

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:

DRAFT

CASE NO. 9911
ORDER NO. R-_____

APPLICATION OF UNION OIL COMPANY OF
CALIFORNIA FOR A HIGHLY DEVIATED
DIRECTIONAL DRILLING PILOT PROJECT AND
UNORTHODOX COAL GAS WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 18, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of April, 1990, 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.

(3) A well at an unorthodox location will better enable the applicant to produce the oil and/or gas underlying the proration unit.

(4) No offset operator objected to the proposed unorthodox location.

(5) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent the waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Union Oil Company of California for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool is hereby approved for its Rincon Unit Well No. 254 located at a standard surface location 1581 feet from the North line and 1929 feet from the East line (Unit G) of said Section 20 and drilling to a true vertical depth of approximately 2250 feet and then commencing a medium radius curve in a westerly direction to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3100 feet with a terminus at an unorthodox bottomhole location in the NW/4 of Section 20; however said wellbore will be no closer than 790 feet from the outer boundary of the spacing unit.

(2) 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

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if no such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.

RULE 7. The first well drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to any quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

RULE 8. The Division Director may grant an exception to the requirements of Rule (7) without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions, the recompletion of a well previously drilled to a deeper horizon, provided, said well was drilled at an orthodox or approved unorthodox location for such original horizon, or the drilling of an intentionally deviated horizontal wellbore. All operators or owners of undrilled tracts offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 9(A). The Division Director shall have the authority to administratively approve an intentionally deviated well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coalbed seams by means of a wellbore drilled horizontally, provided the following conditions are complied with:

(1) The surface location of the proposed well is a standard location or the applicant has obtained approval of an unorthodox surface location as provided for in Rule (8) above.

(2) The bore hole shall not enter or exit the coalbed seams outside of a drilling window which is in accordance with the setback requirements of Rule (7), provided however, that the 10 foot setback distance requirement from the quarter-quarter section line or subdivision inner boundary shall not apply to horizontally drilled wells.

(B). To obtain administrative approval to drill an intentionally deviated horizontal wellbore, the applicant shall file such application with the Santa Fe and Aztec offices of the Division and shall further provide a copy of such application to all operators or owners of undrilled tracts offsetting the proposed gas proration unit for said well by registered or certified mail, and the application shall state that such notice has been furnished. The application shall further include the following information:

- (1) A copy of Division Form C-102 identifying the proposed proration unit to be dedicated to the well.
- (2) Schematic drawings of the proposed well which fully describe the casing, tubing, perforated or open hole interval, kick-off point, and proposed trajectory of the drainhole section.

The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the intentionally deviated horizontal wellbore has been entered within 20 days after the Director has received the application. If any objection to the proposed intentionally deviated horizontal well is received within the prescribed time limit as described above, the Director shall, at the applicant's request, set said application for public hearing.

(C). During or upon completion of drilling operations the operator shall further be required to conduct a directional survey on the vertical and lateral portions of the wellbore and shall submit a copy of said survey to the Santa Fe and Aztec offices of the Division.

(D). The Division Director, at his discretion, may set any application for intentionally deviated horizontal wellbores for public hearing.

RULE 10. Notwithstanding the provisions of Division Rule No. 404, the Supervisor of the Aztec district office of the Division shall have the authority to approve the venting or flaring of gas from a Basin-Fruitland Coal Gas Well upon a determination that said venting or flaring is necessary during completion operations, to obtain necessary well test information, or to maintain the producibility of said well. Application to flare or vent gas shall be made in writing to the Aztec district office of the Division.

RULE 11. Testing requirements for a Basin-Fruitland Coal Gas well hereinafter set forth may be used in lieu of the testing requirements contained in Division Order No. R-333-I. The test shall consist of a minimum twenty-four hour shut-in period, and a three hour production test. The Division Director shall have the authority to modify the testing requirements contained herein upon a showing of need for such modification. The following information from this initial production test must be reported:

1. The surface shut-in tubing and/or casing pressure and date these pressures were recorded.
2. The length of the shut-in period.
3. The final flowing casing and flowing tubing pressures and the duration and date of the flow period.



GARREY CARRUTHERS
GOVERNOR

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 4/20/90

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

DD

Gentlemen:

I have examined the application dated April 20, 1990
for the Unocal Rincon Unit #254
Operator Lease & Well No.

H-20-27N-6W and my recommendations are as follows:
Unit, S-T-R

Approve

Yours truly,

J. L. [Signature]



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

GARREY CARRUTHERS
GOVERNOR

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

May 4, 1990

Union Oil Company of California
3300 North Butler Avenue
Suite 200
Farmington, NM 87401

Attention: Paul T. West, District Production Manager

*Administrative Order DD-34(H)
(Highly Deviated Wellbore)
Basin-Fruitland Coal Gas Pool (R-8768)*

Dear Mr. West:

Under the provisions of Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order R-8768, Union Oil Company of California made application to the New Mexico Oil Conservation Division on April 20, 1990, for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre gas spacing and proration unit in said pool for its Rincon Unit Well No. 254.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 9(B) of R-8768 for administrative authorization to intentionally deviate a well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coal bed seams by means of a wellbore drilled horizontally;
- (2) Although the proposed wellbore will only have a maximum angle off vertical of 60 degrees. The purpose of said well is to increase the surface area across the productive interval of the coal seam, thereby increasing the likelihood of obtaining commercial production.

