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M.S.
Case No 10110

September 20, 1990

State of New Mexico
Energy & Minerals Department
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: William J. LeMay, Division Director

Re: Application for Horizontal Directional Drilling Pilot
Project, Special Operating Rules Therefor, and
Non-Standard Oil Spacing and Proration Unit,
San Juan County, New Mexico

Gentlemen:

Please consider this letter the written application of Giant Exploration & Production Company for an Order of the New Mexico Oil Conservation Division approving a horizontal directional drilling pilot project, together with special operating rules therefor, and a non-standard oil spacing and proration unit for its Debra Geiger No. 1 Well.

Specifically, Giant Exploration & Production Company seeks the formation of a 480-acre non-standard oil spacing and proration unit in the Bisti Lower Gallup Oil Pool comprising the N/2 and the N/2S/2 of Section 4, Township 24 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, to be dedicated to its Debra Geiger No. 1 Well. Giant Exploration & Production Company proposes to drill its Debra Geiger No. 1 Well at a surface location 105' FSL and 125' FEL of Section 32, Township 25 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, to directionally drill said wellbore to a contact point in the Gallup formation 470' FWL and 620' FNL of Section 4, Township 24 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and to horizontally drill said wellbore from the contact point

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in a southeasterly direction within the Gallup formation and within a target window described as a rectangle, the outer boundaries of which are 330 feet inside the boundaries of the proposed oil spacing and proration unit. Giant Exploration & Production Company further seeks special rules and procedures within the pilot project area including allowable provisions for the enlarged oil spacing and proration unit.

This application was previously verbally communicated to the office of the New Mexico Oil Conservation Division, at which time the undersigned was advised that this application would be placed on the October 3, 1990 Examiner Hearing Docket of the New Mexico Oil Conservation Division.

Please advise should you require any additional information.

Sincerely,

TANSEY, ROSEBROUGH, GERDING
& STROTHER, P.C.



TOMMY ROBERTS, Attorney for
Giant Exploration & Production Company

TR:nk

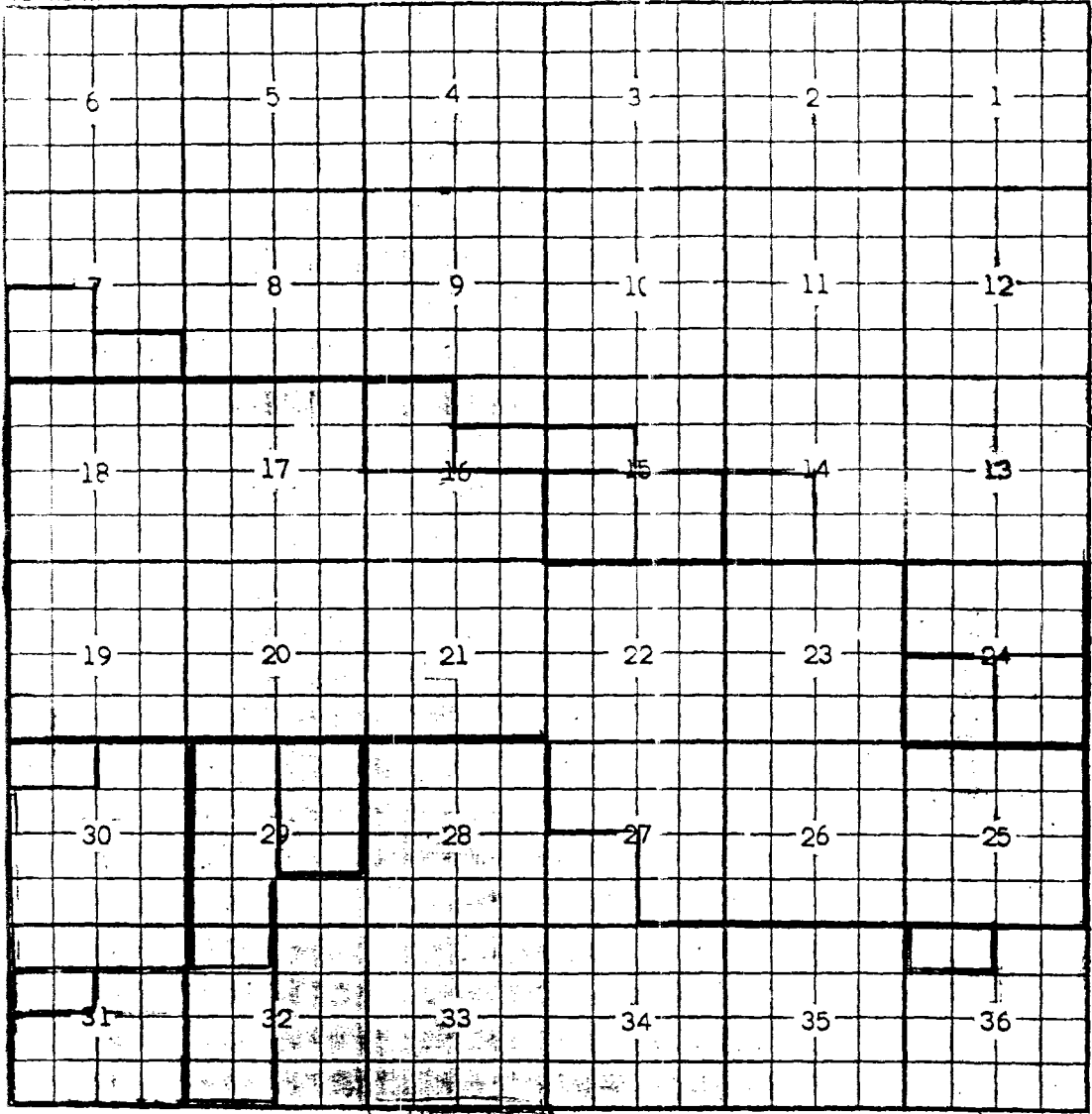
cc: Giant Exploration & Production Company
Attn: John Corbett
P.O. Box 2810
Farmington, New Mexico 87499

