



Midland Division
Exploration Production

Conoco Inc.
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Midland, TX 79705-4500
(915) 686-5400

September 5, 1995

Mr. Michael Stogner
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

**Re: Application to Amend Drilling Plan for a
High Angle/Horizontal Directional Drilling
Pilot Project for the FC Fed Com No. 8 Well
Sec. 18, T-32N, R-11W, NMPM, as Previously
Approved by Order No. R-10071**

Dear Mr. Stogner:

By Division Order No. R-10071, issued February 28, 1994, Conoco Inc. was authorized to initiate a high angle/horizontal directional drilling pilot project in the Basin Fruitland Coal Gas Pool within an existing standard gas spacing unit in the W/2 of Section 18, Township 32 North, Range 11 West, San Juan County, New Mexico.

The approved drilling plan called for a replacement well, the No. 8R, to be drilled just 85 feet to the Southwest of the existing well, the FC Fed Com No. 8. Both of these wells are shown on the attached map, EXHIBIT A, which also shows the spacing unit, the 790 foot setbacks, and the offset operators.

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The replacement well, No. 8R, was proposed for a surface location at 1870 FSL and 1445 FWL. It was to be drilled vertically to 2585 feet, kicked off at a 12°/100 foot build angle, and laterally extended at a 90 degree angle upon encountering the top of the middle seam of the Fruitland Coal Formation. The entire wellbore, including the productive lateral section, were to be totally contained within the required 790 foot setback from the outer boundary of the spacing unit.

The implementation of this project has been delayed pending evaluation of the results of another similar horizontal drilling project. In the interim, advances in slimhole horizontal drilling technology make it more practical to achieve the same horizontal objective through a horizontal sidetrack of the existing well. Drilling horizontally from a sidetracked wellbore, with a smaller diameter wellbore than originally proposed, is expected to yield the same production increase as anticipated for the originally planned new well at a considerable cost savings.

BEFORE THE
OIL CONSERVATION DIVISION
Case #10917(Reopened) Exhibit No. 2
Submitted By:
CONOCO, INC.
Hearing Date: October 19, 1995

Therefore, it now being proposed that the approved drilling plan be revised to allow (a) the horizontal lateral to be initiated from a sidetrack of the existing well, the FC Fed Com 8, located only 85 feet from the proposed new well and (b) the hole size to be reduced to a 4-3/4" open hole completion. As shown in EXHIBIT A, the entire wellbore will still be within the same approved drilling window, will follow a similar horizontal extension, and will have the same bottom hole target as that approved in Order No. 10071.

The revised drilling plan for this proposed sidetrack/horizontal project is included as EXHIBITS B, C, and D. EXHIBIT B is the traditional well plan outline while EXHIBIT C is a Section View of the horizontal sidetrack. As shown by EXHIBIT C, it is proposed to kickoff at 2869 feet with a 4-3/4" hole, building angle at 30°/100 feet until beginning the lateral extension in the top of the middle seam of the Fruitland Coal at a 90 degree angle.

EXHIBIT D shows both a horizontal plan and a vertical section of the horizontal lateral. Comparing this new vertical section, with the higher rate of build, to the one in the original plan shows that this actually gives the potential of drilling a lateral that would be 350 feet longer within the same drilling window.

All offsetting operators, as identified on EXHIBIT A, have been notified by copy of this application and by certified mail of this proposed amendment. Copies of the certified mail receipts are attached as EXHIBIT E.

I am enclosing a copy of Order No. R-10071 for your convenience. If I can provide you with any additional information that will assist you in evaluating this requested amendment, please contact me at (915) 686-6548.

Very truly yours,

A handwritten signature in cursive script, reading "Jerry W. Hoover".

Jerry W. Hoover
Sr. Conservation Coordinator