

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: 10486

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

RECEIVED

MAY 1 1962

OIL CONSERVATION DIVISION

10486

A P P L I C A T I O N

Comes now Meridian Oil Inc., by and through its attorneys, Kellahin, Kellahin & Aubrey, 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 optional spacing unit configuration, a non-standard oil proration unit, a special gas-oil ratio, and an unorthodox oil well location and a special project allowable for its Black Diamond Com 20 No 1 Well to be drilled at a unorthodox

unorthodox surface well location of 195 feet FSL and 2510 feet FWL in the SE/4SW/4 of Section 20, T30N, R15W, within the Horseshoe Gallup Oil Pool, San Juan County, New Mexico and in support thereof states:

(1) Applicant is an operator in Section 20, T30N, R15W, N.M.P.M., San Juan County, New Mexico.

(2) Applicant proposes to drill a high angle/horizontal directional well commencing at an unorthodox surface location in the SE/4SW/4 of Section 20 estimated to be 195 feet FSL and 2510 feet FWL of said Section 20 and drilled vertically to a depth of approximately 3670 feet (+ or - 100 feet) at which point the applicant will determine an orientation and select one of two possible laterals and azimuths as shown on Exhibit A, attached.

(3) Depending upon information obtained from the vertical section of the hole, applicant will dedicate one of the following two possible spacing units to the well:

(a) E/2 of Section 20, or

(b) W/2 of Section 20.

(4) The kickoff point for the well is estimated to be 3670 feet, at which point applicant will commence to

build an angle of 14° per 100 feet to approximately 80° 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° and thence drilling horizontally in a lateral distance not in excess of 5,412 feet and no closer than 330 feet to the outer boundaries of the 320-acre spacing and proration unit. See Exhibits "A," "B," and "C."

(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 one of the two tracts as described above,

(c) Special Allowable of 640 BOPD being 8 times the standard 40-acre oil allowable for the pool, and

(d) Special Gas-Oil Ratio of 4,500 to 1.

(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 a conventionally drilled (vertical) well seldom intersects significant natural fractures, and often has a low ultimate recovery.

(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 "D."

(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 June 11, 1992 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, KELLAHIN & AUBREY