- (3) This technique essentially mirrors the reason and purpose of horizontal wellbores in this type of productive interval and should therefore be treated the same.
- (4) The applicant has provided satisfactory technical information in support of this filing.
- (5) The N/2 of said Section 20 is within the applicant's Rincon Unit and therefore has no offset operators other than themselves.
- (6) The applicant has satisfactorily met all requirement prescribed in said Rule 9 of Order No. R-8768.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Union Oil Company of California, is hereby authorized to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and drilling to a true vertical depth of approximately 2362 feet and then commencing a medium radius curve in a westerly direction, building to an angle of 60 degrees and continue drilling at said angle as so to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3200 feet with a terminus at an bottomhole location in the SW/4 NW/4 of Section 20; however, no portion of said wellbore shall be no closer than 790 feet from the North, South and East lines of the NW/4 nor closer than 130 feet to the West line of said NW/ of said Section 20.

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 ~~to~~ forward a copy of the survey report directly to the Santa Fe ~~office of the~~ ~~Division~~ ~~and to the Aztec District Office and~~ ~~the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.~~ *Office*

(2)
of the Division: [Signature]

Administrative Order DD-34(H)
Union Oil Company of California
May 4, 1990
Page No. 3

3 ~~(2)~~ 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 ~~(3)~~ 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

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 9911



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

ROUGH - ROUGH - ROUGH

GARREY CARRUTHERS
GOVERNOR

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



Union Oil Company of California
3300 North Butler Avenue
Suite 200
Farmington, NM 87401

Attention: Paul T. West, District Production Manager

*Administrative Order DD-34(H)
(Highly Deviated Wellbore)
Basin-Fruitland Coal Gas Pool (R-8768)*

Dear Mr. West:

Under the provisions of Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order R-8768, Union Oil Company of California made application to the New Mexico Oil Conservation Division on April 20, 1990, for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre gas spacing and proration unit in said pool for its Rincon Unit Well No. 254.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 9(B) of R-8768 for administrative authorization to intentionally deviate a well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coal bed seams by means of a wellbore drilled horizontally ~~to the coal seam~~.
- (2) ~~Although the proposed wellbore will only have a maximum angle off vertical of 60 degrees,~~ the purpose of said well is to increase the surface area across the productive interval of the coal seam, thereby increasing the likelihood of obtaining commercial production.

(3) [Signature]

- (3) This technique essentially mirrors the reason and purpose of horizontal wellbores in this type of productive interval and should therefore be treated the same.
- (4) The applicant has provided satisfactory technical information in support of this filing.
- (5) The N/2 of said Section 20 is within the applicant's Rincon Unit and therefore has no offset operators other than themselves.
- (6) The applicant has satisfactorily met all requirement prescribed in said Rule 9 of Order No. R-8768.

IT IS THEREFORE ORDERED THAT:

(1) ~~that~~ The applicant, Union Oil Company of California, ^{is hereby authorized} ~~seeks~~ to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and drilling to a true vertical depth of approximately 2362 feet and then commencing a medium radius curve in a westerly direction, building an angle of 60 degrees and ^{continue} ~~the~~ drilling at said angle as so to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3200 feet with a terminus at an bottomhole location in the SW/4 NW/4 of Section 20; however said wellbore shall be no closer than 790 feet from the North, South and East lines of the NW/4 nor closer than 130 feet to the West line of said NW/ of said Section 20. _{no section of}

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 ~~continuous multi-shot directional survey~~ shall be made of the wellbore from total depth to kick-off point the operator shall ~~cause the surveying company to~~ forward a copy of the survey report directly to the Santa Fe office of the Division, ~~310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503~~, and the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

*and to the Aztec District
Office*

Administrative Order DD-34(H)
Union Oil Company of California
April 30, 1990
Page No. 3

- (2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth, in addition to measured depths ^(MVP) ~~(MVP)~~
- (3) 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

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 9911

OIL CONSERVATION DIVISION
Santa Fe, New Mexico

TELECOPIER TRANSMITTAL SHEET

TO: Frank Chavez

FROM: Michael E. Stogner

DATE: April 30, 1990

NUMBER OF SHEETS (INCLUDING TRANSMITTAL SHEET): 4

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL
(505) 827-5806.

MESSAGE

*or
Frank*

*The attached order is a rough draft
of the administrative approval to UWBH
for their horizontal/high angle well.
Please look it over and make any comments
for improvements.*

Thank

M.S.

