1) Decretory Paragraph No. (1) on pages 4 and 5 of Division Order No. R-9702, issued in Case 10486 and dated August 6, 1992, be and the same is hereby amended to read in its entirety as follows:

"(1) The applicant, Meridian Oil, Inc., is hereby authorized to initiate a high angle/horizontal directional drilling pilot project in the W/2 of Section 20, Township 30 North, Range 15 West, NMPM, Undesignated Horseshoe-Gallup Oil Pool, San Juan County, New Mexico, by drilling its Black Diamond Com "20" Well No. 1 from an unorthodox surface location 120 feet from the North and West lines (Unit D) of Section 20, in the following unconventional manner:

Drill vertically to a depth of approximately 4250 feet and then come up hole to a point at approximately 3579 feet and kick off the well in a southeasterly direction building angle to approximately 80 degrees. Penetrate the top of the "Waterflow" zone of the Niobrara member of the Gallup formation at a total

vertical depth of approximately 4085 feet.
Continue drilling horizontally in a lateral
distance not in excess of 4689 feet.

PROVIDED HOWEVER THAT, no portion
of the horizontal portion of the wellbore shall
be located closer than 330 feet from the outer
boundary of the project area."

(2) Decretory Paragraph No. (2) on page 5 of said Division Order No. R-9702,
be and the same is hereby amended to read in its entirety as follows:

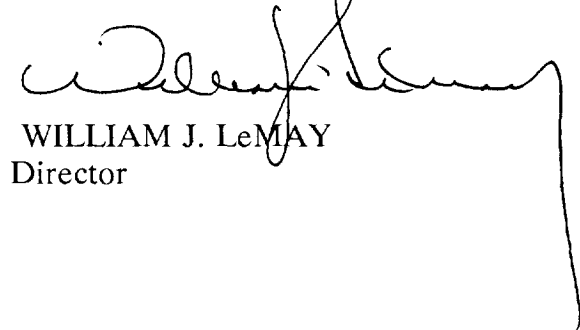
"(2) The W/2 of said Section 20 shall be dedicated to the
subject well forming a non-standard 320-acre oil spacing and
proration unit for said pool."

(3) All other portions of said Order No. R-9702 related to the drilling of the
subject well in the W/2 of said Section 20 shall remain in full force and effect until
further notice.

(4) Jurisdiction of this cause is retained for the entry of such further orders
as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LeMAY
Director

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