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October 9, 1990

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VIA TELECOPY AND  
HAND DELIVERED

Ms. Florene Davidson  
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State Land Office Building  
Santa Fe, New Mexico 87504

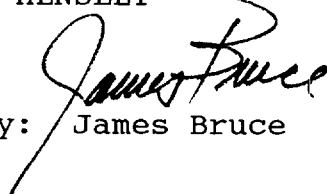
Dear Florene:

Enclosed is an Amended Application in case nos. 10,127 through 10,129 (regarding directional drilling), and a new Application regarding a gas reinjection/pressure maintenance project, both filed on behalf of Samuel Gary Jr. & Associates, Inc. Please set these matters for the October 31, 1990 hearing. The originals of these Applications will be forwarded to you by separate letter. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By: James Bruce



NEW MEXICO OIL CONSERVATION DIVISION  
JBB:le  
Enclosures  
OCT 11 1990

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SAMUEL GARY JR.  
& ASSOCIATES, INC. FOR THE DRILLING  
OF THREE HORIZONTAL WELLS, AND FOR ONE  
NON-STANDARD SPACING AND PRORATION UNIT,  
WITHIN THE SAN ISIDRO (SHALLOW) UNIT,  
SANDOVAL COUNTY, NEW MEXICO.

Nos. 10,127,  
10,128 and  
10,129

AMENDED APPLICATION

Applicant Samuel Gary Jr. & Associates, Inc. hereby applies for approval of three horizontal or high angle directionally drilled wells within the San Isidro (Shallow) Unit ("the Unit"), and for one non-standard spacing and proration unit, and in support thereof states:

1. Applicant is a working interest owner in, and the unit operator of, 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 the following horizontal/high angle wells within the Unit:

(a) The SGA Johnson #6-14 Well, with a surface location of 500 feet from the South line and 2100 feet from the West line of Section 6, Township 20 North, Range 2 West, N.M.P.M.

(b) The SGA San Isidro #12-16 Well, with a surface location of 1200 feet from the South line and 1800

feet from the West line of Section 12, Township 20 North, Range 3 West, N.M.P.M.

(c) The SGA San Isidro #13-14 Well, with a surface location of 660 feet from the South line and 1980 feet from the East line of Section 13, Township 20 North, Range 3 West, N.M.P.M.

[This is a change in the surface location of each well.]

Each of the above wells will be drilled vertically to an approximate depth of 3,500 feet, at which point they will kick-off in a north-northwestwardly direction, build angle and drill horizontally or at a high angle in the Mancos formation (Rio Puerco-Mancos Oil Pool).

4. In Division Case Nos. 10,099 and 10,100, Applicant requested approval of an initial horizontal well in the Unit and that special rules and operating provisions be instituted for the Unit, including relief from set-back requirements, oversize units, special allowables, and administrative procedures to authorize additional horizontal wells.

5. Applicant will drill the above wells to comply with the special provisions which may be authorized by the Division in Case Nos. 10,099 and 10,100.

6. Applicant intends to dedicate all of Section 13, 20 North-3 West, to the SGA San Isidro #13-14 Well.

7. The proposed well unit in Section 6 comprises

297.79 acres, and Applicant request permission for a non-standard unit for said well.

8. If the administrative procedures requested in Division Case No. 10,100 are instituted, applicant may dismiss all or part of this case and seek administrative approval for all or some of the above-described wells. However, due to time constraints and well economics, this case is being filed to obtain a prompt hearing for subsequent wells in the Unit.

9. Applicant requests expedited approval of this Application.

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

WHEREFORE, Applicant requests that the above relief be granted.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By \_\_\_\_\_  
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