

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:

MAR 30 1991

CASE: 10965

APPLICATION OF SOUTHLAND ROYALTY COMPANY
FOR A HIGH ANGLE/HORIZONTAL/
DIRECTION DRILLING PILOT PROJECT,
INCLUDING SPECIAL OPERATING RULES,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Southland Royalty Company, by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval for a High Angle/Horizontal/Direction Drilling Pilot Project, including special operating rules, for its Jernigan Well No. 3, located 1990 feet FNL and 1100 feet FEL (Unit H) of Section 24, T27N, R9W, which applicant proposes to recomplete as a high angle/horizontal/directional well within the Basin Dakota Gas Pool and to be dedicated to a standard gas spacing and proration unit consisting of the E/2 of said Section 2, and in support thereof states:

(1) Applicant is the proposed operator for this well in Section 24, T27N, R9W, NMPM, San Juan County, New Mexico.

(2) Applicant proposes to recompleate the Jernigan Well No. 3 located at a standard surface location 1990 feet FNL and 1100 feet FEL (Unit H) of said Section 24, as a high angle/horizontal/directional well by plugging back to a total depth of approximately 6200 feet (+ or - 100 feet) at which point the applicant will kick the well off in a south southwesterly direction as approximated on Exhibit A, attached.

(3) Applicant will dedicate the E/2 of Section 24 to the well.

(4) The kickoff point for the well is estimated to be 6200 feet, at which point applicant will commence to build an angle of 14 ^{degrees} per 100 feet to approximately 90 ^{degrees} and penetrate the Basin Dakota Gas Pool at an estimated total vertical depth of 6610 feet, and then to continue to drill horizontally in a lateral distance not closer than 790 feet to the outer boundaries of the 320-acre spacing and proration unit. See Exhibits "A," and "B."

(5) The Basal Dakota interval of the Dakota is believed to be the potential productive zone at this location in the Basin Dakota Gas Pool.

(6) Past experience in the Basal Dakota interval of said pool has shown that because a conventionally drilled (vertical) well must be hydraulically fractured to be productive, it often communicates with a water bearing interval below the Basal Dakota interval.

(7) By drilling a high angle/horizontal/directional wellbore, the applicant is attempting to decrease the probability of encountering these water bearing zone, which may ultimately result in the recovery of a greater amount of gas, thereby preventing waste.

(8) 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 790 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 790 feet to the outer boundary of the spacing unit.

(9) As required, notice is provided to those offsetting operators as listed on Exhibit "C."

(10) 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 April 28, 1994 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 and KELLAHIN

By: 