By: W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Applicant

MERIDIAN OIL
BLACK DIAMOND COM 20 #1
OPTIONAL SPACING UNITS
SEC. 20, T30N-R15W
SAN JUAN CO., NEW MEXICO

Standard 640-acre Section

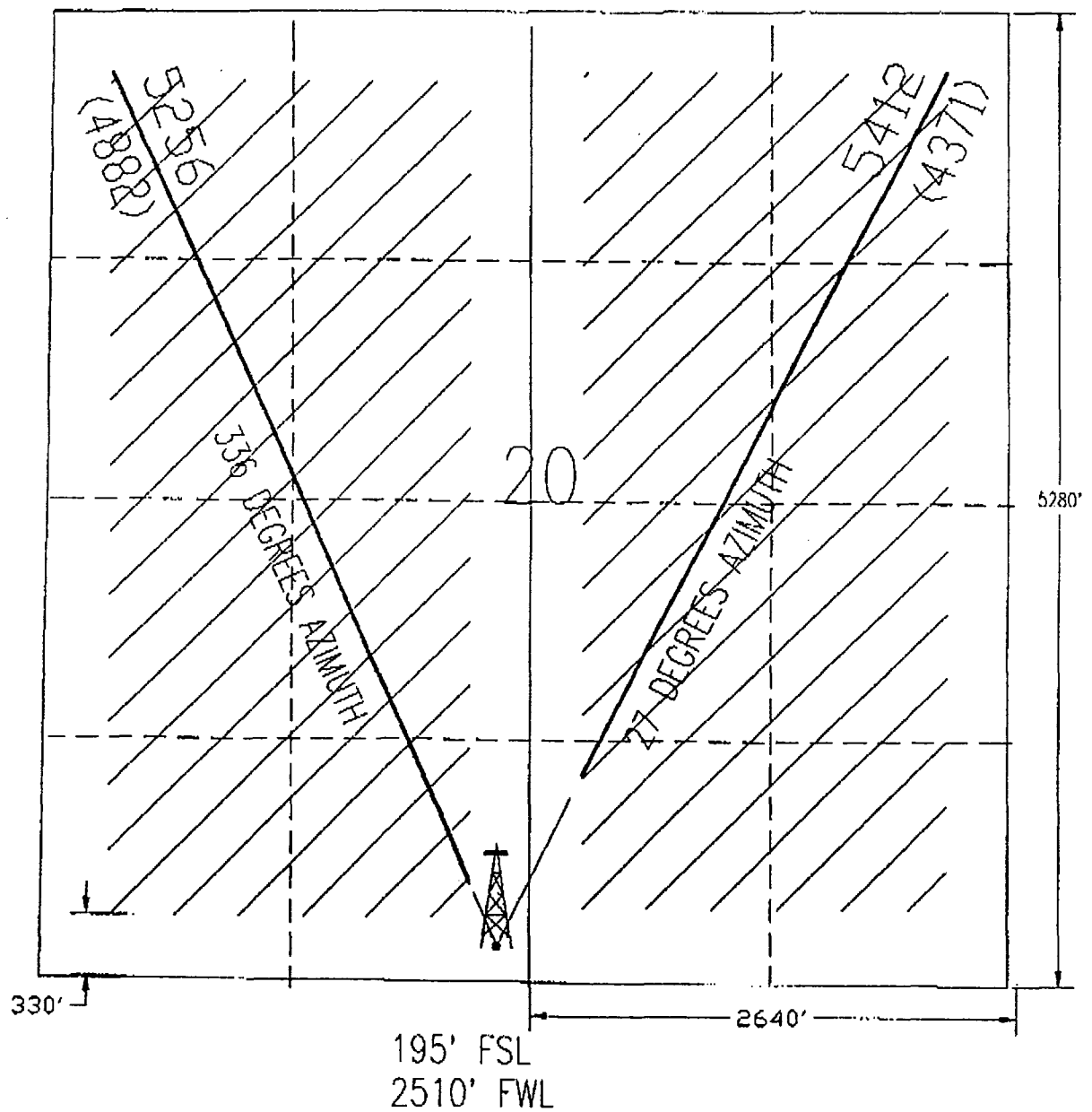


EXHIBIT "A"

