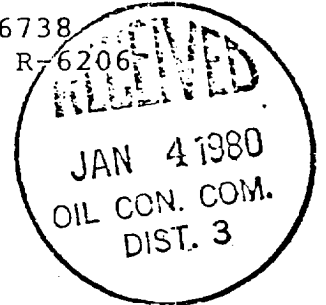


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6738
Order No. R-6206

APPLICATION OF HARLAN DRILLING COMPANY
TO DRILL HORIZONTAL DRAINHOLES, SAN
JUAN COUNTY, NEW MEXICO.



ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of December, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Harlan Drilling Company, seeks authority to drill and case a vertical hole to an approximate depth of 1500 at the top of the Gallup formation from a surface location 990 feet from the North line and 990 feet from the West line of Section 1, Township 30 North, Range 16 West, Verde-Gallup Oil Pool, San Juan County, and to then drill four deviated drainholes therefrom, bottoming each of said holes in the Gallup at a vertical depth of 1700 feet and approximately 200 lateral distance from the vertical hole.

(3) That the applicant should constantly monitor the pitch and direction of the drainholes as they are being drilled, and should file with the Division a final report specifying in said report the depth and location of the terminus of the drainholes.

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(4) That to protect proprietary information relative to the experimental tools and techniques to be utilized in the drilling of the four drainholes the applicant should not be required to submit the final report until one year after the date of completion of the subject well.

(5) That before an allowable should be assigned to the proposed well, the applicant should be able to demonstrate to the satisfaction of the Supervisor of the Division's district office at Aztec that none of the bottom hole locations of any of the drainholes is closer than 330 feet to the outer boundary of the NW/4 of said Section 1.

(6) That the proposed drainholes, if successfully completed as proposed, should make possible the production of an increased volume of oil from the subject well, thereby preventing waste, will not impair but will protect correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Harlan Drilling Company, is hereby authorized to drill and case a vertical hole to an approximate depth of 1500 at the top of the Gallup formation from a surface location 990 feet from the North line and 990 feet from the West line of Section 1, Township 30 North, Range 16 West, Verde-Gallup Oil Pool, San Juan County, and to then drill four deviated drainholes therefrom, bottoming each of said holes in the Gallup at a vertical depth of 1700 feet and approximately 200 lateral distance from the vertical hole.

(2) That the applicant shall constantly monitor the pitch and direction of the drainholes as they are being drilled, and shall file a report, within one year after the date of completion, specifying therein the depth and locations of the terminus of each of the drainholes.

(3) That before an allowable shall be assigned to the proposed well, the applicant must demonstrate to the satisfaction of the Supervisor of the Division's district office at Aztec that none of the bottom hole locations of any of the drainholes is closer than 330 feet to the outer boundary of the NW/4 of said Section 1.

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

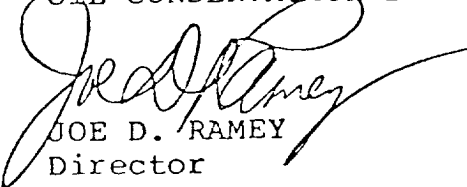
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Case No. 6738

Order No. R-6206

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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