

CASE NO. 9830
Order No. R-9097
Page -3-

(7) The applicant is the operator of the affected acreage to the South as described above, and no other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(8) Approval of the proposed pilot project should result in the recovery of an additional amount of gas from the subject proration unit which may not otherwise be recovered, thereby preventing waste, and will not violate correlative rights provided that the well is drilled as per the bottomhole location restrictions as described above.

(9) The applicant should be required to conduct a directional survey on the vertical portion of the wellbore prior to commencing directional drilling operations, and on the horizontal portion of the wellbore subsequent to directional drilling operations in order that the direction, extent, and terminus of said wellbore may be determined to be in compliance with the proposed bottomhole location.

(10) The applicant should further be required to submit copies of said directional surveys to the Santa Fe and Artesia district offices of the Division.

(11) The applicant should notify the supervisor of the Artesia district office of the Division of the date and time of commencement of directional drilling operations and of the conductance of any directional surveys on the proposed well in order that these operations may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Strata Production Company for a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) The applicant is further authorized to drill its Yeso Hills Federal Well No. 1 at the following unorthodox surface location and in the following manner: