

MONTGOMERY & ANDREWS

OF COUNSEL
William R. Federico
Seth D. Montgomery

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

April 27, 1995

J. O. Seth (1883-1963)
A. K. Montgomery (1903-1987)
Frank Andrews (1914-1981)

Victor R. Ortega	Edmund H. Kendrick
John B. Pound	Paula G. Maynes
Gary Kilpatrick	R. Michael Shickich
Thomas W. Olson	Louis W. Rose
Walter J. Melendres	David C. Johnson
Bruce Herr	Paul S. Grand
John B. Draper	Thomas A. Clayton
Nancy M. King	Grace Philips
Sarah M. Singleton	Alex M. Gabaldon
Stephen S. Hamilton	R. Bruce Frederick
Galen M. Buller	

325 Paseo de Peralta
Santa Fe, New Mexico 87501

Telephone (505) 982-3873
Fax (505) 982-4289

COUNSEL
Marvin E. Pollock

William J. LeMay, Chairman
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87504

**Re: Case 11274: Application of Meridian Oil Inc. to
Establish a Statewide Administrative Procedure for
Approval of High Angle/Horizontal Directional Drilling
Projects in the State of New Mexico**

Dear Mr. LeMay:

Montgomery & Andrews, P.A. represents Mobil Exploration & Producing U.S. Inc. ("Mobil"), as agents for Mobil Producing Texas and New Mexico, in this matter. Mobil supports the concept proposed by Meridian Oil Inc. that a hearing should not be required for the approval of most horizontal drilling applications. However, Mobil believes that a simpler process, as represented by Marathon Oil Company's proposed revisions, provides the necessary documentation for administrative approval.

Mobil recommends two additions to the Meridian proposal as modified by Marathon. First, the administrative process described in the regulation should explicitly cover horizontal injection well applications in addition to horizontal production well applications. A logical place for this additional language would be in the definition of "Directional Drilled Well." Second, a special test allowable should be available to any producer that is willing to make up the overproduction after the end of the test period. The Oil Conservation Division has granted Mobil such a test allowable for horizontally drilled wells in Case No. 11071, Order No. R-10201.

Mobil appreciates the Commission's consideration of these comments.

Very truly yours,



Edmund H. Kendrick

EHK/lc
9781-95-01
ccs: Karen E. Olson, Mobil
Rand L. Carroll, Esq., OCD (via fax)