

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:

CASE NO. 10856
ORDER NO. R-10047

**APPLICATION OF HANSON OPERATING COMPANY, INC. FOR A HIGH
ANGLE/HORIZONTAL DIRECTIONAL DRILLING PILOT PROJECT AND FOR
SPECIAL OPERATING RULES THEREFOR, ROOSEVELT COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 6, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of January, 1994 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Hanson Operating Company, Inc., seeks authority to initiate a short radius high angle/horizontal directional drilling pilot project in the NW/4 SE/4 of Section 17, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico, being a standard 40-acre oil spacing and proration unit in the Undesignated North Allison-San Andres Pool. The applicant proposes to utilize its existing Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of said Section 17 by kicking-off from vertical at an approximate depth of 4,825 feet, build angle to approximately 90 degrees with a short-radius curve and continue with a horizontal drainhole in said pool.

(3) The applicant further seeks the adoption of special operating provisions and rules within said pilot project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole in said project area to within 330 feet of the outer boundary of said 40-acre tract.

(4) At the time of the hearing general counsel for the applicant requested this matter be dismissed since the non-permitted horizontal drainhole drilled by the applicant prior to these proceedings is to be abandoned by squeezing cement into the kick-off interval, which should be adequate in sealing-off the drainhole from the vertical wellbore.

(5) Should at any time in the future the operator re-enter this well for any purpose other than plug and abandonment and /or remediation, the operator should be required to submit a detailed request outlining the operations to be performed to the Santa Fe and Hobbs Offices of the Division and obtain written authorization from the Director of the Division prior to commencing such re-entry.

(6) Hanson's request for dismissal should be granted with the aforementioned stipulation.

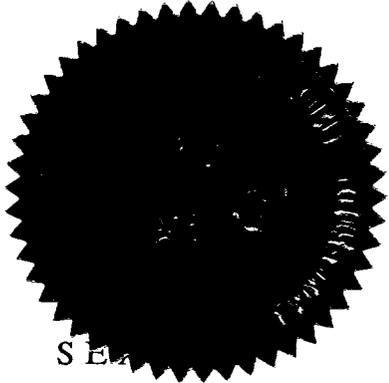
IT IS THEREFORE ORDERED THAT:

(1) Division Case No. 10856 is hereby dismissed.

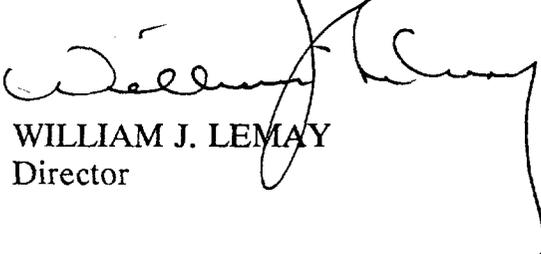
IT IS HOWEVER ORDERED THAT:

(2) Prior to performing re-entry operations into the Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of Section 17, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico, for any purpose other than to plug and abandon the well and/or for remediation, the operator shall submit to both the Santa Fe and Hobbs Offices of the Division a detailed request that outlines the operations to be performed to said well and obtain written authorization from the Director of the Division prior to commencing such re-entry.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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