

PETROLEUM DEVELOPMENT CORPORATION

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

August 17, 1993

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

Case 10818

RE: Application - High Angle/Horizontal
Directional Drilling Pilot 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 9, 1993 to authorize the intentional deviation from the existing vertical hole using the following procedure:

1. Mill a 45+ foot section in the existing 5 1/2" casing.
2. A directional survey will be run to determine the location of the kick off point.
3. Drill a 60+ foot radii 85° to 90° into the San Andres pay zone.
4. Horizontally drill 800+ 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 may be drilled as close to or cross any boundary of any adjoining 40 acre spacing tract on the same lease. In the event the horizontal hole crosses the boundary of any adjoining 40 acre spacing tract on the same lease, an 80 acre spacing unit may be formed with an allowable of 160 barrels of oil per day. However, the cumulative allowable for any spacing units formed will never be greater than 80 BOPD per 40 acre oil proration unit.

PEDCO request permission to horizontally drill the following wells:

TOMAHAWK - San Andres Field

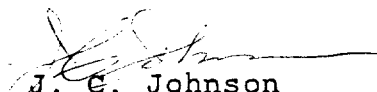
1. Mountain Federal #4 - Unit B, Section 30, T7S, R32E.
Located 990' FNL and 1980' FEL.
2. Mountain Federal #5 - Unit C, Section 30, T7S, R32E.
Located 990' FNL and 2217' FWL.
3. Strange Federal #1 - Unit P, Section 25, T7S, R31E.
Located 660' FSL and 660' FEL.
4. Strange Federal #2 - Unit O, Section 25, T7S, R31E.
Located 660' FSL and 1980' FEL.

CATO - San Andres Field

5. Wattam Federal #1 - Unit B, Section 6, T8S, R31E.
Located 660' FNL and 1980' FEL.

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

Sincerely,


J. E. Johnson
President

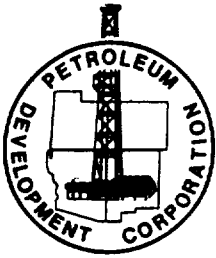
attachment

Attachment

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

Yates Petroleum Corporation
105 South 4th
Artesia, NM 88210

Yates Energy Corporation
Box 2323
Roswell, NM 88202-2323



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RE: Application - High Angle/Horizontal
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Non-Standard Oil Proration Unit
Special Project Oil Allowable

Dear Mr. LeMay,

Petroleum Development Corporation (PEDCO) applies for public hearing on September 9, 1993 to authorize the intentional deviation from the existing vertical hole using the following procedure:

1. Mill a 45+ foot section in the existing 5 1/2" casing.
2. A directional survey will be run to determine the location of the kick off point.
3. Drill a 60+ 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 cross the boundary joining the two 40 acre spacing tracts forming an 80 acre spacing unit. PEDCO request a 160 barrels of oil per day allowable be assigned to this 80 acre spacing unit. The horizontal hole may be drilled as close to or cross any boundary of any adjoining 40 acre spacing tract to the 80 acre spacing unit on the same lease. In the event the horizontal hole crosses any boundary of any adjoining 40 acre spacing tract to the 80 acre spacing unit on the same lease, an 120 acre spacing unit may be formed with an allowable of 240 barrels of oil per day. However, the cumulative allowable for any spacing units formed will never be greater than 80 BOPD per 40 acre oil proration unit.

TOMAHAWK - San Andres Field

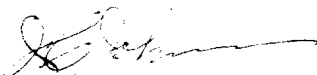
1. Strange Federal #3 - Unit J, Section 25, T7S, R31E.
Located 2100' FSL and 1980' FEL, using the adjoining
Unit K, Section 25, T7S, R31E, to form an 80 acre spacing
unit.

TOM-TOM - San Andres Field

2. Wattam Federal #2 - Unit L, Section 8, T8S, R31E.
Located 1980' FSL and 660' FWL, using the adjoining
Unit E, Section 7, T8S, R31E, to form an 80 acre spacing
unit.
3. Wattam Federal #6 - Unit A, Section 7, T8S, R31E.
Located 643' FNL and 782' FEL, using the adjoining
Unit B, Section 7, T8S, R31E, to form an 80 acre spacing
unit.

