

**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. 10861
Order No. R-10016**

**APPLICATION OF COLLINS & WARE INC.
FOR A HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT AND SPECIAL
OPERATING RULES THEREFOR, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of November, 1993, 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, Collins & Ware, Inc., seeks authority to initiate a short radius high angle/horizontal directional drilling pilot project in the Denton-Devonian Pool underlying the SW/4 NE/4 of Section 35, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant further seeks authority to re-enter its S & J Operating T. D. Pope Well No. 5, located at a standard surface location 1980 feet from the North and East lines (Unit G) of Section 35, and horizontally drill in the following unconventional manner:

Cement squeeze open-hole interval from 12,010 feet to 12,342 feet. Set cement kick-off plug and kick off from the vertical at a depth of approximately 12,030 feet and drill in a northeasterly direction building angle to approximately 90 degrees so as to penetrate the upper portion of the Devonian formation. Continue drilling horizontally an undetermined distance so as to bottom said wellbore no closer than 100 feet from the outer boundary of the SW/4 NE/4 of Section 35.

(4) The applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a prescribed area limiting the horizontal or producing portion of the wellbore such that it can be no closer than 100 feet from the outer boundary of the SW/4 NE/4 of Section 35.

(5) The proposed well is located within the Denton-Devonian Pool which is currently governed by Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit, a standard oil allowable of 365 barrels of oil per day, and a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(6) The evidence presented indicates that the T. D. Pope Well No. 5 was originally drilled and completed in the Denton-Devonian Pool in 1953. The subject well has cumulatively produced 1,174,542 barrels of oil from the Denton-Devonian Pool. The subject well, according to Division records, is currently shut-in.

(7) According to applicant's testimony, the T. D. Pope Well No. 5 is currently shut-in due to excessive water production.

(8) Through its evidence and testimony, the applicant demonstrated that the proposed high angle wellbore, which is experimental in nature, is designed to penetrate the upper portion of the Devonian formation above the oil-water contact, thereby allowing the recovery of additional oil reserves underlying the SW/4 NE/4 of Section 35, thereby preventing waste.

(9) According to applicant's testimony, the proposed 100 foot setback will allow for additional drilling flexibility and will not violate correlative rights.

(10) All of the affected offset acreage is currently operated by the applicant.

(11) S & J Operating Company, Devon Energy Corporation, and Polaris Production Corporation, the only other offset operators, were notified of the application in this case but did not appear in opposition to the application.

(12) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(13) In the interest of conservation and prevention of waste, the application of Collins & Ware Inc. for a high angle/horizontal directional drilling project should be approved.

(14) The applicant should be required to determine the actual location of the kick-off point prior to commencing directional drilling operations. Also, the applicant should be required to conduct a directional survey on the lateral portion of the wellbore during or after completion of drilling operations in order to verify that the bottomhole location is in compliance with the terms of this order.

(15) The applicant should notify the supervisor of the Hobbs district office of the Division of the date and time of conductance of any directional surveys in order that the same may be witnessed.

(16) The applicant should be required to submit copies of all directional surveys conducted on the subject well to both the Santa Fe and Hobbs offices of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Collins & Ware, Inc., is hereby authorized to initiate a short radius high angle/horizontal directional drilling pilot project in the Denton-Devonian Pool underlying the SW/4 NE/4 of Section 35, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The applicant is further authorized to re-enter its S & J Operating T. D. Pope Well No. 5, located at a standard surface location 1980 feet from the North and East lines (Unit G) of Section 35, and horizontally drill in the following unconventional manner:

Cement squeeze open-hole interval from 12,010 feet to 12,342 feet. Set cement kick-off plug and kick off from the vertical at a depth of approximately 12,030 feet and drill in a northeasterly direction building angle to approximately 90 degrees so as to penetrate the upper portion of the Devonian formation. Continue drilling horizontally an undetermined distance so as to bottom said wellbore no closer than 100 feet from the outer boundary of the SW/4 NE/4 of Section 35.

(3) The horizontal or producing portion of the wellbore shall be located no closer than 100 feet from the outer boundary of the SW/4 NE/4 of Section 35.

(4) The applicant shall determine the actual location of the kick-off point prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of the wellbore during or after completion of drilling operations in order to verify that the bottomhole location is in compliance with the terms of this order.

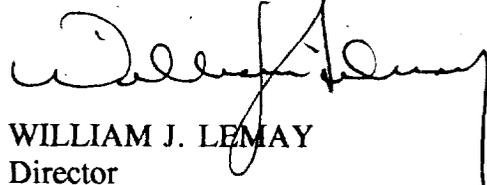
(5) The applicant shall notify the supervisor of the Hobbs district office of the Division of the date and time of conductance of any directional surveys in order that the same may be witnessed.

(6) The applicant shall submit copies of all directional surveys conducted on the subject well to both the Santa Fe and Hobbs offices of the Division.

(7) Jurisdiction of this cause is hereby 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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