

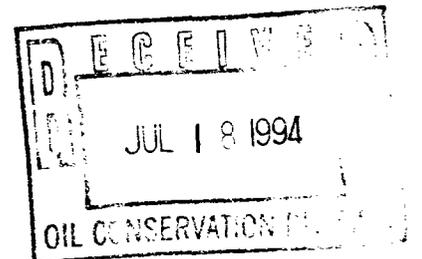


Case 11053

Southern
Rockies
Business
Unit

July 12, 1994

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87501



**Application of Amoco Production Company
For A High Angle/Horizontal Directional Drilling Pilot
Project Area And Special Operating Rules Therefore,
San Juan County, New Mexico**

AMOCO PRODUCTION COMPANY ("Amoco") hereby makes application for approval of a high angle/horizontal directional drilling pilot project area and special operating rules therefore. In support of this application, Amoco states the following:

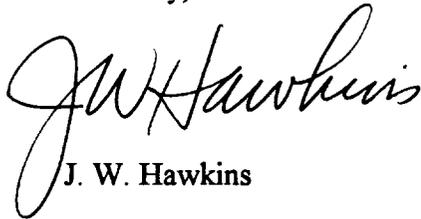
1. Amoco is the operator of the Mesaverde formation, Blanco-Mesaverde Pool, underlying the E/2 of Section 29, Township 31 North, Range 8 West, N.M.P.M., San Juan County, New Mexico, hereinafter referred to as the "Project Area."
2. Within the Project Area, Amoco seeks authority to:
 - (a) reenter its Kernaghan B No. 3A located at a surface location 980 feet from the South line and 1480 feet from the East line (Unit O) of Section 29, Township 31 North, Range 8 West;
 - (b) use medium-radius drilling techniques to drill a high angle/horizontal well in the Mesaverde formation in a direction and lateral distance to be determined by Amoco;
 - (c) traverse quarter-quarter section lines within the Project Area by its proposed wellbore; and
 - (d) drill the proposed horizontal wellbore to within 790 feet of the outer boundary of the Project Area.

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3. Horizontal drilling within the Project Area should result in the recovery of significant volumes of oil and gas which was not recovered by the existing conventional vertical wellbores, thereby preventing waste.
4. Approval of this application will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

Amoco Production Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 4, 1994. A copy of this application will be sent to each of the operators of spacing units offsetting the Project Area by certified mail.

Sincerely,



J. W. Hawkins

CASE 11053:

Application of Amoco Production Company for a high angle/horizontal directional drilling pilot project area and special operating rules therefore, San Juan County, New Mexico. Applicant seeks authority to institute a horizontal directional drilling project in the Blanco-Mesaverde Pool in the E/2 of Section 26, Township 30 North, Range 8 West. Applicant proposes to reenter its Kernaghan B No. 3A well at a surface location 980 feet from the South line and 1480 feet from East line (Unit O); kicking off the vertical, build angle a medium radius curve and continue drilling in said pool. Applicant further seeks special rules and provisions within the project area including authorization to cross quarter and quarter-quarter section lines and the designation of a prescribed area for the wellbore limiting the horizontal displacement of any drainhole to within 790' of the boundary of the project area. Said project is located approximately _____ miles _____ of _____, New Mexico.

Amoco Production Company

Offset Operator Plat

Kernaghan B 3A

T31N-R8W, Sec. 29

980 FEL & 1480 FEL

Blanco Mesaverde Formation

19	2	20	2	3	21
30	2	29	KERNAGHAN ○ B 3A	2	28
31	2	32	4	1	33

- 1 Amoco Production Company
- 2 Meridian Oil, Inc.
- 3 Blackwood & Nichols Company
- 4 Conoco, Inc.