

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

August 29, 1989

RECEIVED

AUG 30 1989

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

OIL CONSERVATION DIVISION

HAND DELIVERED

Re: Application of Meridian Oil, Inc.
for a Highly-deviated Directional
Drilling Pilot Project,
Unorthodox Location and
Simultaneous Dedication,
Howell E #2 R Well
San Juan County, New Mexico

Case 9764

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc. we would appreciate you having the enclosed application set for hearing on the next available Examiner's docket now scheduled for September 20, 1989.

We suggest the following for an advertisement for the docket and newspaper:

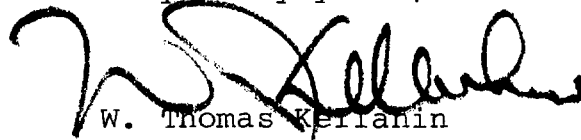
Application of Meridian Oil, Inc. for a Highly-deviated Directional Drilling Pilot Project, Unorthodox Location and Simultaneous Dedication, San Juan County, New Mexico. Applicant in the above styled cause seeks authority to initiate a highly-deviated directional drilling pilot project in the E/2 of Section 14, T30N, R8W, NMPM San Juan County, New Mexico forming a standard 320 acre gas spacing and proration unit in the Blanco Mesaverde Gas Pool, by commencing its Howell E #2R well at an unorthodox surface location 435' FNL and 1555' FEL of said Section 14, then drilling to a true vertical depth of approximately 3421 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Basin Blanco Mesaverde Gas Pool at a true vertical depth of approximately 4142 feet at which point the wellbore will be drilled to the base of the Blanco Mesaverde Gas Pool at a true vertical depth of approximately 5415 feet to a terminus at an bottom hole location not closer than 790 feet from the south line or 3430 feet from west line or 790 feet from the east line of said Section 14.

Mr. William J. LeMay
August 29, 1989
Page 2

Said location is approximately 20 miles east of Aztec, New Mexico.

By copy of this letter to all parties shown on Exhibit D to the application, we are forwarding a copy of the application and notifying them by certified mail return-receipt that they have the right to appear at the hearing to make a statement to the Division, to present evidence and cross examine witnesses either in support of or in opposition to the application. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have.

Very truly yours,



W. Thomas Kerranin

WTK/dm
Encl.

cc: Mr. John Caldwell
Meridian Oil, Inc.

Mr. Kent Beers
Meridian Oil, Inc.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

AUG 29 1989

IN THE MATTER OF THE
APPLICATION OF MERIDIAN OIL, INC.
FOR A HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT
SIMULTANEOUS DEDICATION AND
UNORTHODOX BOTTOM HOLE LOCATION,
SAN JUAN COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO.: 9764

APPLICATION

Comes now MERIDIAN OIL, INC., by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division to initiate a highly-deviated directional drilling pilot project in the E/2 of Section 14, T30N, R8W, NMPM San Juan County, New Mexico forming a standard 320 acre gas spacing and proration unit in the Blanco Mesaverde Gas Pool, by commencing its Howell E #2R Well at an unorthodox surface location 435 feet FNL and 1555 feet FEL of said Section 14 and drilling to an entry point in the Blanco Mesaverde Gas Pool at approximately 4142 feet true vertical depth and then in a southerly direction at an angle to a depth to encounter the base of the Blanco Mesaverde Gas Pool at true vertical depth of approximately 5415 feet to a terminus at a bottom hole location which shall be no closer than 790 feet from the east line or 3357 feet from the west line or 790 feet from the south line of said Section 14. Said location is approximately 20 miles

east of Aztec, New Mexico. In addition, the applicant seeks the simultaneous dedication of the spacing unit to the following wells:

Howell E #2 - 385' FNL - 1585' FEL
Howell E #2A - 780' FSL - 790' FEL
Howell E 2 R (proposed) - 435' FNL - 1555' FEL

In support thereof applicant would show:

1. Applicant proposes to drill its Howell E #2 R well at an unorthodox surface location 435 feet FNL and 1555 feet FEL of Section 14, T30N, R8W, NMPM, vertically to a kick off point at 3421 feet.

2. Applicant proposes then to drill the well using a medium radius curve and directionally drilling in a southerly direction to the base of the Blanco Mesaverde Gas Pool at a proposed unorthodox bottom hole location not closer than 790 feet to the outer boundary of the spacing unit.

3. The spacing unit for the Howell E 2 R well is the E/2 of said Section 14.

4. The proposed wellbore will be located within the drilling window in the Blanco Mesaverde gas pool all as set forth on Exhibits A and B attached hereto .

