



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

*Order will
be amended to
show actual surface
location*

GARREY CARRUTHERS
GOVERNOR

RECEIVED

DEC 3 1990

**OIL CON. DIV
DIST. 3**

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Samuel Gary Jr. & Associates, Inc.
c/o James Bruce
500 Marquette N.W.
Suite 800
Albuquerque, NM 87102-2121

*Administrative Order DD-52(H)
Highly Deviated Well Bore*

Dear Mr. Bruce:

Under the provisions of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by Division Order No. R-9330, Samuel Gary Jr. & Associates, Inc. made application to the New Mexico Oil Conservation Division on October 25, 1990 for a highly deviated directional drilled wellbore in Section 12, Township 20 North, Range 3 West, NMPM, Rio Puerco-Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico.

Now on this 23rd day of November, 1990, the Division Director finds that:

(1) An application has been duly filed under the provisions of Rules 2 and 8 of said Order No. R-9330 for administrative authorization to intentionally deviate its San Isidro "12" Well No. 10 in the San Isidro (Shallow) Unit Area for the purpose of penetrating the Mancos formation by means of a highly deviated wellbore, having a maximum angle off vertical of approximately 75 degrees.

(2) All of said Section 12 should be dedicated to said well to form a non-standard 640-acre oil spacing and proration unit.

(3) There are currently two producing Rio Puerco Mancos Oil wells in said Section 12:

- a) the Gary Williams Co. San Isidro "12" Well No. 12 located 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 12; and,

- b) the Gary Williams Co. San Isidro "12" Well No. 4 located 660 feet from the North and West lines (Unit D) of said Section 12.

(4) The applicant will abide by the provisions of Rule 10 as it concerns all three wells in said Section 12.

(5) Said spacing unit is within the applicant's San Isidro (Shallow) Unit Area and therefore, has no offset operators other than themselves.

(6) The applicant has satisfactorily met all requirements prescribed in said Rules 2 and 8.

(7) The subject application should be approved and the well and unit should be governed by the provisions of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit as promulgated by said Order No. R-9330.

IT IS THEREFORE ORDERED THAT:

(1) Samuel Gary Jr. and Associates, Inc. is hereby authorized to initiate a highly deviated directional drilling project in Section 12, Township 20 North, Range 3 West, Rio Puerco Mancos Oil Pool, San Isidro (Shallow) Unit Area, Sandoval County, New Mexico, thereby forming a 640-acre oil spacing and proration unit, by commencing its San Isidro "12" Well No. 10 at a standard oil well location 1500 feet from the South line and 1400 feet from the East line (Unit K) of said Section 12, drill to a true vertical depth of approximately 3500 feet and kick-off with a medium radius curve in a northwesterly direction, build to an angle of approximately 75 degrees and continue drilling at said angle through the Rio Puerco Mancos Oil Pool to total depth at a true vertical depth of approximately 4565 feet with a terminus point approximately 1340 feet from the North line and 2585 feet from the East line of said Section 12.

PROVIDED HOWEVER THAT: Prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and,

PROVIDED FURTHER THAT: Subsequent to the above-described directional drilling, a survey shall be made of the wellbore from total depth to kick-off point. The operator shall forward a copy of the survey report directly to the Santa Fe Office and to the Aztec District Office of the Division.

(2) The operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

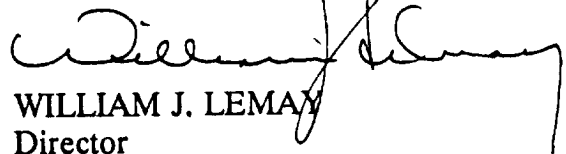
(4) The applicant shall comply with the terms of Rule 10 of said Order R-9330 with respect to all three wells within the 640-acre spacing unit.

(5) The applicant shall operate said well and unit and conduct said directional drilling operations in accordance with the Special Operating Rules and Regulations for the San Isidro (Shallow Unit as promulgated by Division Order No. R-9330.

(6) 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

S E A L

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 10100