

CONTINENTAL OIL COMPANY  
Fair Building  
Fort Worth 2, Texas

COPY

September 1, 1955

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention of Mr. W. B. Macey

Re: Case No. 942

Gentlemen:

At the conclusion of the taking of evidence in case 942 on August 17th our company requested a continuance to the September hearing in order to study the matter further. At that time a member of the Commission staff asked that operators mail to the Commission during the interim their suggestions as to how best to approach this problem, which we agreed to do.

Our reason for hesitating to endorse the proposed rule changes at that time was that the technique of drilling high angle drain holes is relatively new and therefore some additional study was thought to be in order before we expressed our views to the Commission. We wish to thank the Commission for granting our request for a continuance.

The evidence at the hearing indicated that the transition from vertical to horizontal drilling may be achieved in a relatively small amount of distance drilled, approximately 22 feet. It also indicated that the direction can be at least approximately controlled by the orientation of the drill pipe when the whipstock is run into the well. The evidence further indicated that at the present time distances drilled from the point of setting the whipstock do not ordinarily exceed 100' but have been as great as 170'. It would not be illogical to assume that with additional experience this distance will be exceeded. It is possible, however, that additional experience will prove greater lengths of drain holes to be impractical. Therefore, we suggest that the rules be left flexible enough that either eventuality will be covered.

We do not subscribe to the theory that an operator may intentionally deviate his well to his lease line and not suffer a penalty so long as the well is barely within the confines of his lease. On the other hand we recognize that a bore hole will deviate from the vertical; and so long as the direction is not controlled, and in the absence of evidence indicating the well has deviated beyond the limits of the lease, there is no valid reason to require the operator to

locate the bottom of the hole with relation to the lease lines. We also see no particular objection to the use of high angle drain holes, but we feel that certain restrictions should be imposed on the use of this technique.

We would suggest the following changes in the proposed amendments to rule 111 distributed at the hearing.

1. In paragraphs 1 and 6 under sub-section (c) the word "sworn" be substituted for the word "validated", and in paragraph 5, the words "sworn statement listing", in lieu of "validated mailing list of".
2. In lieu of paragraph 2 the following language be substituted:
  - "2. The footage drilled from the point of setting the whipstock shall not exceed (a) the distance that the surface location of said well from the nearest lease boundary exceeds the minimum distance allowed by the applicable rules; or, (b) one-half the horizontal distance from the location of the point of setting the whipstock, as determined by directional survey, to the nearest lease boundary.
3. Paragraph 3 be changed slightly as follows:

"The taking of a direction survey is impractical with equipment and technology existing at that time."

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We will have a representative at the hearing in September  
who may have additional suggestions to offer at that time.

Yours very truly,

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H. L. Johnston