

Ph. S. 10/13/93

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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. 10806
ORDER NO. R-****
9989

**APPLICATION OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT, SPECIAL OPERATING
RULES THEREFOR, A NON-STANDARD OIL PRORATION
UNIT, AN UNORTHODOX OIL WELL LOCATION, AND A
SPECIAL PROJECT OIL ALLOWABLE, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of October, 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, Kinlaw Oil Corporation, seeks authority to initiate a short radius high angle/horizontal directional drilling pilot project in the South Denton-Devonian Pool underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, both in Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool.

(3) The applicant ^{rc}purposes to re-enter the Bristol Resources Corporation New Mexico "M" Well No. 1 located at a standard surface location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 36 in the following unconventional manner:

Mill the 7-inch casing from approximately

13,042 feet to 13, 092 feet, set a cement plug and kick off from the vertical at a depth of approximately 13,062 feet and drill in a southwesterly direction building angle to approximately 96 degrees, continue drilling horizontally a distance of 500 to 700 feet in the Devonian formation.

(4) The applicant further seeks the adoption of special operating provisions and rules within said pilot project area including the designation of a target window within said pilot project area such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to the outer boundary of the proration unit and for a special project oil allowable to be assigned thereto in accordance with Division General Rule 104.H based upon the unit size of 80~~X~~ acres.

(5) Subsequent to the hearing the applicant requested that this matter be dismissed.

IT IS THEREFORE ORDERED THAT:

Division Case No. 10806 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

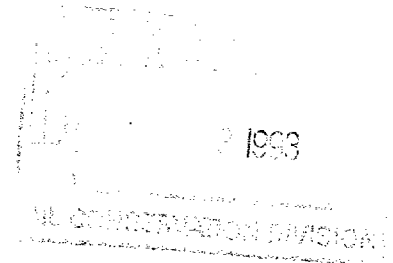
CASE 10806:

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefore, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant in the above-styled cause, seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre spacing and proration unit for said pool. Applicant proposes to re-enter its Magnolia Petroleum New Mexico "M" Well No. 1 which is at an orthodox location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 36, kick-off from vertical in a southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately ____ miles ____ of _____, New Mexico.

1993

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT,
SPECIAL OPERATING RULES THEREFORE, A
NON-STANDARD OIL PRORATION UNIT, AN
UNORTHODOX WELL LOCATION, AND A
SPECIAL PROJECT OIL ALLOWABLE,
LEA COUNTY, NEW MEXICO.



CASE NO. 10806

APPLICATION

KINLAW OIL CORPORATION, through its undersigned attorneys, hereby makes application for approval of a high angle/horizontal directional drilling pilot project, special operating rules, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, and in support thereof states:

1. Applicant is the operator of the Devonian formation, Denton-Devonian Pool, underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to re-enter and horizontally drill its Magnolia Petroleum New Mexico "M" Well No. 1 from a surface location 1,980 feet from the South line and 660 feet from the West line of Section 36 by re-entering the wellbore, plugging back the well and then directionally drilling in a southwesterly direction to reach the Devonian formation at a depth of approximately 13,032 feet and then drilling horizontally until approximately 1,500 feet of lateral distance is attained.

3. The project area for the proposed horizontal well will be a non-standard oil proration unit comprised of the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36.

4. Applicant seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore from 990 feet from the East line of Section 35 and 990 feet from the West line of Section 36 and from 1,650 feet to 2,310 feet from the South lines of Sections 35 and 36 thereby requiring the horizontal portion of the wellbore be set back at least 330 feet from the outer boundary of the non-standard unit.

5. Applicant also seeks an exception to the spacing and well location requirements of General Rule 104 for the Magnolia Petroleum New Mexico "M" Well No. 1 and a special project oil allowable based on the total acreage dedicated to it.

6. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 26, 1993, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR KINLAW OIL
CORPORATION

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT,
SPECIAL OPERATING RULES THEREFORE, A
NON-STANDARD OIL PRORATION UNIT, AN
UNORTHODOX WELL LOCATION, AND A
SPECIAL PROJECT OIL ALLOWABLE,
LEA COUNTY, NEW MEXICO.