BLACK DIAMOND COM 20 #1 SE/SW 20-T30N-R15W

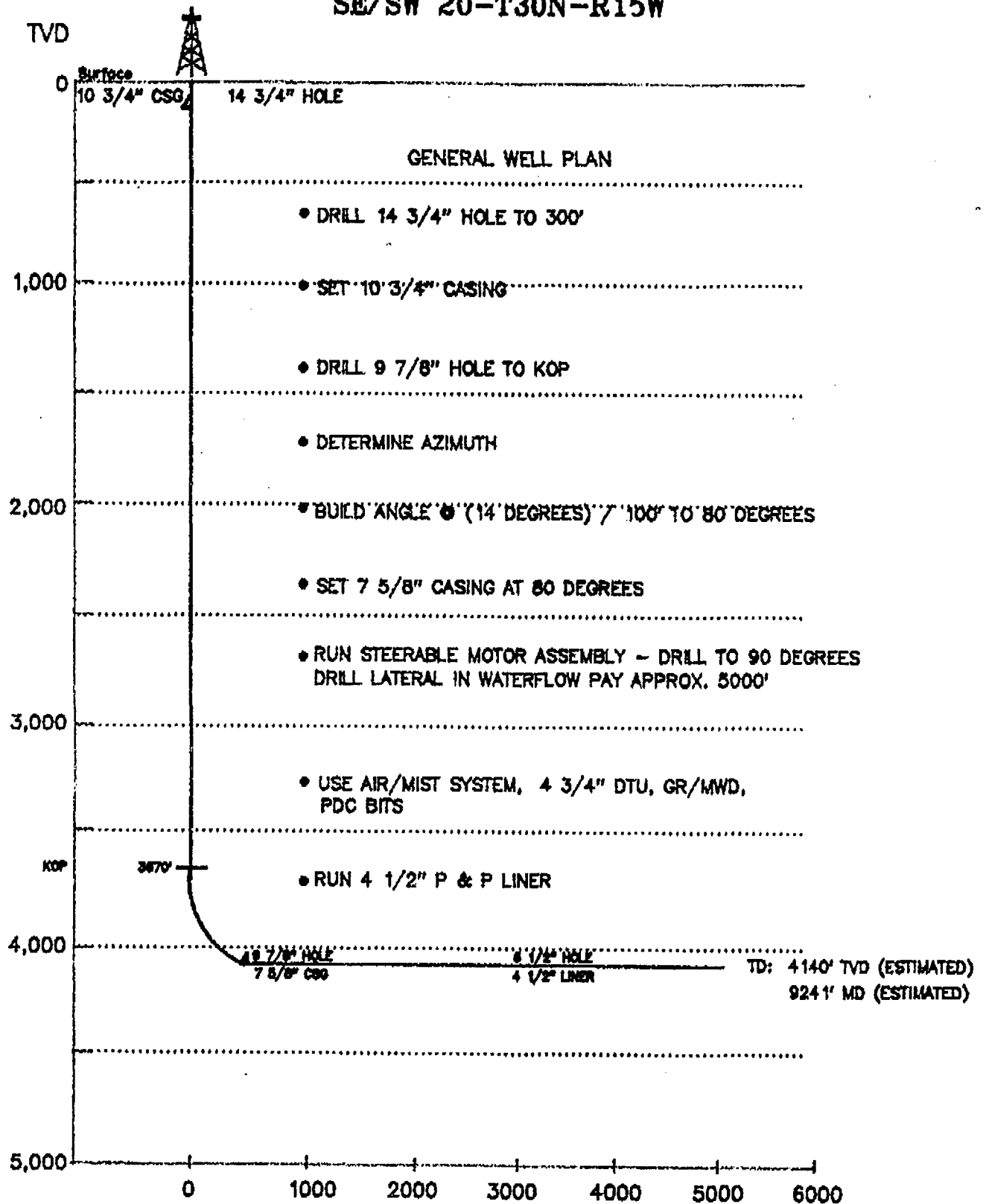


EXHIBIT "B"

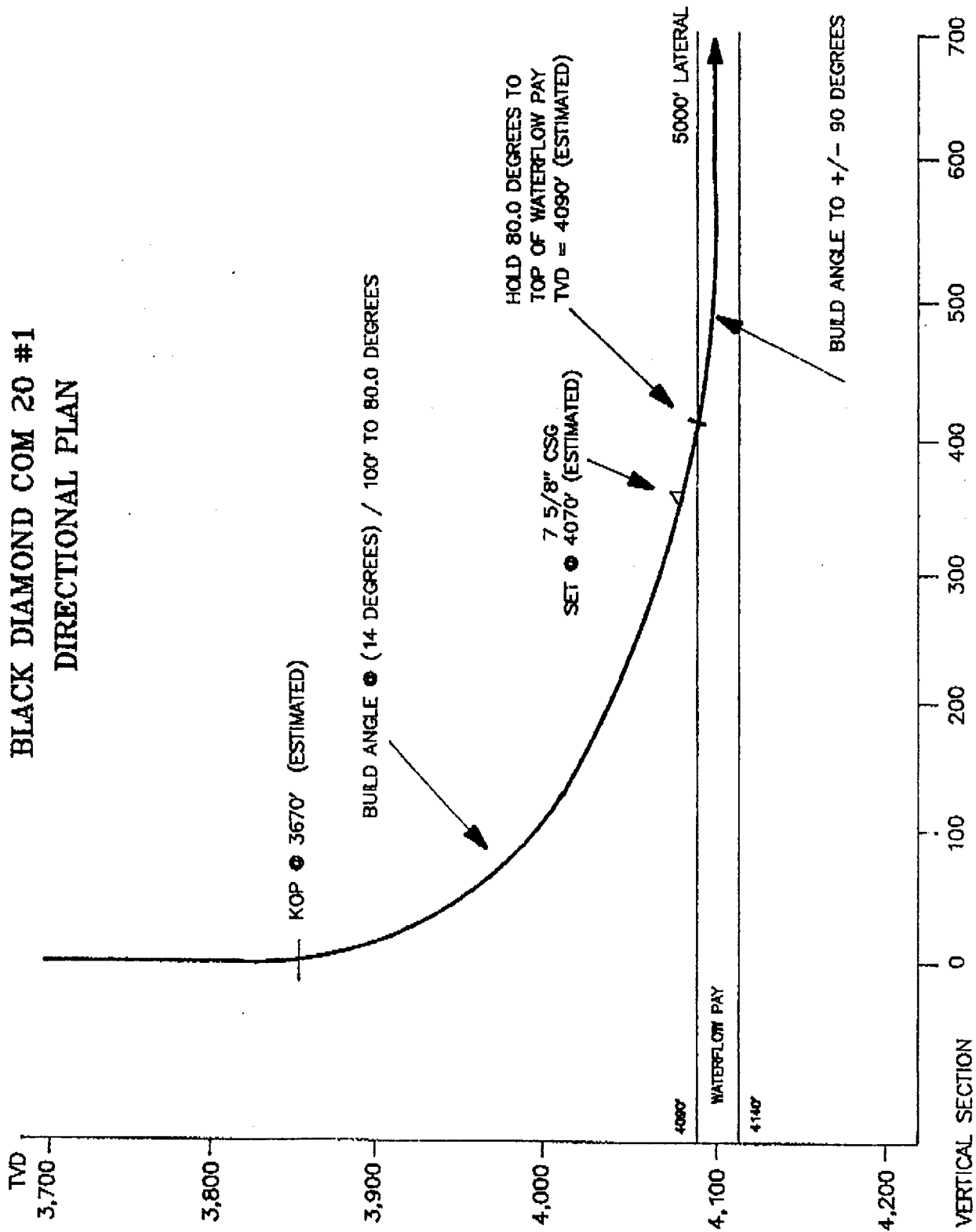
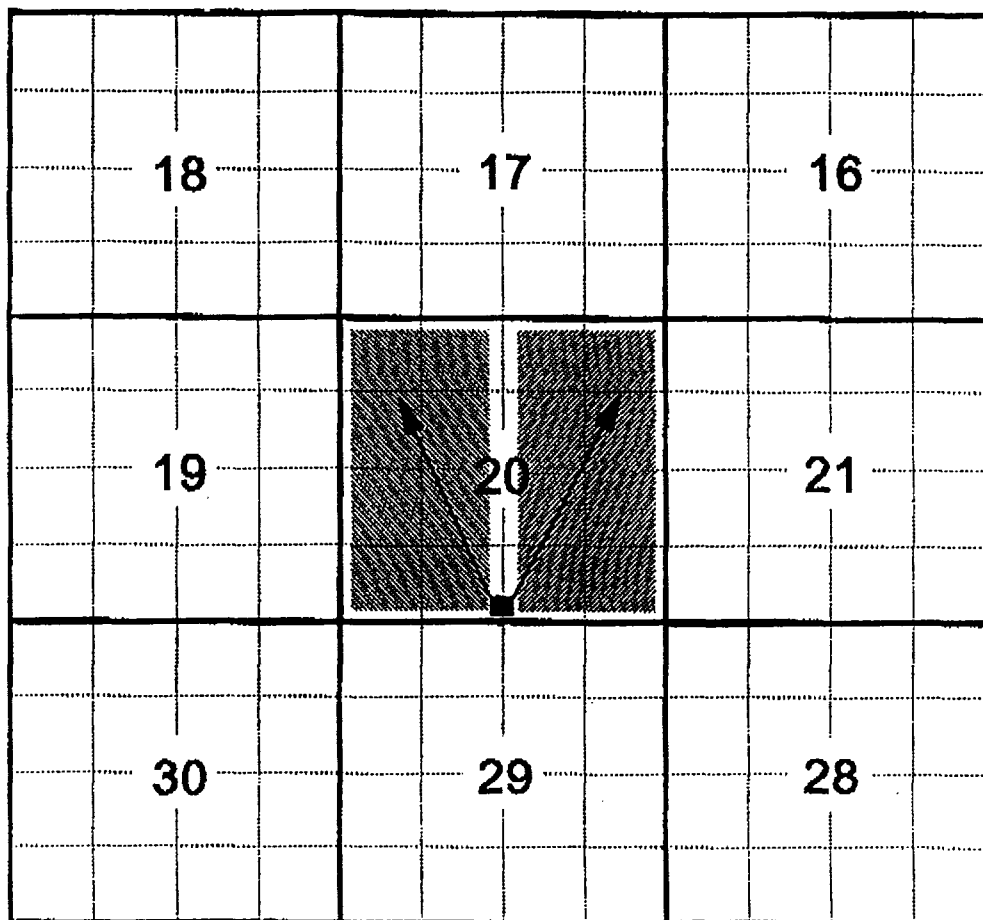


EXHIBIT "C"

BLACK DIAMOND Com 20 #1
Working Interest Ownership
Horseshoe Gallup Horizontal Well
Township 30 North, Range 15 West



Section 16: Amoco Production Co., PO Box 800, Denver, CO 80202.
Apache Corp., PO Box 36370, Denver CO 80203, L.T. Barringer
& W.H. Atkins, c/o John W. Barringer, 11 W Nettleton Ave.,
Memphis, TN 38103, EVKO Development, 4710 Cabrillo St.,
San Francisco, CA 94121

Section 17: Meridian Oil Inc

Section 18: Yates Petroleum Corp., Yates Drilling Co., ABO Petroleum Corp.
& Myco Industries, Inc. 105 S 4th St. Artesia, NM 88210.
Morgan Richardson Operating Co., PO Box 9808,

Section 19: Meridian Oil Inc, Oxford Exploration Co., 4582 S. Ulster St.,
Suite 1500, Stanford Place III, Denver, CO 80237, Berea

Black Diamond 20 #1

Oil & Gas Corp., 69 Delaware Ave., Suite 200B, Buffalo, N.Y.

14202-3878

Section 20 & 21: Meridian Oil Inc, Amoco Production Company & Apache Corp.

Section 28: Meridian Oil Inc

Section 29 & 30: Meridian Oil Inc, Read & Stevens, PO Box 1518, Roswell, NM.

88201, Westway Petroleum, 500 North Akard St., Dallas, TX

75201-3394