

- (b) the applicant be required to conduct a directional survey on the vertical portion of the wellbore prior to commencing directional drilling operations, and on the horizontal portion of the wellbore during or subsequent to completion of directional drilling operations in order that direction, extent and terminus of said wellbore may be determined to be in compliance with the terms of this order;
- (c) the applicant further be required to submit copies of said directional surveys to the Santa Fe and Aztec offices of the Division;
- (d) the applicant notify the supervisor of the Aztec District Office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the proposed well in order that these operations may be witnessed; and,
- (e) subsequent to the drilling and completing of the horizontal replacement well and if such well is determined to be a commercial producer, the applicant must not utilize the existing Hughes "B" Well No. 18 as a producing well in the Basin-Fruitland Coal Gas Pool.

IT IS THEREFORE ORDERED THAT:

(1) The application of Conoco, Inc. for a high angle/horizontal directional drilling pilot project within an existing standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising the E/2 of Section 21, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby approved.

(2) The applicant is further authorized to drill vertically from a well to be located at a standard surface coal gas well location 815 feet from the North line and 1270 feet from the East line (Unit A) of said Section 17 to an approximate depth of 2588 feet and then kick-off in a southerly direction, build angle and continue drilling horizontally in the coal seam.

PROVIDED HOWEVER, no portion of the horizontal displacement of said well's producing interval be closer than 790 feet from the outer boundary of the subject proration unit.

(3) The applicant shall conduct a directional survey on the vertical portion of the wellbore prior to commencing directional drilling operations, and on the horizontal portion of the wellbore during or subsequent to completion of directional drilling operations in order that direction, extent and terminus of said wellbore may be determined to be in compliance with the terms of this order.