

BEFORE THE  
OIL CONSERVATION DIVISION  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF BASF CORPORATION FOR AMENDMENT  
OF DIVISION ORDER NO. R-9255,  
AS AMENDED BY ORDER NO. R-9255-A,  
TO PROVIDE FOR A HORIZONTAL DRILLING  
PILOT PROJECT, SPECIAL OPERATING  
RULES THEREFORE, A NON-STANDARD  
OIL PRORATION UNIT, AND AN  
UNORTHODOX OIL WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED  
MAY 9 1991  
OIL CONSERVATION DIVISION  
CASE NO. 10303

**APPLICATION**

COMES NOW BASF Corporation, through its undersigned attorneys, and hereby makes application to the Division for Amendment of Division Order No. R-9255, as amended by Order No. R-9255-A, and in support thereof states:

1. Applicant is the operator of the Gallup formation, Undesignated Verde-Gallup Oil Pool, underlying a 160-acre tract comprised of the SW/4 SW/4, N/2 SW/4 and NW/4 SE/4 of Section 28, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

2. By Order No. R-9255, as amended by Order No. R-9255-A, the Division approved the application of BASF Corporation for a horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, and an unorthodox oil well location, San Juan County, New Mexico.

3. BASF Corporation drilled its Ute Mountain Tribal "28" Well No. 14 pursuant to this Order, but encountered problems during drilling which rendered it unable to comply with the provisions of Division Orders R-9255 and R-9255-A, and furthermore resulted in an unsuccessful attempt at drilling and completing a horizontal well in the Gallup formation.

4. BASF Corporation seeks amendment of Division Order No. R-9255, as subsequently amended by Division Order No. R-9255-A, to permit it to re-enter its Ute Mountain Tribal "28" Well No. 14 which is located 1,284 feet from the South line and 1,112 feet from the West line of Section 28, Township 31 North, Range 14 West, N.M.P.M., San Juan County, New Mexico. BASF proposes to set a cement plug at 4,435 feet measured depth in the open hole section below the casing, and redrill the directional portion of the hole in a northeasterly direction to intercept the Gallup formation in the N/2 SW/4 of Section 28 and then continue horizontally drilling in a northeasterly direction for approximately 1,000 feet into the adjoining quarter-quarter section (NW/4 SE/4) in Section 28.

5. The well will be dedicated to a 160-acre non-standard spacing or proration unit, comprised of the SW/4 SW/4, N/2 SW/4 and NW/4 SE/4 of said Section 28 and the wellbore will be at a setback of at least 50 feet from the outer boundary of the assigned proration unit.

6. Applicant also seeks special rules and provisions within this pilot project area, including the designation of a prescribed area limiting the horizontal displacement of the proposed wellbore so that it cannot be closer than 50 feet from the outer boundary

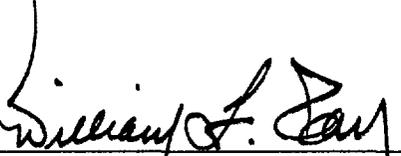
of the assigned proration unit, and a special allowable provision for this well based on the total acreage dedicated to it.

7. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, BASF Corporation requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 2, 1991, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

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