FAX NUMBER: (505) 827-5741

April 30, 1990

Union Oil Company of California
3300 North Butler Avenue
Suite 200
Farmington, NM 87401

Attention: Paul T. West, District Production Manager

Administrative Order DD-34(H)
(Highly Deviated Wellbore)
Basin-Fruitland Coal Gas Pool (R-8768)

Dear Mr. West:

Under the provisions of Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order R-8768, Union Oil Company of California made application to the New Mexico Oil Conservation Division on April 20, 1990, for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre gas spacing and proration unit in said pool for its Rincon Unit Well No. 254.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 9(B) of R-8768 for administrative authorization to intentionally deviate a well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coal bed seams by means of a wellbore drilled horizontally;

- (2) Satisfactory information has been provided that all offset operators have been duly notified.
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in General Rule 111 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.
- (5) Although the proposed wellbore will only have a maximum angle ^{off} of vertical of 60 degrees, the purpose ^{of} said well is to increase the surface area ^{across} the productive interval of the coal seam, thereby increasing the likelihood of obtaining commercial production.
- (5) This technique essentially mirrors the reason and purpose of horizontal wellbores in this type of productive interval and should therefore be treated the same.
- (6) *The applicant has provided*
~~Satisfactory technical information has been provided~~ *in support of this filing.*
- (7) The N/2 of said Section 20 is within the applicant's Rincon Unit and therefore has no offset operators other than themselves.
- (8) The applicant has satisfactorily met all requirement prescribed in said Rule 9 of Order No. R-8768.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Union Oil Company of California, seeks to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location ^{741/9} ~~1414~~ feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and drilling to a true vertical depth of approximately 2362 feet and then commencing a medium radius curve in a westerly direction ~~to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3200 feet with a terminus at an bottomhole location in the SW/4 NW/4 of Section 20; however said wellbore shall be no closer than 790 feet from the North, South and East lines of the NW/4 nor closer than 130 feet to the West line of said NW/ of said Section 20.~~ *and building an angle of 60 degrees and the drilling at said angle so as*

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 continuous multi-shot directional survey shall be made of the wellbore from total depth to kick-off point the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, 310 Old Santa Fe Trail, Room 206, Santa Fe, New Mexico 87503, and the operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

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

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

Administrative Order DD-*
April 30, 1990
Page No. 4

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

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 9911

Unocal Oil & Gas Division
Unocal Corporation
3300 North Butler Avenue
Suite 200
Farmington, New Mexico 87401
Telephone (505) 326-7600
Fax: (505) 326-6145



April 20, 1990

Paul T. West
District Production Manager
Farmington District

RECEIVED

APR 20 1990

OIL CONSERVATION DIVISION

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RE: Application of Union Oil Company of California for a Highly
Deviated Directional Drilling Project, Rincon Unit, Rio Arriba
County, New Mexico

Dear Mr. LeMay:

Union Oil Company of California hereby makes application for administrative approval for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, Rio Arriba County, New Mexico, forming a standard 320-acre coal gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool for its Rincon Unit No. 254 Well. This highly deviated directional drilling pilot project qualifies for administrative approval pursuant to the provisions of Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as follows:

1. The surface location of the proposed well is at a standard location 1,419 feet from the North line and 794 feet from the East of Section 20. The bore hole will not enter or exit the coalbed seams outside of a drilling window which is in accordance with the setback requirements of Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, for it will be no closer than 790 feet to the outer boundary of the unit nor closer than 130 feet to any quarter section line as shown on the copy of OCD Form C-102 which is attached to this application.

2. This well is located within the Rincon Unit and there are no operators or owners of undrilled tracts to whom copies of this application are to be furnished pursuant to Rule 9(B). A map of the Rincon Unit is attached to this application showing the location of the proposed well relative to unit boundaries.

3. A schematic drawing and footage tabulation of the proposed well is attached to this application which describes the casing, tubing, perforated interval, kick-off point, and proposed trajectory of the drain hole section.

William J. LeMay, Director
Oil Conservation Division
April 20, 1990
Page Two

4. Union Oil Company of California during, or upon completion of drilling operations, will conduct a directional survey on the vertical and lateral portions of the wellbore and submit a copy of this survey to the Santa Fe and Aztec Offices of the Division.

Since there is no offsetting operator or offsetting owner of an undrilled tract, there are no parties from whom waivers of objection are required pursuant to Rule 9. Union Oil Company of California, therefore, requests that the Director approve this application for a highly deviated directional drilling pilot project.

