



NEW MEXICO OIL CONSERVATION DIVISION
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PETROLEUM DEVELOPMENT CORPORATION

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

August 16, 1994

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

11083

Re: Application - Short Radius Horizontal
Directional Drilling 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 15, 1994 to authorize the intentional deviation from the existing vertical hole using the following procedure:

- 1) Mill a 70+ foot section in the existing 5½" casing.
- 2) A directional survey will be run to determine the location of the kickoff point.
- 3) Drill a 200+ foot radii 85° to 90° into the San Andres pay zone.
- 4) Horizontally drill 1000+ 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 will be allowed to cross the boundary joining the 40 acre spacing tracts in the project area. PEDCO request an allowable be assigned to the project area equal to 80 BOPD times the number of standard 40-acre proration units within the project area which are developed or traversed by a horizontal well bore.

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The project area will consist of the following:

State of New Mexico Lease No. L5120
NE/4NE/4, S/2NE/4 and SE/4
Section 36, T7S, R31E
Chaves County, New Mexico

TOMAHAWK SAN ANDRES FIELD

- 1) Tom State 36 #1 - Unit A, Section 36, T7S, R31E. 30-05-20686
Located 660' FNL and 660' FEL, using the adjoining
Units G and H, Section 36, T7S, R31E.
- 2) Tom State 36 #4 - Unit J, Section 36, T7S, R31E. 30-005-21015
Located 1980 FSL and 1980' FEL, using the adjoining
Unit I, Section 36, T7S, R31E.
- 3) Tom State 36 #5 - Unit P, Section 36, T7S, R31E. 30-005-21105
Located 660' FSL and 660' FEL, using the adjoining
Unit O, Section 36, T7S, R31E.

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

Sincerely,


J.C. Johnson
President

JCJ:kc

Enclosure

ATTACHMENT

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

Yates Petroleum Corporation
105 South 4th
Artesia, NM 88210

Strata Production
P.O. Box 1030
Roswell, NM 88202