

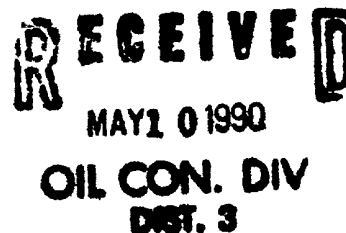
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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May 7, 1990

Union Oil Company of California
3300 North Butler Avenue
Suite 200
Farmington, NM 87401



Attention: Paul T. West, District Production Manager

*Administrative Order DD-34(H)
(Highly Deviated Wellbore)
Basin-Fruitland Coal Gas Pool (R-8768)*

Dear Mr. West:

Under the provisions of Rule 9 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order R-8768, Union Oil Company of California made application to the New Mexico Oil Conservation Division on April 20, 1990, for a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, forming a standard 320-acre gas spacing and proration unit in said pool for its Rincon Unit Well No. 254.

The Division Director Finds That:

- (1) The application has been duly filed under the provisions of Rule 9(B) of R-8768 for administrative authorization to intentionally deviate a well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coal bed seams by means of a wellbore drilled horizontally;
- (2) Although the proposed wellbore will only have a maximum angle off vertical of 60 degrees. The purpose of said well is to increase the surface area across the productive interval of the coal seam, thereby increasing the likelihood of obtaining commercial production.

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- (3) This technique essentially mirrors the reason and purpose of horizontal wellbores in this type of productive interval and should therefore be treated the same.
- (4) The applicant has provided satisfactory technical information in support of this filing.
- (5) The N/2 of said Section 20 is within the applicant's Rincon Unit and therefore has no offset operators other than themselves.
- (6) The applicant has satisfactorily met all requirement prescribed in said Rule 9 of Order No. R-8768.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Union Oil Company of California, is hereby authorized to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location ~~1419~~ feet from the North line and ~~794~~ feet from the East line (Unit H) of said Section 20 and drilling to a true vertical depth of approximately 2362 feet and then commencing a medium radius curve in a westerly direction, building to an angle of 60 degrees and continue drilling at said angle as so to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3200 feet with a terminus at an bottomhole location in the SW/4 NW/4 of Section 20; however, no portion of said wellbore shall be no closer than ~~790~~ feet from the North, South and East lines of the NW/4 nor closer than 130 feet to the West line of said NW/ of said Section 20.

PROVIDED HOWEVER THAT: Prior to directional drilling, the operator shall determine the subsurface location of the kick-off point; and

PROVIDED FURTHER THAT: Subsequent to the above-described directional drilling, a survey shall be made of the wellbore from total depth to kick-off point the operator shall forward a copy of the survey report directly to the Santa Fe Office and to the Aztec District Office of the Division.

(2) The operator shall notify the Division's Aztec District Office of the date and time said survey is to be commenced.

(3) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth (TVD) in addition to measured depths (MVD).

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William J. Lemay by *David C. Carr*
WILLIAM J. LEMAY
Director

S E A L

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 9911
William F. Carr - Santa Fe