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Attorneys for Applicant

JERNIGAN #3
E/2 SECTION 24, 12FN. 19W
SAN JUAN COUNTY, NEW MEXICO

DAKOTA DRILL BLOCKS

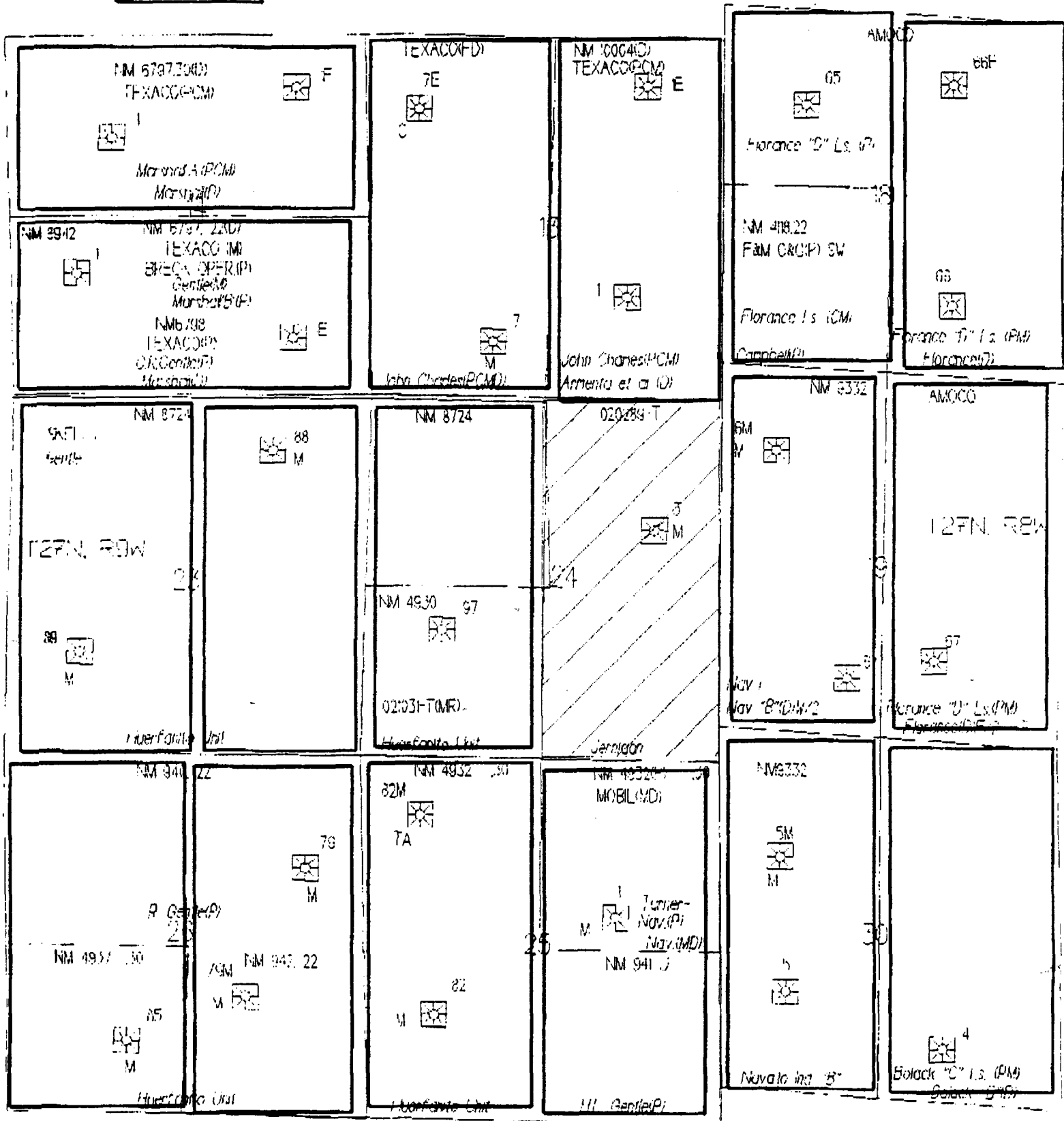


Exhibit A

MERIDIAN OIL INC

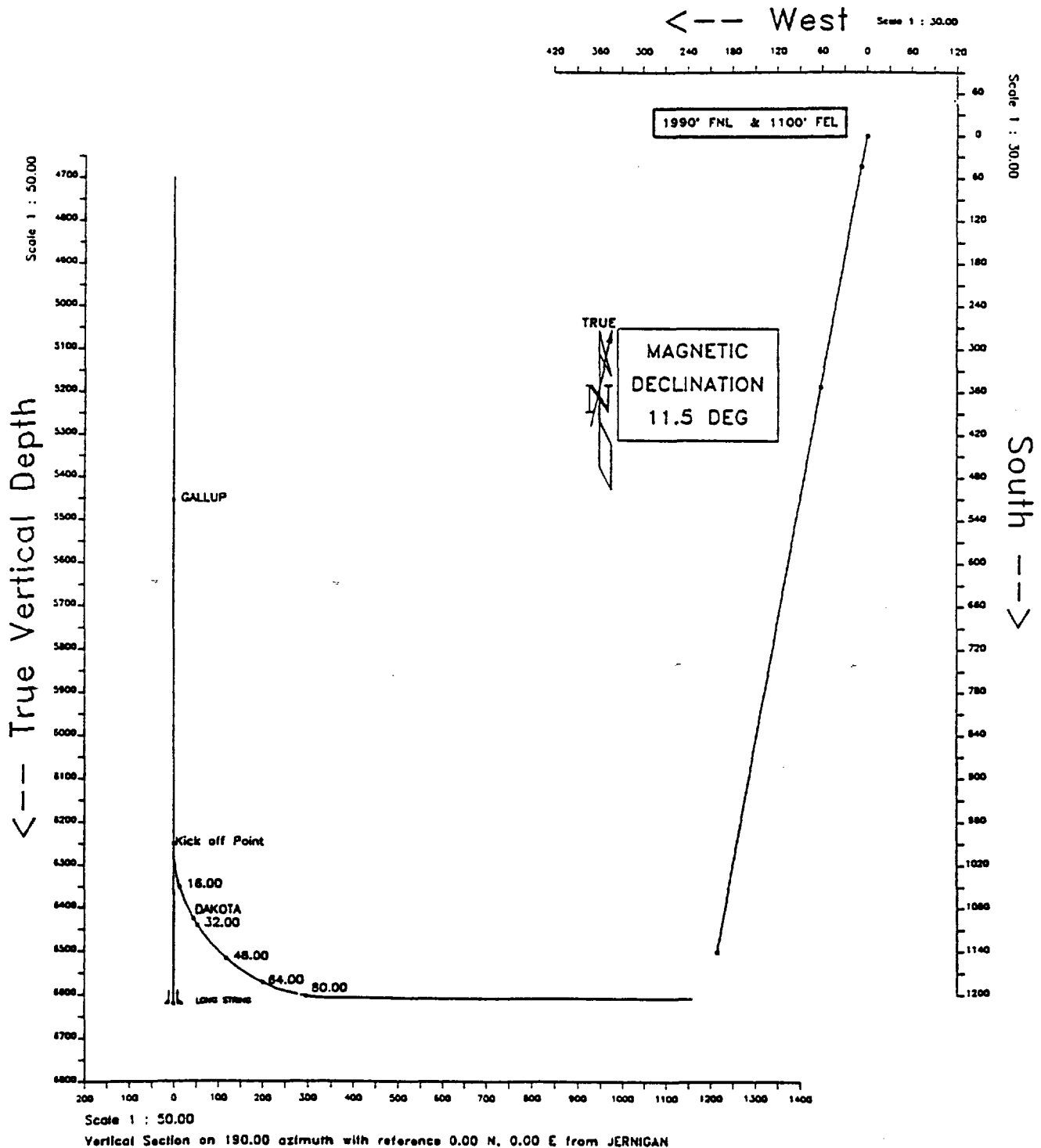
Structure : S24-27N-9W

Well : #3

Field : SAN JUAN COUNTY Location : NEW MEXICO.

