

17
F

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. 10818
ORDER NO. R-9969

APPLICATION OF PETROLEUM DEVELOPMENT COMPANY FOR A SHORT
RADIUS HORIZONTAL DIRECTIONAL DRILLING PROJECT AREA AND
SPECIAL OPERATING RULES THEREFOR, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd 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) Division Case Nos. 10818, 10819, 10820 and 10821 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Petroleum Development Company, seeks authority to institute a short radius horizontal directional drilling project in the Tomahawk-San Andres Pool on its Strange Federal Lease comprising the S/2 of Section 25, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, hereinafter referred to as the "project area".
- (4) Within the project area the applicant seeks authority to:

- a) horizontally drill the existing Strange Federal Well No. 1 located 660 feet from the South and East lines (Unit I), the Strange Federal Well No. 2 located 660 feet from the South line and 1980 feet from the East line (Unit O), and the Strange Federal Well No. 3 located 2100 feet from the South line and 1980 feet from the East line (Unit J), all in Section 25, in a direction and lateral distance to be determined by the applicant;
- b) traverse quarter and quarter-quarter section lines within the project area by any of its proposed horizontal wellbores;
- c) drill the proposed horizontal wellbores to within 100 feet of the outer boundary of the project area; and,
- d) administratively receive an adjustable project allowable based upon the number of standard 40-acre proration units within the project area which are developed or traversed by a horizontal wellbore.

(5) The applicant further seeks the promulgation of special operating rules and procedures within the project area including provisions for administrative authorization of further horizontal wellbores, the formation of non-standard or irregular sized spacing units, and the assignment of special oil allowables.

(6) At the time of the hearing, the applicant requested that its proposal for the establishment of administrative authorization procedures within the project area be dismissed.

(7) By Order No. R-9876 issued in Case No. 10696 on April 15, 1993, the Division authorized Petroleum Development Corporation to initiate a horizontal directional drilling project within the S/2 SW/4 of Section 25, Township 7 South, Range 31 East, NMPM, by horizontally drilling its Strange Federal Well No. 5 located 660 feet from the South line and 1980 feet from the West line (Unit N).

(8) By Order No. R-9897 issued in Case No. 10713 on May 19, 1993, the Division authorized Petroleum Development Corporation to initiate a horizontal directional drilling project within the NE/4 SE/4 of Section 25, Township 7 South, Range 31 East, NMPM, by horizontally drilling its existing Strange Federal Well No. 4 located 1980 feet from the South line and 660 feet from the East line (Unit D).