Respectfully submitted,



Union Oil Company of California
dba Unocal

Paul T. West
District Production Manager

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
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 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

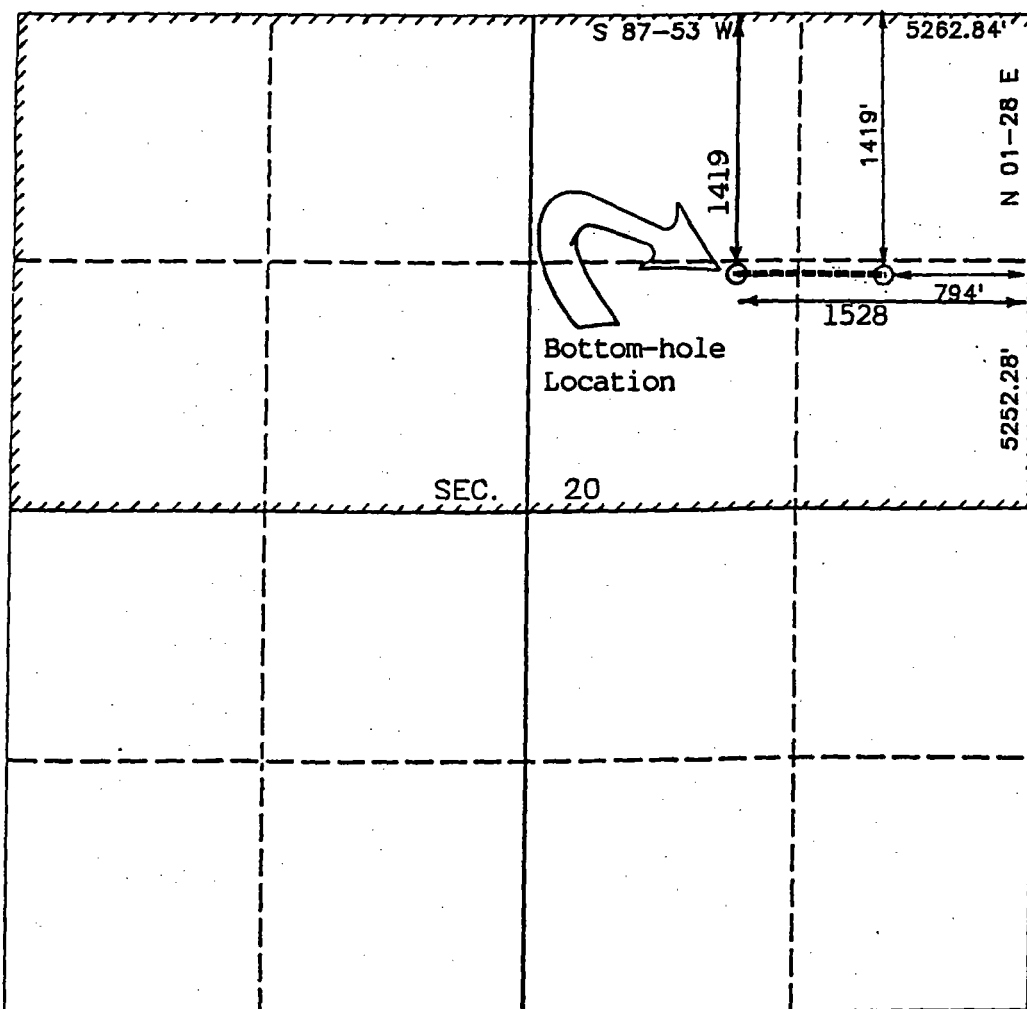
All Distances must be from the outer boundaries of the section

Operator UNION OIL CO. OF CALIFORNIA			Lease RINCON UNIT		Well No. 254
Unit Letter H	Section 20	Township T.27 N.	Range R.6 W.	County RIO ARriba COUNTY	
Actual Footage Location of Well: 1419 feet from the NORTH line and 794 feet from the EAST line					
Ground level Elev. 6579	Producing Formation FRUITLAND COAL		Pool BASIN FRUITLAND COAL		Dedicated Acreage: 320 Acres