WELL PROFILE DATA

Point	MD	Inc	Dir	TVD	North	East	Deg/100
Tie on	0	0.00	190.00	0	0	0	0.00
KOP	6252	0.00	190.00	6252	0	0	0.00
End of Build	6814	90.00	190.00	6610	-353	-62	16.00
Target	7614	90.00	190.00	6610	-1140	-201	0.00



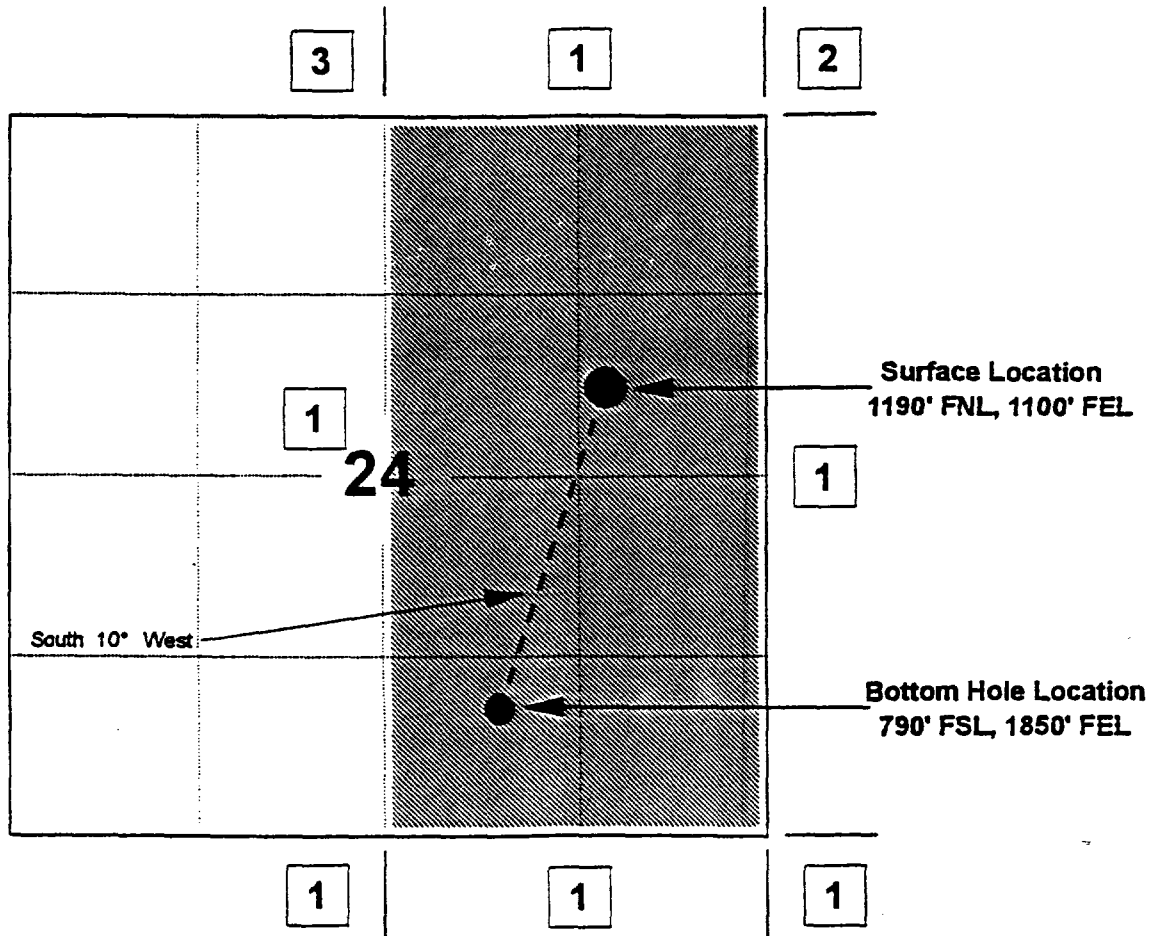
MERIDIAN OIL INC

JERNIGAN #3

OFFSET OPERATOR \ OWNER PLAT

Horizontally Drilled Wellbore

Township 27 North, Range 9 West



1) Meridian Oil Inc

2) Amoco Production Company

PO Box 800, Denver, CO 80201

3) Texaco Exploration & Production, Inc.

PO Box 2100, Denver, CO 80201