

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

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE: 47-2

APPLICATION OF MERIDIAN OIL INC.  
FOR A HIGH ANGLE/HORIZONTAL DIRECTION  
DRILLING PILOT PROJECT, SPECIAL  
OPERATING RULES THEREFOR, INCLUDING  
A NON-STANDARD OIL PRORATION UNIT,  
AN UNORTHODOX OIL WELL LOCATION,  
AND A SPECIAL PROJECT ALLOWABLE,  
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Meridian Oil Inc., by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval for a High Angle/Horizontal Direction Drilling Pilot Project, special operating rules therefor, including a non-standard oil proration unit, and an unorthodox oil well location and a special project allowable for its Black Diamond Com 18 No 1 Well to be drilled at a standard surface well location 330 feet FNL and 2265 feet FEL (Unit B) of Section 18, T30N, R15W, within the Horseshoe

Application of Meridian Oil Inc.

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Gallup Oil Pool, San Juan County, New Mexico and in support thereof states:

(1) Applicant is the proposed operator for this well in Section 18, T30N, R15W, NMPM, San Juan County, New Mexico.

(2) Applicant proposes to drill a high angle/horizontal directional well commencing at a standard surface location in Unit B of Section 18 estimated to be 330 feet FNL and 2265 feet FEL of said Section 18 and drilled vertically to a total depth of approximately 3670 feet (+ or - 100 feet) at which point the applicant will kick the well off in a southeastern direction as approximated on Exhibit A, attached.

(3) Applicant will dedicate the E/2 of Section 18 to the well.

(4) The kickoff point for the well is estimated to be 3670 feet, at which point applicant will commence to build an angle of 17 degrees per 100 feet to approximately

80 degrees and penetrate the Horseshoe Gallup Oil Pool at an estimated total vertical depth of 4090 feet, and then to continue to build angle to 90 degrees and thence drilling horizontally in a lateral distance not closer than 330 feet to the outer boundaries of the 320-acre spacing and proration unit. See Exhibits "A," and "B."

(5) Applicant proposes that this project be subject to Special Rules and Regulations as follows:

(a) Pool Name: Horseshoe Gallup Oil Pool,

(b) Spacing/Proration Unit: 320 acres being a non-standard unit consisting of the E/2 of Section 18 described above, and a

(c) Special Allowable based upon the number of 40-acre tracts contacted by the wellbore as determined from directional surveys.

(6) The Waterflow interval of the Gallup is believed to be the potential productive zone at this location in the Horseshoe Gallup Oil Pool. This interval produces through intergranular permeability.

(7) Past experience in said pool has shown that unless a conventionally drilled (vertical) well intersects natural fractures, the chance of obtaining commercial production is severely curtailed.

(8) By drilling a high angle/horizontal wellbore, the applicant is attempting to increase the probability of encountering several of these fractures, which may ultimately result in the recovery of a greater amount of gas and oil, thereby preventing waste.

(9) In as much as the exact distance and direction of the lateral portion of the wellbore is not known at this time, the Applicant seeks approval to be allowed to drill and produce said lateral portion anywhere within an area designated a target window as follows: commencing at a distance not closer than 330 feet from any of the side boundaries of the proposed spacing unit so that within the drilling window no portion of the wellbore open for production shall be closer than 330 feet to the outer boundary of the spacing unit.


(10) As required, notice is provided to those offsetting operators as listed on Exhibit "C."

(11) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on October 7, 1993 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

KELLAHIN and KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

By:  
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# BLACK DIAMOND COM #18-1 NW/NE 18-T30N-R15W

