

Entered January 28, 1980
JHR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6742
Order No. R-4549-E

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR AN ADMINISTRATIVE
PROCEDURE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of January, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, ARCO Oil and Gas Company, is the operator of the Empire Abo Pressure Maintenance Project, Empire-Abo Pool, Eddy County, New Mexico, which project was authorized by Division Order No. R-4549, and is governed by operating rules included in said order as amended by Orders Nos. R-4549-A through R-4549-D.

(3) That the applicant seeks the amendment of Rule 14 of the Special Rules and Regulations for said project adopted by Order No. R-4549, as amended, to additionally provide for an administrative procedure for authorizing the drilling, for production or injection purposes, of "horizontal drainholes" within such project.

(4) That the drilling of said horizontal drainholes within the boundaries of said project should result in the recovery of oil and gas therefrom which might not otherwise

-2-

Case No. 6742

Order No. R-4549-E

be produced thereby preventing waste.

(5) That correlative rights will not be violated provided that no perforated or openhole portion of any horizontal drainhole shall be closer than 330 feet to the outer boundary of the Empire Abo Unit or any tract not committed to said unit nor, in the case of a well to be used for injection, closer than 1650 feet to such boundary or tract.

(6) That the application for administrative procedure should be approved by amending said Rule 14 to read in its entirety as shown on Exhibit "A" attached to this order.

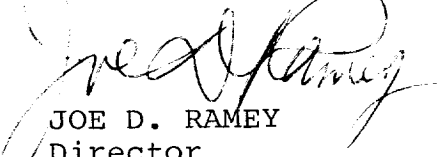
IT IS THEREFORE ORDERED:

(1) That Rule 14 of the Special Rules and Regulations for the Empire Abo Pressure Maintenance Project is hereby amended to read in its entirety as shown on Exhibit "A" to this order.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

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EXHIBIT "A"
ORDER NO. R-4549-E

RULE 14 A. The Director of the Division is hereby authorized to approve such additional producing wells and gas injection and water injection wells at orthodox and unorthodox locations within the boundaries of the ARCO Empire Abo Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 660 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary and provided that no well shall be approved for gas or water injection when such well is located closer than 1650 feet to a tract which is not committed to the unit and on which is located a well producing from the same common source of supply. To obtain such approval, the project operator shall file proper application with the Division Director, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

(1) A plat identifying the lands committed to the unit agreement and those lands not committed to said agreement, and showing the location of the proposed well, all wells within the unit area, and offset operators.

(2) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, and depth.

(3) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

RULE 14 B. The Director of the Division is hereby authorized to approve the drilling of "horizontal drainholes" for the purposes of production or injection within the boundaries of the ARCO Empire Abo Unit Area as may be necessary to complete an efficient production and injection pattern, provided no perforated or openhole portion of said wells shall be closer than 330 feet to the outer boundary of said unit or to any tract not committed to such unit nor, in the case of a well to be used for injection closer than 1650 feet to such boundary or tract. To obtain such approval, the project operator shall file proper application with the Division Director, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

-2-

Exhibit "A"

Order No. R-4549-E

(1) A plat identifying the lands committed to the unit agreement and those lands not committed to said agreement, and showing the location of the proposed well, all wells within the unit area, and offset operators.

(2) Schematic drawings of the proposed well which fully describes the casing, tubing, perforated or open-hole interval, kick-off point, and proposed trajectory of the drainhole section.

(3) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

RULE 14 C. The Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

RULE 14 D. Within 20 days following completion of any horizontal drainhole the operator shall submit a report to the Division Director with sufficient detail to locate the kick-off point and the trajectory of the deviated portion of the well bore with respect to any quarter-quarter section(s) penetrated by such well and any 40-acre tract directly or diagonally offsetting such quarter-quarter section(s).

The Director may approve the final location of the horizontal drainhole by acceptance of such report.

The Director may rescind the authority for any horizontal drainhole if the perforated or openhole portion of such hole is located closer to the unit boundary or any uncommitted tract than permitted by these rules or if it should appear that such rescission is necessary to prevent waste or protect correlative rights.