5. Applicant further proposes to dedicate the production of this spacing unit simultaneously to the following wells:

- (1) Howell E#2 - 385 feet FNL and 1585 feet FEL
- (2) Howell E#2A - 780 feet FSL and 790 feet FEL
- (3) Howell E 2 R - 435 feet FNL and 1555 feet FEL

6. The applicant is the working interest owner and operator of subject spacing unit.

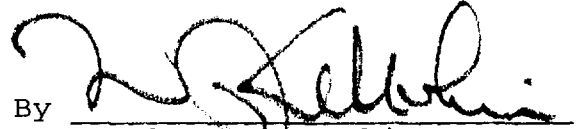
7. The offset operators who have been sent notification of this Application are set forth on Exhibit D.

8. Applicant seeks approval of this application in order to determine if this type of wellbore and completion in the Blanco Mesaverde gas pool formation will result in the recovery of substantially greater amounts of hydrocarbons from the Blanco Mesaverde gas pool than would normally be recovered by a conventional well completion thereby improving ultimate recovery and preventing waste.

9. Applicant requests that this case be set for the Examiner's hearing now scheduled for September 20, 1989.

WHEREFORE, after notice and hearing, the applicant requests that this application be granted.

Respectfully submitted,



By W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504

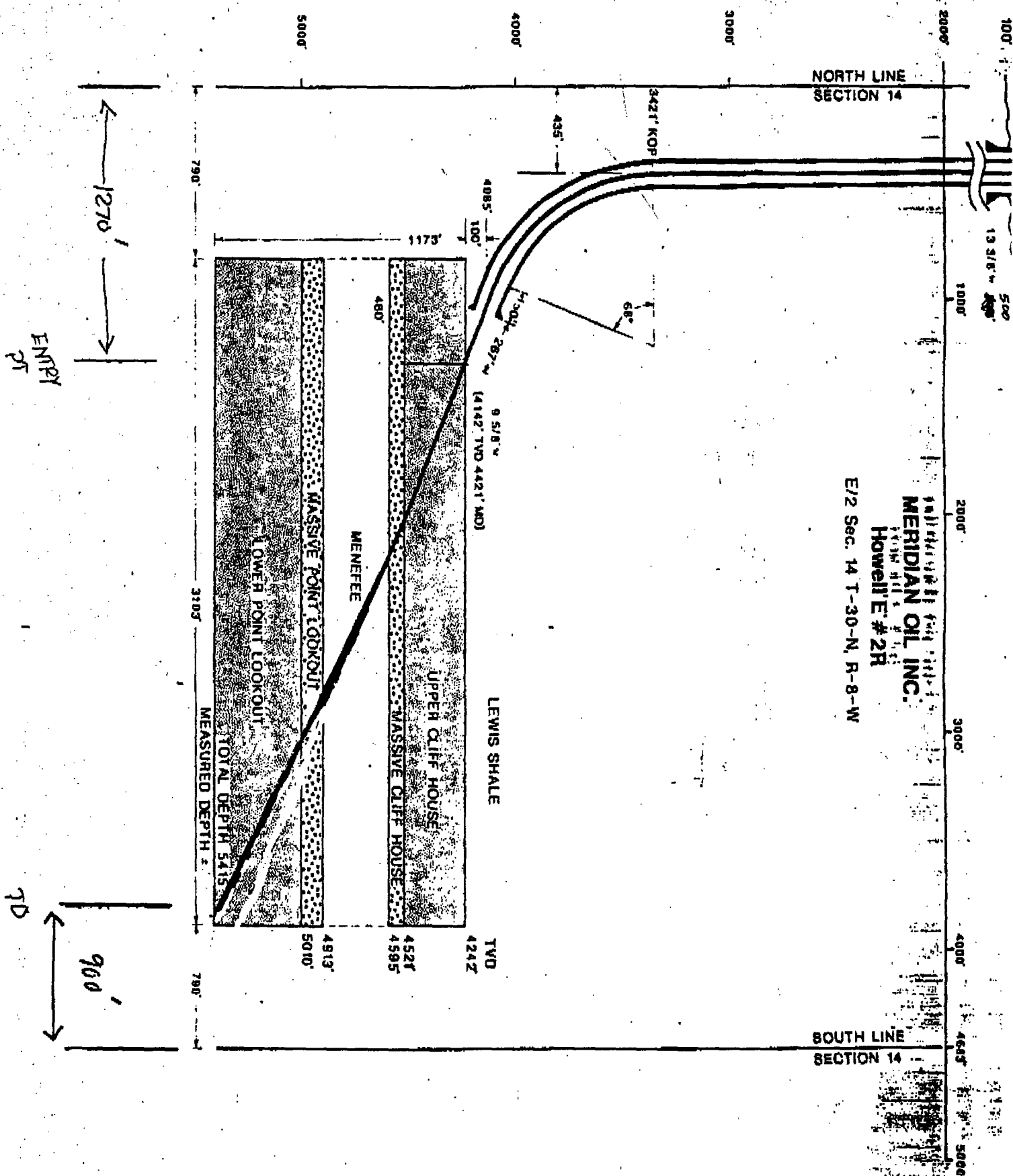
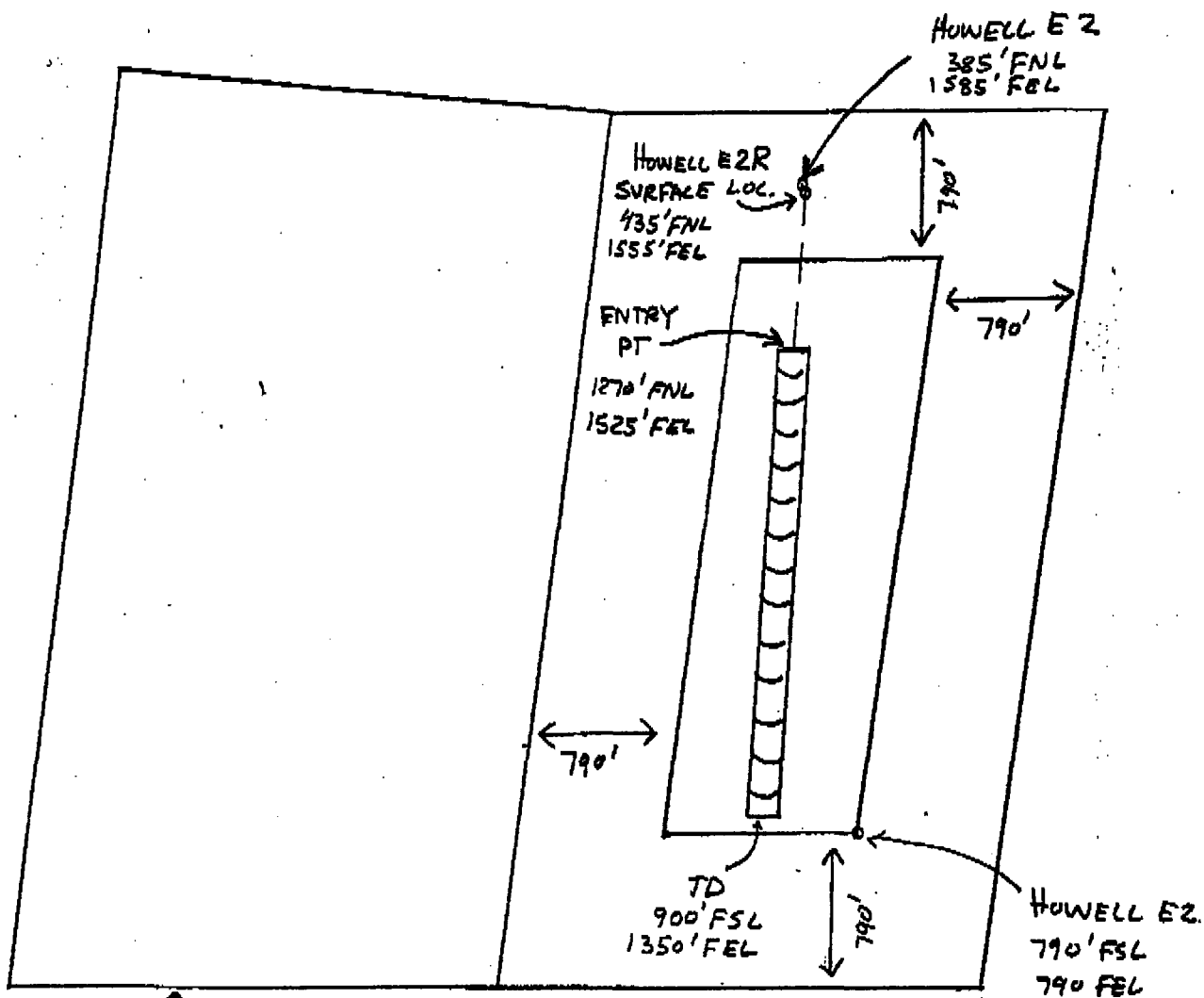


Exhibit B

HOWELL E-2-R

E/2 SEC 14, T30N-R8W



↑ SEC 14, T30N-R8W

SURFACE LOCATION : 435' FNL
1555' FEL

ENTRY POINT : 1270' FNL
1525' FEL

TD : 900' FSL
1350' FEL

Exhibit C

HOWELL E 2R
E/2 Section 14, Township 30 North, Range 8 West, N.M.P.M.
San Juan County, New Mexico

OFF SET OPERATOR NAMES AND ADDRESSES

Amoco Production Company
1670 Broadway
P.O. Box 800
Denver, Colorado 80201

Blackwood & Nichols Co. Ltd.
3130 Liberty Tower
100 North Broadway
Oklahoma City, OK 73102

Exhibit D