

## PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

August 16, 1994

William J. LeMay, Director  
New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application - Short Radius Horizontal  
Directional Drilling Project  
Special Operating Rules  
Non-Standard Oil Proration Unit  
Special Project Oil Allowable

Dear Mr. LeMay:

Petroleum Development Corporation (PEDCO) applies for public hearing on September 15, 1994 to authorize the intentional deviation from the existing vertical hole using the following procedure:

- 1) Mill a 70+ foot section in the existing 4½" casing.
- 2) A directional survey will be run to determine the location of the kickoff point.
- 3) Drill a 200+ foot radii 85° to 90° into the San Andres pay zone.
- 4) Horizontally drill 1000+ feet into the pay zone.
- 5) Adequate directional surveys will be run in the deviated hole.
- 6) The horizontal hole will be maintained a distance of 100 feet from any boundary of any lease line.

The horizontal hole will be allowed to cross the boundary joining the 40 acre spacing tracts in the project area. PEDCO request an allowable be assigned to the project area equal to 80 BOPD times the number of standard 40-acre proration units within the project area which are developed or traversed by a horizontal well bore.

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The project area will consist of the following:


State of New Mexico Lease No. K3754  
NW/4SE/4 and S/2SW/4  
Section 32, T7S, R31E  
Chaves County, New Mexico

TOM-TOM SAN ANDRES FIELD

- 1) State 32 #2 - Unit J, Section 32, T7S, R31E.  
Located 1650' FSL and 1650' FEL.
- 2) State 32 #4 - Unit N, Section 32, T7S, R31E.  
Located 330' FSL and 2310' FWL, using the adjoining  
Unit M, Section 32, T7S, R31E.

Attached is a list of offset operators with their correct mailing addresses.

Sincerely,

  
J.C. Johnson  
President

JCJ:kc

Enclosure