

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. 11083
ORDER NO. R-10274

APPLICATION OF PETROLEUM DEVELOPMENT CORPORATION FOR A HIGH
ANGLE/HORIZONTAL DIRECTIONAL DRILLING PILOT PROJECT AND FOR THE
PROMULGATION OF 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 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1994 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) At the time of the hearing Division Case Nos. 11082, 11083, and 11084 were consolidated for purposes 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 Tom "36" State Lease comprising the NE/4 NE/4, S/2 NE/4, and SE/4 of Section 36, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, hereinafter referred to as the "project area".

(4) The Tomahawk-San Andres Pool is currently governed by the Division's Statewide Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of a spacing unit, a standard oil allowable of 80 barrels of oil per day, and a limiting gas-oil ratio of 2,000 cubic feet of gas per

barrel of oil.

(5) Within the project area the applicant seeks authority to:

- (a) utilize the existing wellbores of its Tom "36" State Well No. 1 (API No. 30-005-20685), located 660 feet from the North and East lines (Unit A), its Tom "36" State Well No. 4 (API No. 30-005-21015), located 1980 feet from the South and East lines (Unit J), and its Tom "36" State Well No. 5 (API No. 30-005-21105), located 660 feet from the South and East lines (Unit P), all in said Section 36 to drill short radius horizontal drainholes a lateral distance of approximately 1500 feet in a direction to be determined by the applicant;
- (b) the ability to traverse quarter section and quarter-quarter section lines within the project area in order to form non-standard oversized and irregular sized spacing and proration units to accommodate such wellbores;
- (c) drill the proposed horizontal wellbores to within 100 feet of the outer boundary of the project area; and,
- (d) the assignment of an allowable for a horizontally drilled well based upon the number of standard 40-acre proration units which are developed or traversed by a horizontal wellbore.

(6) The applicant further seeks the promulgation of special operating rules and procedures within the project area including provisions for administrative authorization for future horizontal wellbores, and the assignment of a special oil allowable or formula for the project area.

(7) The applicant initially proposes to recomplete the Tom "36" State Well Nos. 1, 4, and 5 by plugging-back, milling a window in the existing production casing, kick-off from the vertical, drill a short radius curve hole to approximately 90 degrees and continue drilling horizontally within the Tomahawk-San Andres Pool.