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



OPERATOR CERTIFICATION

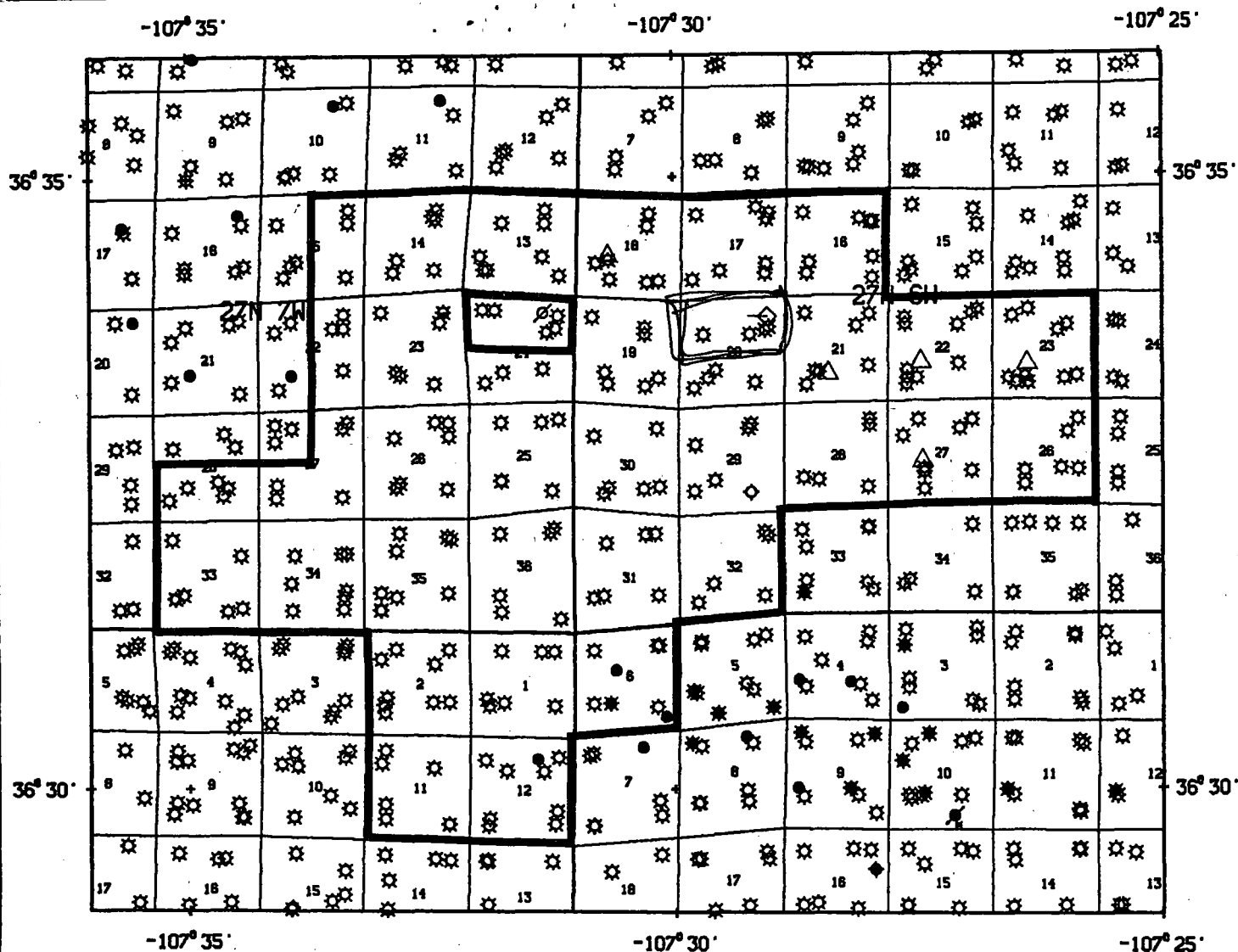
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *William Hering*
Printed Name **William Hering**
Position **District Petroleum Eng.**
Company **Union Oil Co. of Calif.**
Date **April 9, 1990**

