



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

GARREY CARRUTHERS
GOVERNOR

September 28, 1990

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 10050
ORDER NO. R-9304

Applicant:

Blackwood & Nichols Co., Ltd.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other _____

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August 20, 1990

HAND-DELIVERED

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

JK

Re: Case 10050:
Application of Blackwood & Nichols Co., Ltd. for Directional Drilling and
a Non-Standard Gas Proration Unit, San Juan County, New Mexico

Dear Mr. LeMay:

Blackwood & Nichols Co., Ltd. hereby requests that the above-referenced case scheduled
for hearing before a Division Examiner on August 22, 1990, be continued to the Examiner
hearings to be held on September 5, 1990.

Your attention to this matter is appreciated.

Very truly yours,

William F. Carr
WILLIAM F. CARR

WFC:mlh

cc: Mr. Bill Penhall
Devon Energy Corporation
1500 Mid-America Tower
20 North Broadway
Oklahoma City, Oklahoma 73102

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OIL CONSERVATION DIV.
SANTA FE

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BLACKWOOD & NICHOLS CO., LTD.

P.O. BOX 1237

DURANGO, COLORADO 81302-1237

(303) 247-0728

August 20, 1990

Mr. William LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Sante Fe, New Mexico 87504

Re: NEBU #461 Fruitland Coal Well
1830' FSL, 830' FEL
Section 12, T30N, R8W
San Juan County, New Mexico
Request for administrative approval
1. Non-standard surface location and
2. directionally deviated well bore

Dear Mr. LeMay:

Blackwood & Nichols requests administrative approval of an exception to the footage requirements of Rule 7, R-8768 for the surface location of the referenced well. Administrative approval is also requested, as allowed in Rule 9, R-8768, for a directionally deviated wellbore which would bottom within the proposed proration Unit boundaries. Case #10050 presently before the NMOCD regards the formation of a non-standard gas proration unit for the referenced well.

The NEBU #461 was originally staked in the Navajo Marina Campground Area in which the open hole completion technique is not allowed. Throughout the NEBU, the open hole completion technique has resulted in well gauges a minimum of ten times greater than gauges from conventionally completed coal wells.

To effectively drain the proration unit and achieve the maximum production rate from the wellbore it is proposed to move the surface location out of the campground and directionally drill the well.

The well plan for the NEBU #461 is to set 10-3/4" surface at 300 feet and at approximately 360 feet start a directional wellbore at an angle build rate of approximately 7°/100 due East to a total angle of approximately 47°. The 47° angle will be held for a sufficient distance to allow a 3°/100 foot drop angle to return the well to vertical just above the uppermost Fruitland Coal stringer.

OCD
Page 2
August 20, 1990

The bottom of the hole will have a 1670 foot horizontal displacement and a true vertical depth of 2934'.

Seven and five eighths inch, 29.70#/foot casing will be run to TD and cemented back to surface. The drilling rig will then be moved off and a completion rig moved on.

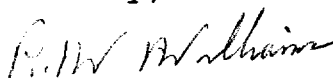
The completion rig will drill through the coal and complete the well using the open hole completion method. A 5-1/2 inch pre-perforated and plugged liner will be run through the coal section. However if hole conditions dictate the liner may not be run and the well produced from the open hole.

A well bore of this design will allow an increased drainage radius and also allow an open hole completion of an area underlying sensitive surface restrictions (New Mexico State Parks campgrounds).

The bottom of the well will be displaced approximately 1670 feet East of the surface location and fall within the proposed proration unit at 1376' ($\pm 100'$), FSL, 840' ($\pm 100'$), FWL in Section 7, T30N, R7W. The bottom of the well is planned to be orthodox and this bottom hole location would provide the best drainage for this area of the NEBU.

Please review this request and if you have any questions please contact our Operations Engineer, Al Rector at (303) 247-0728. Your prompt attention to this application is greatly appreciated.

Sincerely,



Roy W. Williams
Administrative Manager

AR:ams

cc: Aztec OCD Office