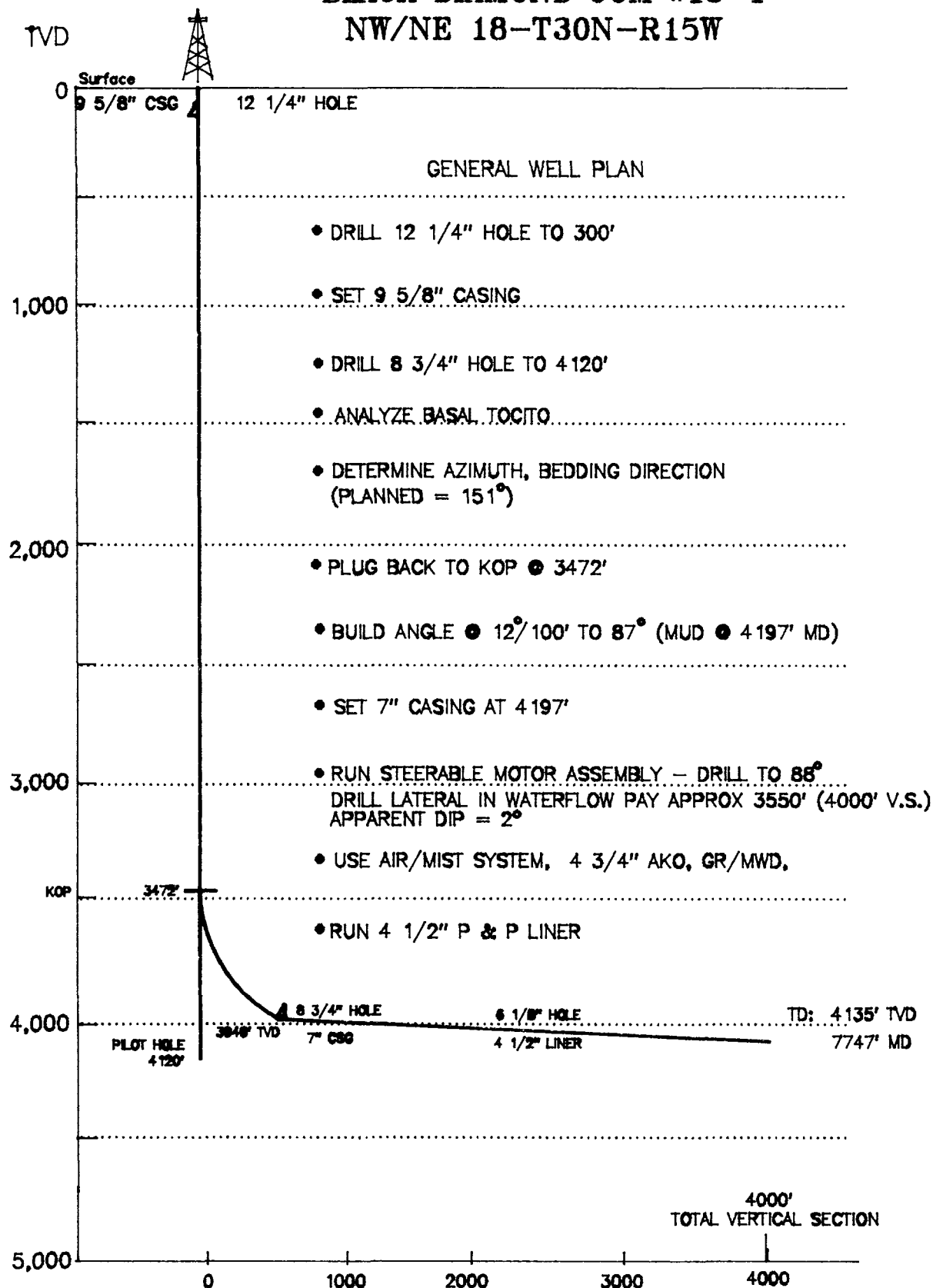
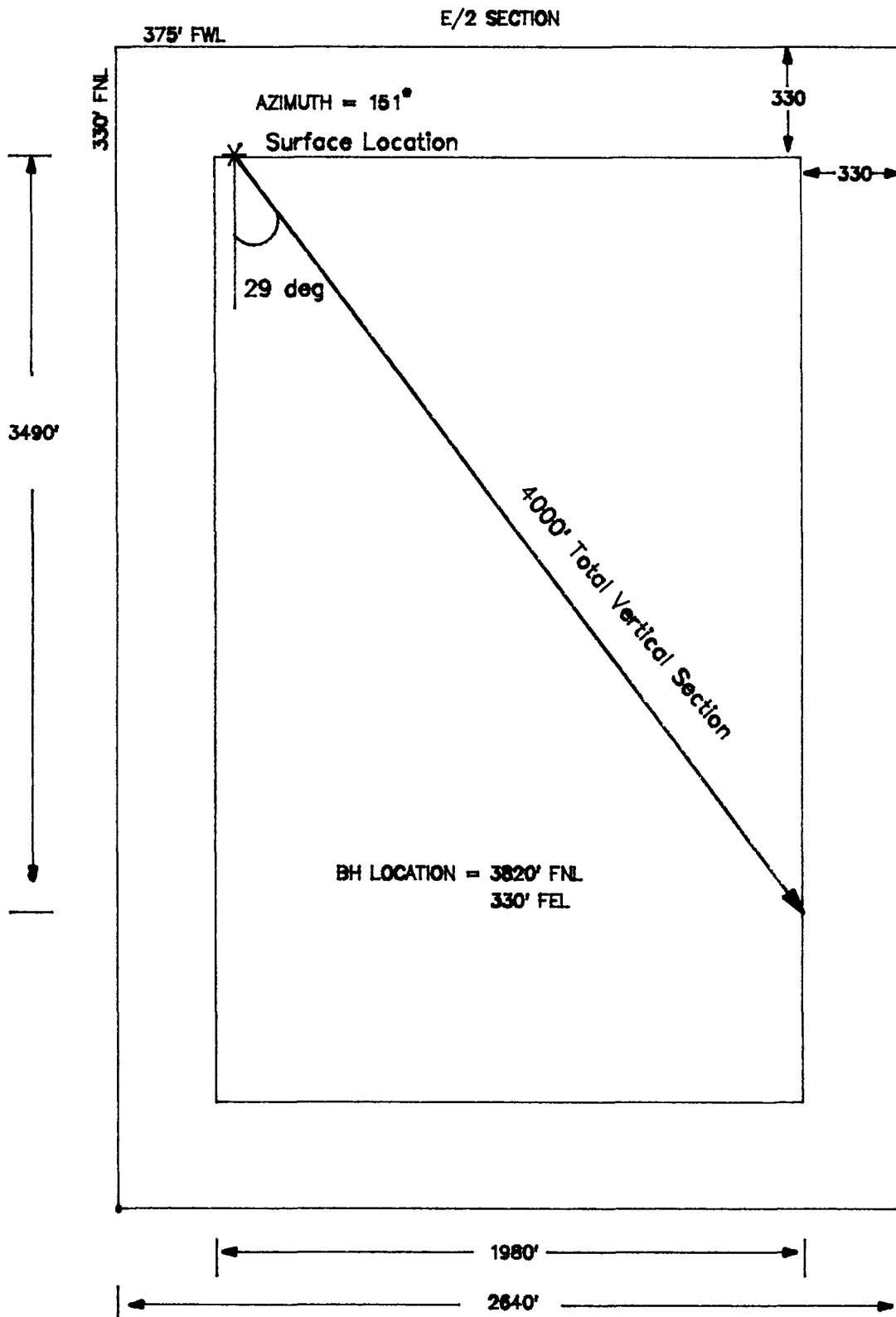


FIGURE #1

Exhibit A

BLACK DIAMOND COM 18-1  
SEC 18, T30N-R15W



AMM 03/25/83