CASE NO. 10806

APPLICATION

KINLAW OIL CORPORATION, through its undersigned attorneys, hereby makes application for approval of a high angle/horizontal directional drilling pilot project, special operating rules, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, and in support thereof states:

1. Applicant is the operator of the Devonian formation, Denton-Devonian Pool, underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico.
2. Applicant proposes to re-enter and horizontally drill its Magnolia Petroleum New Mexico "M" Well No. 1 from a surface location 1,980 feet from the South line and 660 feet from the West line of Section 36 by re-entering the wellbore, plugging back the well and then directionally drilling in a southwesterly direction to reach the Devonian formation at a depth of approximately 13,032 feet and then drilling horizontally until approximately 1,500 feet of lateral distance is attained.

3. The project area for the proposed horizontal well will be a non-standard oil proration unit comprised of the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36.

4. Applicant seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore from 990 feet from the East line of Section 35 and 990 feet from the West line of Section 36 and from 1,650 feet to 2,310 feet from the South lines of Sections 35 and 36 thereby requiring the horizontal portion of the wellbore be set back at least 330 feet from the outer boundary of the non-standard unit.

5. Applicant also seeks an exception to the spacing and well location requirements of General Rule 104 for the Magnolia Petroleum New Mexico "M" Well No. 1 and a special project oil allowable based on the total acreage dedicated to it.

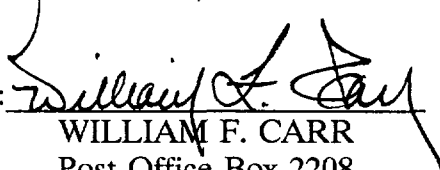
6. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 26, 1993, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By:



WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR KINLAW OIL
CORPORATION

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT,
SPECIAL OPERATING RULES THEREFORE, A
NON-STANDARD OIL PRORATION UNIT, AN
UNORTHODOX WELL LOCATION, AND A
SPECIAL PROJECT OIL ALLOWABLE,
LEA COUNTY, NEW MEXICO.

CASE NO. 10800

APPLICATION

KINLAW OIL CORPORATION, through its undersigned attorneys, hereby makes application for approval of a high angle/horizontal directional drilling pilot project, special operating rules, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, and in support thereof states:

1. Applicant is the operator of the Devonian formation, Denton-Devonian Pool, underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico.
2. Applicant proposes to re-enter and horizontally drill its Magnolia Petroleum New Mexico "M" Well No. 1 from a surface location 1,980 feet from the South line and 660 feet from the West line of Section 36 by re-entering the wellbore, plugging back the well and then directionally drilling in a southwesterly direction to reach the Devonian formation at a depth of approximately 13,032 feet and then drilling horizontally until approximately 1,500 feet of lateral distance is attained.

3. The project area for the proposed horizontal well will be a non-standard oil proration unit comprised of the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36.

4. Applicant seeks the adoption of special operating provisions and rules within the project area including the designation of a target window for the horizontal portion of the wellbore from 990 feet from the East line of Section 35 and 990 feet from the West line of Section 36 and from 1,650 feet to 2,310 feet from the South lines of Sections 35 and 36 thereby requiring the horizontal portion of the wellbore be set back at least 330 feet from the outer boundary of the non-standard unit.

5. Applicant also seeks an exception to the spacing and well location requirements of General Rule 104 for the Magnolia Petroleum New Mexico "M" Well No. 1 and a special project oil allowable based on the total acreage dedicated to it.

6. Granting this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 26, 1993, and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

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Post Office Box 2208
Santa Fe, New Mexico 87504
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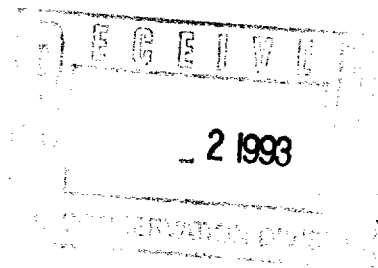
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September 2, 1993

HAND-DELIVERED

Michael E. Stogner
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503



Re: Case No. 10806:
Application of Kinlaw Oil Corporation for a High Angle/Horizontal Drilling
Directional Pilot Project, Special Operating Rules Therefore, a Non-Standard
Oil Proration Unit, an Unorthodox Well Location, and Special Project
Allowable, South Denton-Devonian Pool, Lea County, New
Mexico

Dear Mr. Stogner:

Enclosed for your consideration is the proposed Order of the Division of Kinlaw Oil
Corporation in the above-referenced case. If you desire, I will be happy to provide this draft
to you on a floppy disk.

Your attention to this matter is appreciated.