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

Sincerely,


J. C. Johnson
President

attachment

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

Yates Petroleum Corporation
105 South 4th
Artesia, NM 88210

Yates Energy Corporation
Box 2323
Roswell, NM 88202-2323

Mobil Producing Texas & New Mexico Inc.
a Delaware Corporation
Nine Greenway Plaza, Suite 2700
Houston, TX 77046

Nationsbank of Texas, N.A., Trustee of
The Selma E. Andrews Trust U/A #518801
P.O. Box 830308
Dallas, TX 75283-0308

William K. and Karen V. Martin, Trustee
of the Martin Living Trust
400 West Illinois, Suite 1100
Midland, TX 79701

LAJ Corporation
400 West Illinois, Suite 1100
Midland, TX 79701

Edward H. Hudson
400 West Illinois, Suite 1100
Midland, TX 797901

Bonnie H. Horrison, Widow
c/o Carl A. Schellinger
P.O. Box 447
Roswell, NM 88202-0447

McQuiddy Communications & Energy, Inc.
P.O. Box 2072
Roswell, NM 88202-2072

County CHAVES

Pool TOMAHAWK - SAN ANTONIO

TOWNSHIP

7 South

Range

31 East

NMPM

| | | | | | |
|----|----|----|----|----|----|
| 6 | 5 | 4 | 3 | 2 | 1 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 18 | 17 | 16 | 15 | 14 | 13 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 30 | 29 | 28 | 27 | 26 | 25 |
| 31 | 32 | 33 | 34 | 35 | 36 |

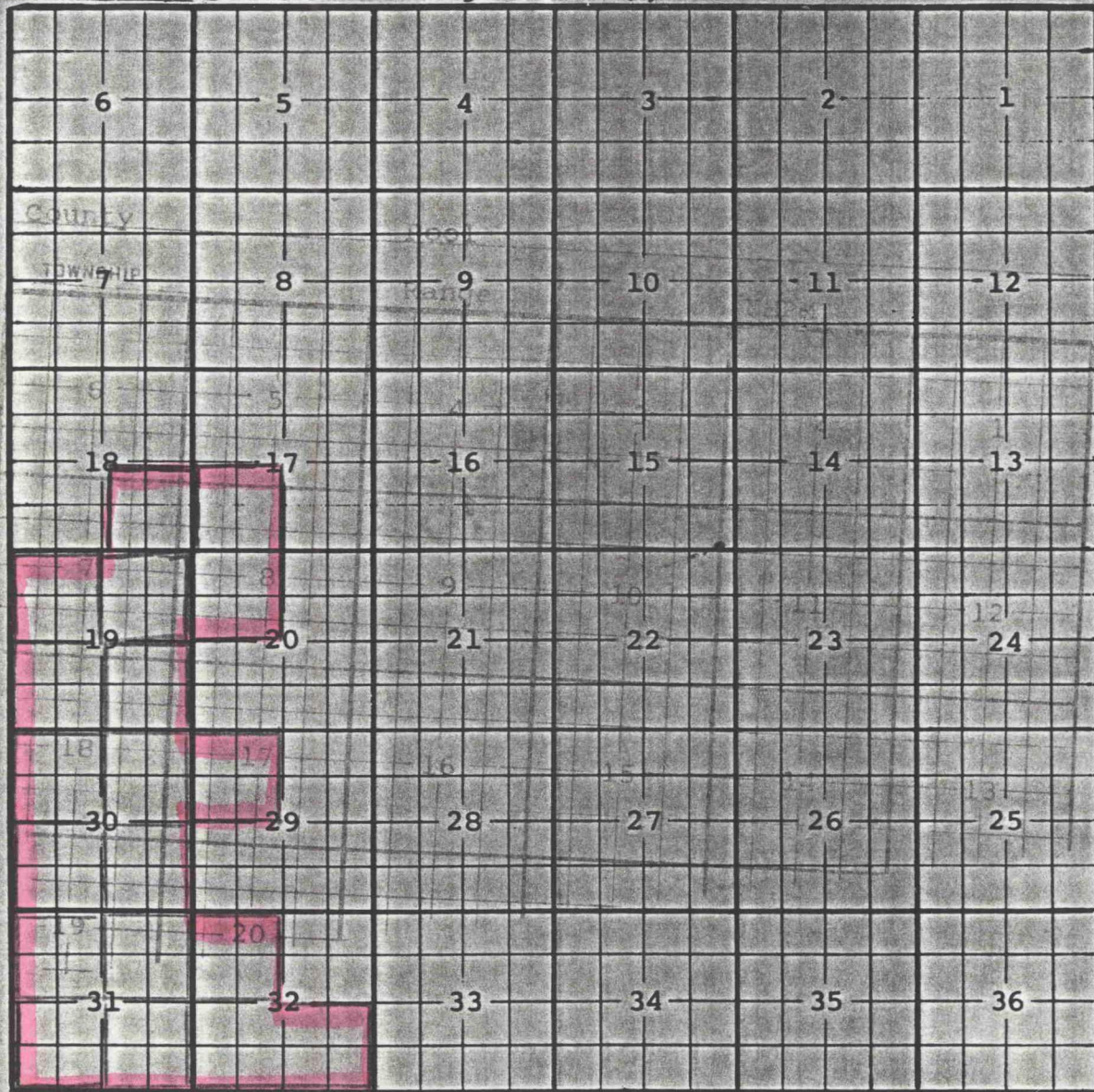
Ext: NE/4 Sec. 36 (R-6169, 11-1-79) Ext: SE/4 Sec. 25 (R-6368, 7-1-80)
Ext: SW/4 Sec 25 (A-6576, 2-10-81) Ext: NW/4 sec 36 (R-6724, 7-16-81)
EXT: SW/4 sec 36 (R-6876, 1-22-82)
EXT: sec: 36 SE/4 (R-7048 - 8-9-82)