SURVEYOR CERTIFICATION

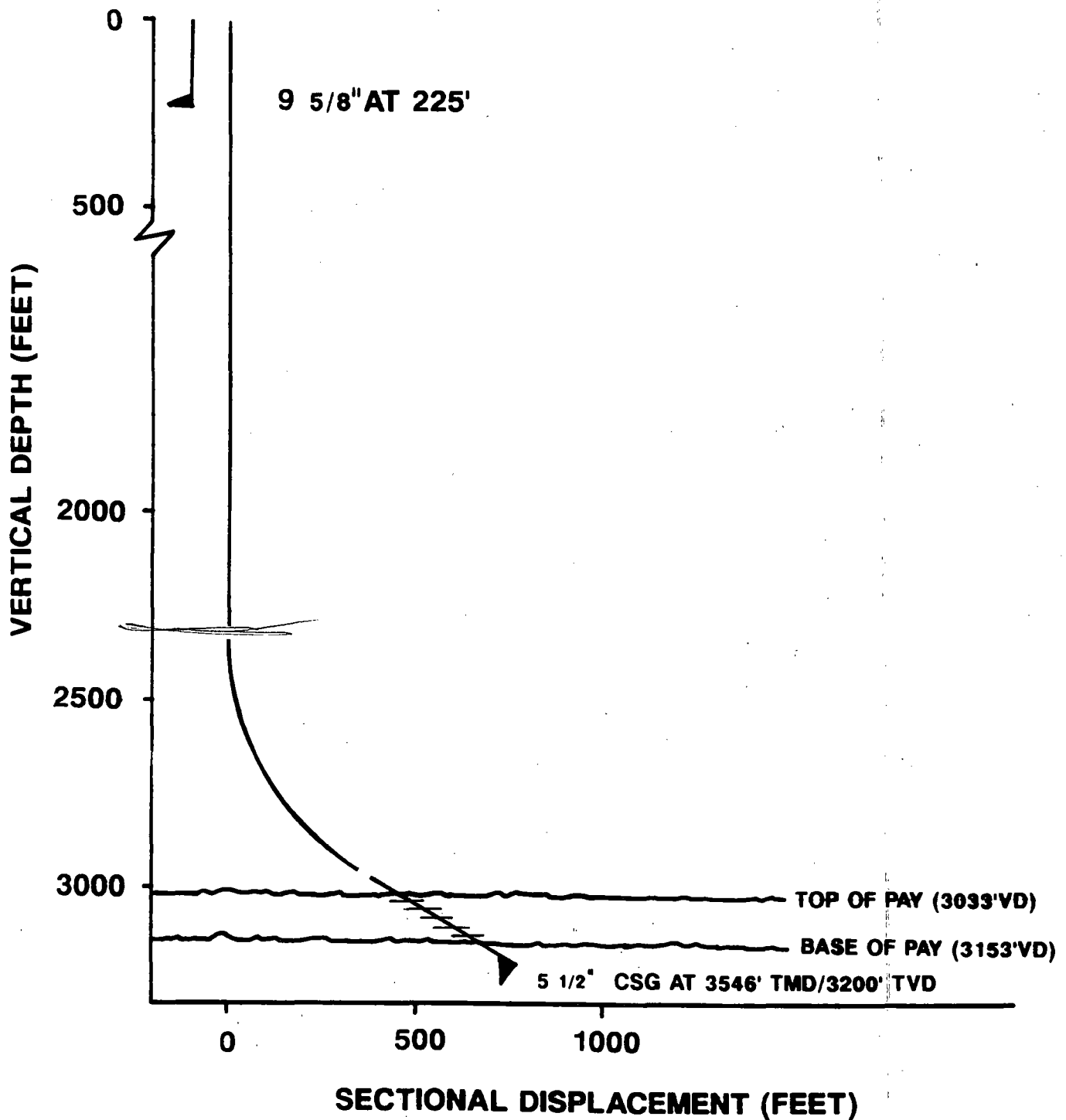
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **APR 8 1990**
Signature & Seal of Professional Surveyor *R. Howard Daggett*
Certificate No. **8679**
Professional Land Surveyor



UNOCAL

**RINCON UNIT WELL NO. 254
SECTION VIEW OF 60 DEGREE WELLBORE**



Rincon Well No. 254 - Directional Plan for 60 deg well

Surface Loc: 1,419 ' FNL & 794 ' FEL, Sec 20, T27N-R6W

Vertical Depths-

Top of Pay: 3,033.0
Base of Pay: 3,153.0
Bottom Hole: 3,200.0

Build Rate: 8.0 degrees/100' Directed: Due WEST
Kick Off Pt.: 2,362.0 Section: 270.0 deg

				y-axis	x-axis
Point	Comment	M. Depth	Angle	V. Depth	Section
0	Surface	0.0	0.0	0.0	0.0
1	KOP	2,362.0	0.0	2,362.0	0.0
2		2,462.0	8.0	2,461.8	7.0
3		2,562.0	16.0	2,559.6	27.8
4		2,662.0	24.0	2,653.5	62.0
5		2,762.0	32.0	2,741.8	108.9
6		2,862.0	40.0	2,822.8	167.7
7		2,962.0	48.0	2,894.7	237.1
8		3,062.0	56.0	2,956.3	315.9
9		3,112.0	60.0	2,982.8	358.3
10	Top Pay	3,212.4	60.0	3,033.0	445.3
11	Base Pay	3,452.3	60.0	3,153.0	653.0
12	BH Loc	3,546.3	60.0	3,200.0	734.4

Top Pay: 1,419 ' FNL & 1,239 ' FEL, Sec 20, T27N-R6W
Base Pay: 1,419 ' FNL & 1,447 ' FEL, Sec 20, T27N-R6W
BHL: 1,419 ' FNL & 1,528 ' FEL, Sec 20, T27N-R6W

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

HAND-DELIVERED

April 11, 1990

Mr. David Catanach, Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Case 9911: Application of Union Oil Company of California for a Highly Deviated Directional Drilling Pilot Project and Unorthodox Coal, Gas Well Location, Rio Arriba County, New Mexico

Dear David:

Pursuant to our conversation of this date, I am enclosing for your review a copy of OCD Form C-102 which shows the proposed surface and bottom hole location of the Union Oil Company of California Rancon Unit, Well No. 254 which is the subject of the above-referenced application. Also enclosed is a diagram of the proposed well with attached information concerning the well's location at the top of the Fruitland Pay, the base of the Fruitland Pay and the well's bottom hole location. We believe that this well should qualify for administrative approval under Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool.

After you have had an opportunity to review the enclosed, I would like to discuss with you whether or not we could proceed with this proposal administratively and thereby avoid the currently scheduled April 18, 1990 hearing.

Your attention to this matter is appreciated.