Very truly yours,

WILLIAM F. CARR

WFC:mlh
Enclosure

cc: Mr. Mike Hill (w/enclosure)

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. 10806
Order No. R-_____

APPLICATION OF KINLAW OIL CORPORATION
FOR A HIGH ANGLE/HORIZONTAL
DIRECTIONAL DRILLING PILOT PROJECT,
SPECIAL OPERATING RULES THEREFORE,
A NON-STANDARD OIL PRORATION UNIT,
AN UNORTHODOX WELL LOCATION, AND
A SPECIAL PROJECT ALLOWABLE,
SOUTH DENTON-DEVONIAN POOL,
LEA COUNTY, NEW MEXICO.

**KINLAW OIL CORPORATION'S PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of September, 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, Kinlaw Oil Corporation ("Kinlaw") seeks authority to initiate a horizontal directional drilling pilot project located on a non-standard oil proration unit comprised of the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, NMPM, South Denton-Devonian Pool, Lea County, New Mexico. Applicant also seeks approval of the unorthodox well location for this well and the adoption of provisions within said project area including special well location requirements and allowable considerations.

(3) Kinlaw proposes to reenter its Magnolia Petroleum New Mexico "M" Well No. 1 located at a standard surface location 1980 feet from the South line and 660 feet from the West line of Section 36, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico.

(4) The proposed horizontal well will be located within the boundaries of the South Denton-Devonian Pool and, as such, would be subject to general rules and regulations for oil pools which require 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the unit.

(5) Kinlaw proposes to complete said well in the following manner:

Directionally drill said well by kicking off from the vertical in the Devonian formation at a depth of approximately 13,042 feet, drill a short-radius curve in such a manner as to penetrate the Devonian formation horizontally, utilize existing and proven technology to drill horizontally within the Devonian formation in a southwesterly direction a distance of 500 feet to 700 feet, and produce the Devonian formation throughout the entire horizontal interval.

(6) As a result of the proposed completion, the producing interval in the well may include an area underlying both the NE/4 SE/4 of said Section 35 and the NW/4 SW/4 of said Section 36.

(7) The applicant presented evidence that demonstrates the wellbore will be located a minimum distance of 330 feet from the outer boundary of the acreage dedicated to it and, as such, will not encroach upon offsetting proration units, thereby protecting correlative rights.

(8) Testimony by the applicant further indicated that this type of well completion in the South Denton-Devonian Pool should result in the recovery of oil that will otherwise not be recovered, thereby preventing waste.

(9) All offset acreage is operated by Kinlaw Oil Corporation, and, therefore, there are no offset operators affected by the proposed horizontal directional drilling project.

(10) In the interest of conservation, prevention of waste, and protection of correlative rights, the application of Kinlaw Oil Corporation should be granted approving a horizontal directional drilling project on a non-standard oil proration unit comprised of the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, NMPM, provided, however, that (a) the bottomhole location of the well should not be located closer than 330 feet to the outer boundary of the project area and (b) the applicant should be required to conduct a directional survey on the well during the drilling of or after the completion of drilling operations on the well, and submit to the Santa Fe office of the Division a copy of said directional survey. An allowable of 910 barrels of oil per day should be established for this 80-acre project area, which is equal to the allowable assigned to a standard 40-acre proration unit in the pool times two.

IT IS THEREFORE ORDERED THAT:

(1) The application of Kinlaw Oil Corporation for a horizontal directional drilling project consisting of a non-standard oil proration unit in the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, NMPM, South Denton-Devonian Pool, Lea County, New Mexico, is hereby approved.

(2) The applicant is further authorized to reenter its Magnolia Petroleum New Mexico "M" Well No. 1 at a standard surface location 1980 feet from the South line and 660 feet from the West line of Section 36, in the following manner:

Directionally drill said well by kicking off from the vertical in the Devonian formation at a depth of approximately 13,042 feet, drill a short-radius curve in such a manner as to penetrate the Devonian formation horizontally, utilize existing and proven technology to drill horizontally within the Devonian formation in a southwesterly direction a distance of 500 feet to 700 feet, and produce the Devonian formation throughout the entire horizontal interval.

(3) The bottomhole location of the proposed well shall not be located closer than 330 feet to the outer boundary of the project area.

(4) The applicant shall conduct a directional survey on the proposed well during the drilling or after the completion of drilling operations on the well and shall submit to the Santa Fe office of the Division a copy of said directional survey.

(5) The 80-acre pilot project area shall be assigned an allowable of 910 barrels of oil per day.

Case No. 10806

Order No. R-_____

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(6) Jurisdiction 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

S E A L