

**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:

COPY

CASE NO. 9830  
Order No. R-9097

APPLICATION OF STRATA PRODUCTION  
COMPANY FOR AN UNORTHODOX GAS WELL  
LOCATION, HORIZONTAL DIRECTIONAL  
DRILLING PILOT PROJECT AND SPECIAL  
OPERATING RULES THEREFOR, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 13, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of January, 1990, 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, Strata Production Company, seeks authority to initiate a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, NMPM, Eddy County, New Mexico, forming a standard 160-acre gas spacing and proration unit in the Bone Spring formation, by drilling its Yeso Hills Federal Well No. 1 in the following manner: