

AUG 27 1990

APPLICATION OF SAMUEL GARY JR.
& ASSOCIATES, INC. FOR THE DRILLING
OF A HORIZONTAL WELL, SPECIAL PROVISIONS
FOR HORIZONTALLY DRILLED WELLS DRILLED
TO THE MANCOS FORMATION WITHIN THE
SAN ISIDRO (SHALLOW) UNIT, APPROVAL
OF A GAS RE-INJECTION/PRESSURE MAINTENANCE
PROJECT, AND AN ADMINISTRATIVE PROCEDURE
FOR APPROVING HORIZONTAL WELLS AND GAS
RE-INJECTION WITHIN THE SAN ISIDRO (SHALLOW)
UNIT, SANDOVAL COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

No. ~~10000~~
10100

APPLICATION

Applicant Samuel Gary Jr. & Associates, Inc. hereby applies for approval of a horizontal directionally drilled well, special provisions for horizontally drilled wells drilled to the Mancos formation in the San Isidro (Shallow) Unit, for a gas re-injection/pressure maintenance project, and for an administrative procedure to obtain approval for subsequently drilled horizontal wells and subsequent gas re-injection operations within the San Isidro (Shallow) Unit, and in support thereof states:

1. Applicant is a working interest owner in, and the unit operator of, the San Isidro (Shallow) Unit ("the Unit"), which covers the lands described on Exhibit I attached hereto, located in Sandoval County, New Mexico.

2. The Unit comprises 18,897.16 acres, all of which are federal minerals. One hundred percent of working interests in the Unit are committed to the Unit, and the Bureau of Land Management has approved the Unit.

3. Applicant seeks approval to directionally drill horizontally through the Mancos formation a well with a surface location 934 feet from the South line and 1,975 feet from the West line of Section 11, Township 20 North, Range 3 West, N.M.P.M. The producing interval in the horizontal well bore will be drilled in a manner and in a direction to comply with existing pool rules. Applicant has plans to drill additional horizontal wells in the Unit.

4. The well referenced in Paragraph 3 is within the Rio Puerco Mancos Pool. The special rules and regulations for the Rio Puerco Mancos Pool provide for 320 acre spacing, with normal set-back requirements.

5. The San Isidro #11-16 Well, located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 11, Township 20 North, Range 3 West, N.M.P.M., is completed in the Mancos formation and is currently shut-in. Applicant requests permission to inject gas produced from the well referenced in Paragraph 3 into the San Isidro #11-16 Well. The injection interval will be the current perforations in the Mancos formation. A Form C-108 has been or will be filed with the Division. The project area will encompass all of Section 11.

6. Applicant seeks special provisions for Section 11, and for the entire Unit, for the Mancos formation, including:

(a) Permission to dedicate up to two 320 acre units to one well, at the operator's discretion.

(b) Relief from orthodox well location requirements. Specifically, applicant requests that a horizontal directionally drilled well not be considered unorthodox so long as the well perforations are no closer than 660 feet from the outer boundary of a well unit formed pursuant to Paragraph 7(a).

(c) An unrestricted well allowable and gas:oil ratio while drilling and completing a well, but limited to a 60 day period.

(d) After expiration of the 60 day period requested in Paragraph 6(c), an oil well allowable based upon 320 acres for a 320 acre unit, and based upon two 320 acre units for a 640 acre unit.


(e) Establishment of an administrative procedure, essentially equivalent to Division Rule 111, permitting the unit operator of the Unit to apply for and obtain approval of future horizontally drilled wells in the Unit without the necessity of going to hearing.

7. Applicant requests expedited approval of this Application.

8. The matters requested herein by Applicant are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 

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Exhibit I

San Isidro (Shallow) Unit Area
Sandoval County, New Mexico

Township 21 North, Range 2 West
Sections 31, 32 & 33

Township 21 North, Range 3 West
Sections 35 & 36

Township 20 North, Range 2 West
Sections 5, 6, 7, 8 & 18

Township 20 North, Range 3 West
Sections 1, 2, 3, 4, 5, 7, 8, 9,
10, 11, 12, 13, 14, 15,
16, 17, 18, 22, 23 & 24