

CASE _____:

10863

Application of Yates Petroleum Corporation for a horizontal directional drilling pilot project area and special operating rules therefore, Chaves County, New Mexico. Applicant seeks authority to institute a horizontal directional drilling project in the Tomahawk-San Andres Pool on its Loveless LQ State Lease in the SW/4 of Section 36, Township 7 South, Range 31 East. Applicant proposes to drill its Loveless LQ State No. 9 Well at a surface location 2310 feet from the West line and 990 feet from the South line (Unit N); kicking off from vertical, build angle to approximately 90 degrees with a medium radius curve and continue drilling a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary of the project area. Further, the applicant seeks the promulgation of special operating rules and procedures for said project area including the formation of an oversized and irregular shaped spacing and proration unit to accommodate such wellbore, and the assignment of a special oil allowable to this unit. Said project area is located approximately 12 miles south by east of Kenna, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR A HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT AREA
AND SPECIAL OPERATING RULES THEREFORE,
CHAVES COUNTY, NEW MEXICO.

CASE NO. 10863

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for approval of a horizontal directional drilling pilot project area and special operating rules therefore and in support thereof states:

1. Yates is the operator of the San Andres formation, Tomahawk-San Andres Pool, underlying its Loveless LQ State Lease, which includes the SW/4 of Section 36, Township 7 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, hereinafter referred to as the "Project Area."

2. Within the Project Area, Yates seeks authority to horizontally drill its Loveless LQ State No. 9 Well from a surface location 2310 feet from the West line and 990 feet from the South line (Unit N) of Section 36, Township 7 South, Range 31 East:

- (a) using medium-radius drilling techniques in a direction and lateral distance to be determined by Yates;
- (b) traversing quarter-quarter section lines within the Project Area by its proposed horizontal wellbore;

- (c) drilling the proposed horizontal wellbore to within 100 feet of the outer boundary of the Project Area; and
- (d) receiving a project allowable based upon the length of the horizontal drainhole within the Project Area.

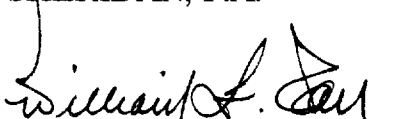
3. Horizontally drilling within the Project Area should result in the recovery of significant volumes of oil and gas which was not recovered by the existing conventional vertical wellbores, thereby preventing waste.

4. Approval of this application will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 4, 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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October 12, 1993

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

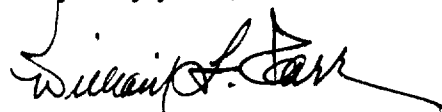
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Re: Application of Yates Petroleum Corporation for a Horizontal Directional
Drilling Pilot Project Area and Special Operating Rules therefore, Chaves
County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of a legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the November 4, 1993 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mr. Pinson McWhorter
Yates Petroleum Corporation
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