

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. 9205  
Order No. R-8520

APPLICATION OF HORIZONTAL RECOVERIES  
SPECIALISTS, INC. FOR A HORIZONTAL  
DIRECTIONAL DRILLING PILOT PROJECT,  
SPECIAL OPERATING RULES THEREFOR,  
AND TWO UNORTHODOX GAS WELL LOCATIONS,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of October, 1987, 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, Horizontal Recoveries Specialists, Inc., seeks authority to initiate a horizontal directional drilling pilot project in the SE/4 of Section 20 and the NW/4 of Section 28, Township 32 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, forming two standard 160-acre spacing and proration units in the Fruitland formation.

(3) The applicant proposes to drill two wells, the Federal 2-20 located at an unorthodox surface location 1980 feet from the South and East lines (Unit J) of said Section 20, and the Federal 1-28 also located at an unorthodox surface location 660 feet from the North and West lines (Unit D) of said Section 28.

(4) The applicant further proposes to directionally drill said wells by kicking off from the vertical at a depth of approximately 2500 feet, drill a long radius curve in a southeasterly direction in such a manner as to penetrate the Fruitland Coal formation horizontally at a depth of approximately 3050 feet, and to continue drilling laterally within the Fruitland Coal formation a distance of approximately 1500 feet to unorthodox bottomhole locations to be located no closer than 600 feet to the South and East lines of the respective proration units.

(5) The proposed wells are not located in or within one mile of any designated Fruitland gas pool boundaries and are therefore subject to Division Statewide Gas Spacing Rules and Regulations for wildcat wells which require wells to be located no closer than 790 feet to the outer boundary of the proration unit.

(6) Testimony and evidence in this case indicates that the applicant has given proper notice of the application to all offset operators and that no offset operator has objected to the proposed surface or bottomhole well locations.

(7) The applicant testified that this type of well completion should result in the recovery of a substantially greater amount of gas from the Fruitland formation than would normally be recovered by a conventional well completion, thereby preventing waste.

(8) In the interest of conservation, prevention of waste, and protection of correlative rights, the application of Horizontal Recoveries Specialists, Inc. for a horizontal directional drilling pilot project should be approved, subject to the provisions contained in Finding Nos. (9) and (10) below.

(9) The applicant should be required to drill the proposed wells to bottomhole locations to be located no closer than 600 feet to the South and East lines of the proposed proration units.

(10) The applicant should be required to conduct a directional survey on the proposed wells during or after the completion of drilling operations on the wells and submit said surveys to the Santa Fe office of the Division.

(11) At the time of the hearing, the applicant requested that due to the fact that the surface well locations have not been surveyed they be allowed to apply

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for administrative approval to amend the proposed surface and corresponding bottomhole locations due to topographic reasons.

(12) The Division Director should have the authority to administratively grant exceptions to the proposed surface and corresponding bottomhole locations for topographic reasons upon application and proof that all offset operators have been notified of the proposed amended locations and have not entered an objection within 20 days, and provided that the amended bottomhole locations are not located closer than 600 feet to the South and East lines of the proposed proration units.

IT IS THEREFORE ORDERED THAT:

(1) The application of Horizontal Recoveries Specialists, Inc. for a horizontal directional drilling pilot project to be located in the SE/4 of Section 20 and the NW/4 of Section 28, Township 32 North, Range 5 West, NMPM, Wildcat Fruitland Gas Pool, Rio Arriba County, New Mexico, is hereby approved.

(2) The applicant is further authorized to drill and complete its Federal 2-20 well located at an unorthodox surface location 1980 feet from the South and East lines (Unit J) of said Section 20 and its Federal 1-28 well located at an unorthodox surface location 660 feet from the North and West lines (Unit D) of said Section 28 in the following unconventional manner:

Directionally drill said wells by kicking off from the vertical at a depth of approximately 2500 feet, drill a long radius curve in a southeasterly direction in such a manner as to penetrate the Fruitland Coal formation horizontally at a depth of approximately 3050 feet, and to continue drilling laterally within the Fruitland Coal formation a distance of approximately 1500 feet to unorthodox bottomhole locations to be located no closer than 600 feet to the South and East lines of the respective proration units.

(3) The SE/4 of said Section 20 shall be dedicated to the Federal 2-20 well and the NW/4 of said Section 28 shall be dedicated to the Federal 1-28 well.

(4) The applicant shall be required to drill the proposed wells to bottomhole locations no closer than 600 feet to the respective South and East lines of the dedicated proration units.

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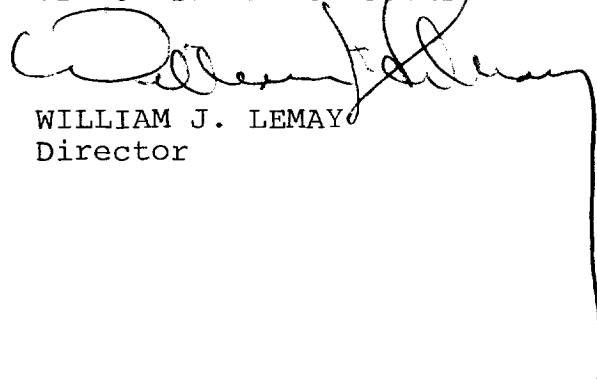
(5) The applicant shall conduct a directional survey during or after the completion of drilling operations on the wells and shall submit said surveys to the Santa Fe office of the Division.

(6) The Division Director shall have the authority to administratively grant exceptions to the proposed surface and corresponding bottomhole locations for topographic reasons upon application and proof that all offset operators have been notified of the proposed amended locations and have not entered an objection within 20 days, and provided that the amended bottomhole locations are not closer than 600 feet to the South and East lines of the proposed proration units.

(7) 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



WILLIAM J. LEMAY  
Director

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