County Roosevelt Pool Tomahawk - San Andres

TOWNSHIP 7 South

Range 32 East

NMPM



Description: NE/4 Sec 31 (R-5511, 9-1-77)

Ext: SE/4 Sec 30 (R-5609, 1-1-78) Ext: NW/4 Sec 31 (R-5667, 4-1-78)

Ext: NE/4 Sec 30, SE/4 Sec 31, NW/4 Sec 32 (R-5838, 11-1-78)

Ext: SW/4 Sec 30 (R-5987, 4-1-79) Ext: NW/4 Sec 30 (R-6033A, 7-1-79)

Ext: SW/4 Sec 31 (R-6170, 11-1-79) Ext: NW/4 Sec 29, 1/2 Sec 32 (R-6211, 12-31-79)

Ext: SE/4 Sec 19 (R-6420, 8-1-80) Ext: SW/4 Sec 19 (R-6652, 4-20-81)

Ext: NW/4 Sec 19 (R-6724, 7-16-81)

Ext: Sec 19 NE/4 (R-7114, 10-19-82) Ext: SW/4 Sec 17, NW/4 Sec 20 (R-7437, 2-6-84)

Ext: SE/4 Sec 19 (R-7502, 4-20-84)

County R. CHAVES Pool Tomahawk - San Andres

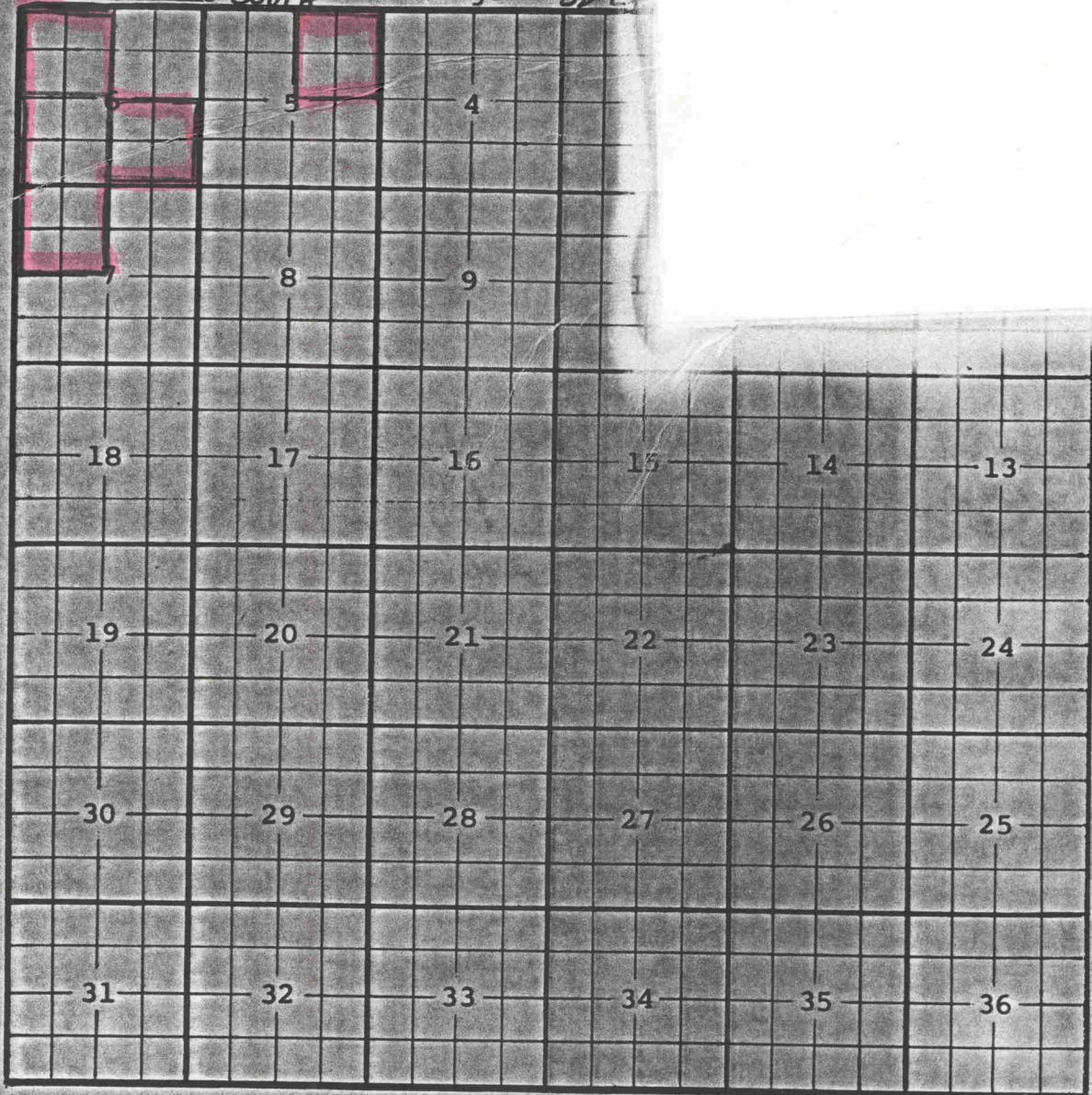