Very truly yours,



William F. Carr

WFC:sg
Enclosures
cc: Mr. William Hering

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
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 1980, Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

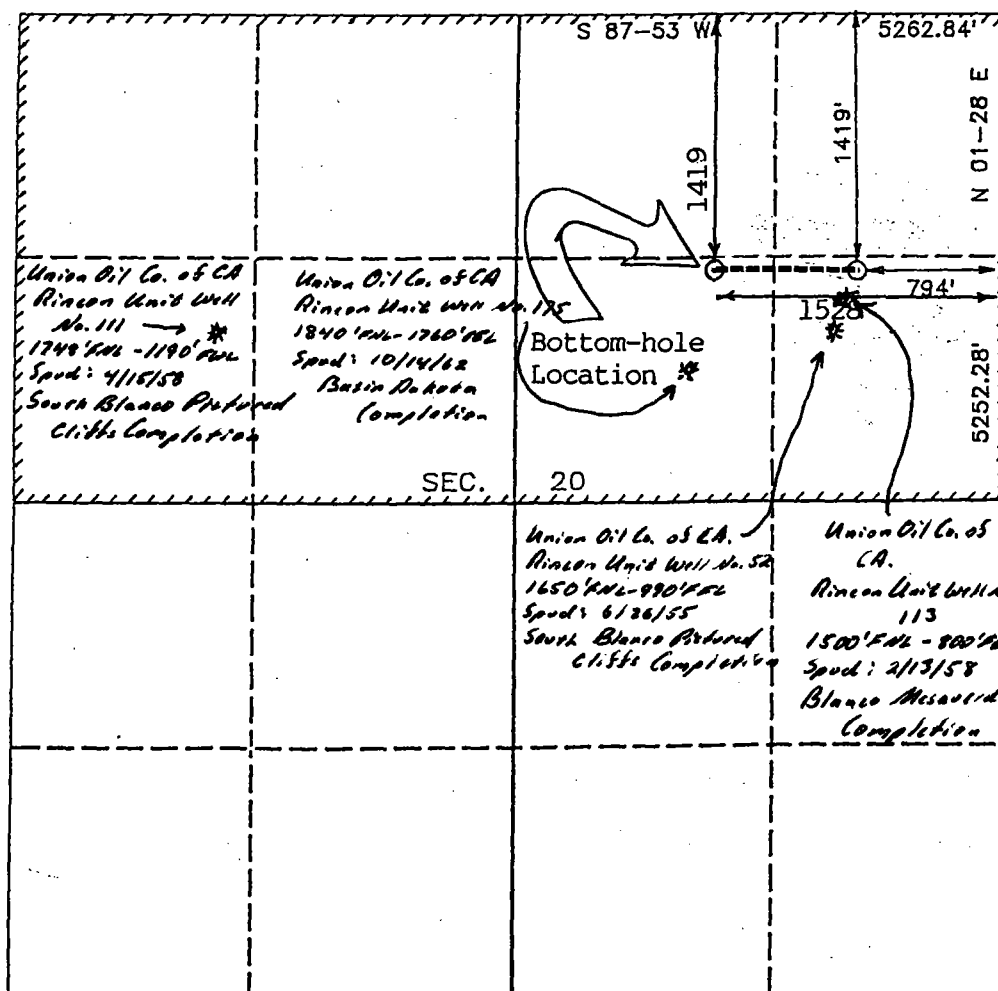
Operator UNION OIL CO. OF CALIFORNIA			Lease RINCON UNIT		Well No. 254
Unit Letter H	Section 20	Township T.27 N.	Range R.6 W.	County RIO ARriba COUNTY	

Actual Footage Location of Well:

1419 feet from the **NORTH** line and **794** feet from the **EAST** line

Ground level Elev. 6579	Producing Formation FRUITLAND COAL	Pool BASIN FRUITLAND COAL	Dedicated Acreage: 320 Acres
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- 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, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: *William Hering*
Printed Name: **William Hering**
Position: **District Petroleum Eng.**
Company: **Union Oil Co. of Calif.**
Date: **April 9, 1990**

