

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. 9216
Order No. R-8525

APPLICATION OF HARVEY E. YATES
COMPANY FOR A HORIZONTAL DRAIN-
HOLE PILOT PROJECT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th 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, Harvey E. Yates Company (HEYCO), seeks authority to deepen its Young Deep Unit Well No. 8, located 660 feet from the North line and 860 feet from the East line (Unit A) of Section 9, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, through the Young-Bone Spring Pool to a depth of approximately 9000 feet and to then drill a single, or possibly multiple, short radius horizontal drainholes therefrom, bottoming each in the second sand member of the Bone Spring formation and extending laterally a maximum distance of 400 feet.

(3) The applicant testified that the direction of said horizontal drainholes will be determined after the well has been drilled to 9000 feet and logged and will extend laterally in the direction of best porosity.

(4) The NE/4 NE/4 (Unit A) of said Section 9 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Young-Bone Spring Pool.

(5) The proposed 40-acre proration unit is centrally located within the applicant's Young Deep Unit which comprises the S/2 of Sections 3 and 4 and all of Sections 9 and 10, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico.

(6) No working interest owner in the unit has objected to the proposed horizontal drainhole project.

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

(8) In the interest of conservation, the prevention of waste, and the protection of correlative rights, the application of HEYCO for a horizontal drainhole project should be approved.

(9) The evidence indicates that according to the present location of the well a horizontal drainhole drilled a distance of 400 feet in a westerly direction could extend beyond the boundary of the subject 40-acre proration unit.

(10) The lateral extent of any drainhole drilled in this well should be confined to an area no closer than 10 feet to any outer boundary of the proposed proration and should also be limited to a maximum true horizontal length of 400 feet.

(11) The applicant should be required to conduct a directional survey on the well during or upon completion of drilling operations to the proposed vertical drilling total depth of 9000 feet and should provide a copy of said survey to the supervisor of the Hobbs district office of the Division prior to initiating horizontal drilling operations.

(12) Prior to kicking-off any drainhole, the operator should notify the supervisor of the Hobbs district office of the Division its proposed direction and of the date and time of the directional drilling in order that the same may be witnessed.

(13) The applicant should further be required to conduct a directional survey on the well during or after the completion of horizontal drilling operations.

(14) Upon completion of horizontal drilling operations on the well, the applicant should file a copy of said directional survey along with a final report specifying the depth and location of the terminus of the drainholes with the Santa Fe office of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Harvey E. Yates Company (HEYCO), is hereby authorized to deepen its Young Deep Unit Well No. 8, located 660 feet from the North line and 860 feet from the East line (Unit A) of Section 9, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, through the Young-Bone Spring Pool to a depth of approximately 9000 feet and to then drill multiple short radius horizontal drainholes therefrom, bottoming each in the second sand member of the Bone Spring formation and extending laterally a maximum distance of 400 feet (true horizontal length).

(2) The NE/4 NE/4 (Unit A) of said Section 9 forming a standard 40-acre oil spacing and proration unit shall be dedicated to the well.

(3) The lateral extent of the drainholes shall be confined to an area no closer than 10 feet to the outer boundary of the proration unit and shall also be limited to a maximum true horizontal length of 400 feet.

(4) The applicant shall conduct a directional survey on the well during or upon completion of drilling operations to the proposed vertical drilling total depth of 9000 feet and shall provide a copy of said survey to the supervisor of the Hobbs district office of the Division prior to initiating horizontal drilling operations.

(5) Prior to kicking-off any drainhole, the operator shall notify the supervisor of the Hobbs district office of the Division its proposed direction and of the date and time of the directional drilling in order that the same may be witnessed.

(6) The applicant shall conduct a directional survey on the well during or after the completion of horizontal drilling operations.

-4-

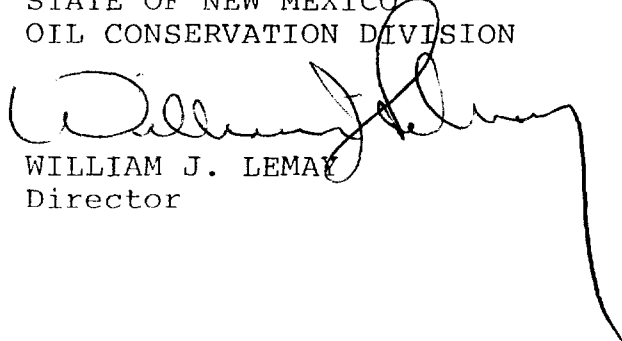
Case No. 9216
Order No. R-8525

(7) Upon completion of horizontal drilling operations on the well, the applicant shall file a copy of said directional survey along with a final report specifying the depth and location of the terminus of the drainholes with the Santa Fe office of the Division.

(8) 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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