Supervisor -- District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

9/S90:422

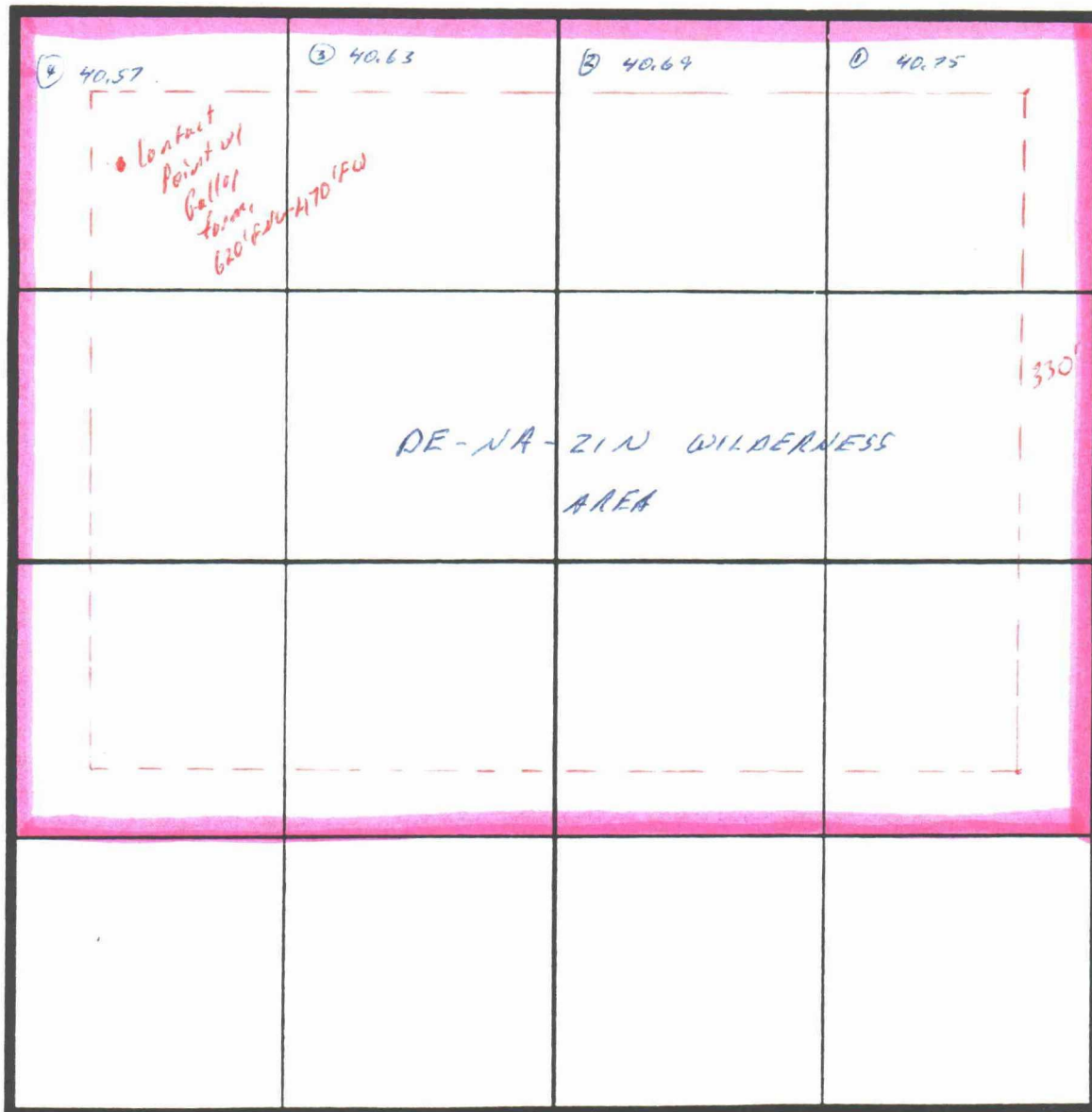
County San Juan Pool Bisti - Lower Gallup Oil

