



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" and 5½" 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.