

BEFORE THE
OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

APR 10 1990

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
HARVEY E. YATES COMPANY,
FOR DIRECTIONAL DRILLING, AND
HORIZONTAL DRILLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 9935

APPLICATION

HARVEY E. YATES COMPANY, by its undersigned attorneys, hereby makes application pursuant to Oil Conservation Division Rule 111 to directionally sidetrack its Duncan Unit No. 3 Well, and, if information obtained from cores warrants, to horizontally drill this well, and in support thereof states:

1. Applicant is the operator of the Mississippian formation, Austin-Mississippian Northwest Pool, underlying the S/2 of Section 26, Township 13 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and proposes to directionally drill its Duncan Unit No. 3 Well to core the Mississippian formation and then to horizontally drill this well if the core analysis indicates the presence and orientation of fractures and the probable success of intersecting the fracture system by means of horizontal drilling.

2. Applicant proposes to enter its Duncan Unit No. 3 Well which is located at a surface location of 660 feet from the South line and 1980 feet from the West line at a depth of approximately 13,090 feet by sidetracking through the casing and directional drilling said well in an anticipated northeasterly direction to intercept the Mississippian formation at an approximate depth of 13,434 feet. Applicant will core approximately 60

to 80 feet of the formation with said well at a total depth of approximately 13,514 feet.

3. Applicant seeks approval to directionally drill from 13,090 feet and intersect the pay section horizontally at 15,454 feet. The producing interval in the horizontal portion of the wellbore will be located in the S/2 of Section 26 and will be at a standard setback from the outer boundary of this spacing unit.

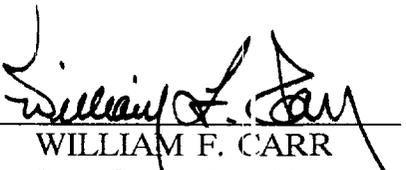
4. Applicant also seeks an exception from the well location requirements of Division Rule 104 for the S/2 of Section 26 in the Austin-Mississippian Northwest Pool.

5. 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 matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 2, 1990 and, after notice and hearing as required by law, the Division enter its Order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

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