TOWNSHIP 8 South Range 31 East NMPM

| | | | | | | |
|----|----|----|----|----|----|--|
| | | | | | | |
| 6 | 5 | 4 | 3 | 2 | | |
| | | | | | | |
| 7 | 8 | 9 | 10 | 11 | 12 | |
| | | | | | | |
| 18 | 17 | 16 | 15 | 14 | 13 | |
| | | | | | | |
| 19 | 20 | 21 | 22 | 23 | 24 | |
| | | | | | | |
| 30 | 29 | 28 | 27 | 26 | 25 | |
| | | | | | | |
| 31 | 32 | 33 | 34 | 35 | 36 | |
| | | | | | | |

Ext: Sec: 1 1/2 (R-4048, 8-9-82) Ext: SW 1/4 Sec. 1 (R-7334, 8-19-83)
 Ext: SE 1/4 Sec. 1 (R-7437, 2-6-84)

County Roosevelt Pool TOMAHAWK

TOWNSHIP 8 South Range 32 E



Ext: NE/4 Sec. 5 (R-6211, 12-31-79) Ext: NW/4 Sec. 6 (R-6449, 9-1-80)
Ext: SW/4 Sec 6, NW/4 sec 7 (R-6923, 3-9-82)
Ext: SE/4 Sec. 6 (R-7858, 3-28-85)