SURVEYOR CERTIFICATION

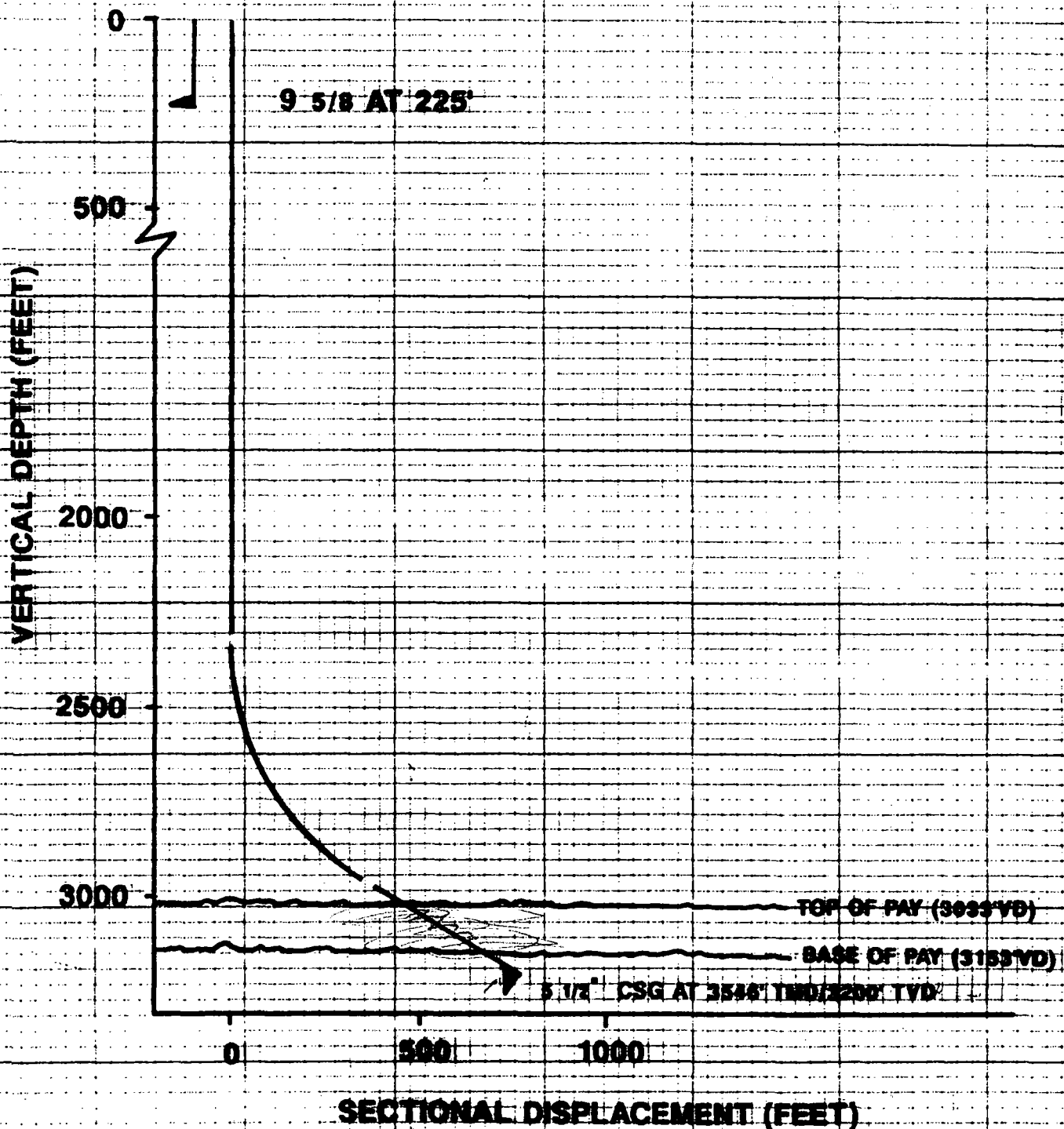
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **APRIL 8, 1990**
Signature & Seal of Professional Surveyor: *R. Howard Dagge*
Certificate No.: **9679**
Registered Professional Land Surveyor

UNOCAL

RINCON UNIT WELL NO. 254

SECTION VIEW OF 60 DEGREE WELLBORE



09-Apr-90

Rincon Well No. 254 - Directional Plan for 60 deg well

Surface Loc: 1,419 ' FNL & 794 ' FEL, Sec 20, T27N-R6W

Vertical Depths-

Top of Pay: 3,033.0
Base of Pay: 3,153.0
Bottom Hole: 3,200.0

Build Rate: 8.0 degrees/100'
Kick Off Pt.: 2,362.0

Directed: Due WEST
Section: 270.0 deg

Point	Comment	M. Depth	Angle	V. Depth	Section
0	Surface	0.0	0.0	0.0	0.0
1	KOP	2,362.0	0.0	2,362.0	0.0
2		2,462.0	8.0	2,461.8	7.0
3		2,562.0	16.0	2,559.6	27.8
4		2,662.0	24.0	2,653.5	62.0
5		2,762.0	32.0	2,741.8	108.9
6		2,862.0	40.0	2,822.8	167.7
7		2,962.0	48.0	2,894.7	237.1
8		3,062.0	56.0	2,956.3	315.9
9		3,112.0	60.0	2,982.8	358.3
10	Top Pay	3,212.4	60.0	3,033.0	445.3
11	Base Pay	3,452.3	60.0	3,153.0	653.0
12	BH Loc	3,546.3	60.0	3,200.0	734.4

Top Pay: 1,419 ' FNL & 1,239 ' FEL, Sec 20, T27N-R6W
Base Pay: 1,419 ' FNL & 1,447 ' FEL, Sec 20, T27N-R6W
BHL: 1,419 ' FNL & 1,528 ' FEL, Sec 20, T27N-R6W