TOWNSHIP 25 North RANGE 11 West NEW MEXICO PRINCIPAL MERIDIAN



Ext: $\frac{1}{2}$ Sec. 16; All Sec. 17 ~~(R-1080, 1-1-57)~~ All Sec. 25 & 26; $\frac{1}{2}$ & $\frac{3}{4}$ Sec. 27 (R-1043, 4-9-57)
 - $\frac{SW}{4}$ Sec. 24 (R-1080, 1-1-57) - $\frac{SW}{4}$ Sec. 24 (R-1106, 1-1-58)
 - $\frac{SW}{4}$ Sec. 7 (R-1130, 3-1-58) - $\frac{SW}{4}$ Sec. 15; $\frac{1}{2}$ Sec. 24 (R-1141, 4-1-58)
 - $\frac{SE}{4}$ Sec. 15 (R-1211, 6-26-58) - $\frac{S}{2}$ $\frac{SE}{4}$ Sec. 7; $\frac{NW}{4}$ Sec. 16; $\frac{1}{2}$ $\frac{NW}{4}$ Sec. 30 (R-1341, 3-4-59)
 - $\frac{SW}{4}$ Sec. 14 (R-1356, 4-1-59) - $\frac{S}{2}$ $\frac{NW}{4}$ Sec. 15; $\frac{1}{2}$ $\frac{NE}{4}$ Sec. 16 (R-1331, 12-1-59)
 Ext: $\frac{1}{2}$ $\frac{NW}{4}$ Sec. 36 (R-6421, 2-1-80) Ext: $\frac{NE}{4}$ and $\frac{1}{2}$ $\frac{SE}{4}$ Sec. 29 (R-8022, 8-22-85)
 Ext: $\frac{W}{2}$ Sec. 29, $\frac{1}{2}$ $\frac{NW}{4}$ Sec. 32 (R-8417, 3-24-87)
 Ext: $\frac{S}{2}$, $\frac{NE}{4}$, + $\frac{S}{2}$ $\frac{NW}{4}$ Sec. 30, $\frac{1}{2}$ $\frac{1}{2}$ Sec. 31 (R-8585, 1/1/88)
 Ext: $\frac{S}{2}$ $\frac{NW}{4}$ (R-8828, 12-22-88) Ext: $\frac{S}{2}$ $\frac{NE}{4}$ and $\frac{S}{2}$ sec. 31 (R-8915, 4-24-89)
 Ext: $\frac{S}{2}$ $\frac{NW}{4}$ and $\frac{SW}{4}$ sec. 32 (R-9016, 11-1-89)

Sec. 4 Township No. 24 North of Range No. 11 West



STATE LAND STATUS MAP
STATE OF NEW MEXICO
BISTI TRADING POST-14
SAN JUAN & MCKINLEY COUNTIES

R.12 W.

R.11 W.

Aztec-3



108°00'
36°30'

T.26 N.

T.25 N.

20'

T.24 N.

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STATE SURFACE AND MINERALS
STATE MINERALS
STATE SURFACE
STATE SURFACE

STATE LAND STATUS MAP

BISTI TRADING POST-14

SAN JUAN & MCKINLEY COUNTIES

