

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8645
Order No. R-8076

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO AMEND RULE 102 TO REQUIRE A COPY OF FORM
C-101 (PERMIT) ON LOCATION DURING DRILLING
OPERATIONS, TO PROVIDE FOR NOTICE TO
LANDOWNERS AND/OR TENANTS PRIOR TO THE
STAKING OF WELL LOCATIONS AND TO PROVIDE
NOTICE TO THE OPERATOR OF ANY OTHER WELLS
LOCATED ON THE SAME QUARTER-QUARTER SECTION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on July 10, September 18, and October 17, 1985, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of November, 1985, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The Oil Conservation Division, hereinafter referred to as the Division, is proposing to amend its general Rule 102(a), as shown on Exhibit "A" attached to this Order, to require that a copy of the approved Application to Drill, Form C-101, be required to be kept at the well site during drilling operations including re-entry and plug-back operations.

(3) The on site Form C-101 requirement is necessary in order for Division inspectors to satisfactorily carry out their duties of enforcing Division rules, including those preventing

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waste, protecting correlative rights, and protecting fresh water.

(4) The Division further proposed to require notification by the operator of the surface owner and/or tenant or lessee prior to the staking of well locations.

(5) While this proposal is laudable and could serve to eliminate unnecessary surface owner/oil operator disputes, there was insufficient evidence presented upon which to make a finding at this time that the proposed rule falls within the Division's statutory mandate and this portion of the application should be denied.

(6) After the July 10, 1985, hearing in this case, an operator asked that it be reopened for consideration of giving notice to operator(s) of existing wells in any quarter-quarter section when a new well is proposed therein.

(7) Case No. 8645 was reopened and testimony was received on this additional proposal on September 18 and October 17, 1985.

(8) When wells are drilled on the same quarter-quarter section with existing wells, the opportunities for causing damage to the surface or subsurface facilities associated with such existing wells is increased as opposed to drilling in a "virgin" area.

(9) Some such damage may result in waste or violation of correlative rights.

(10) The foreknowledge that an operator is preparing to drill in the same quarter-quarter section with existing wells will permit the operator(s) of such wells the opportunity to take action to preclude such damage.

(11) To prevent waste and protect correlative rights, a new paragraph (c) should be added to said Rule 102, also shown on said Exhibit "A".

(12) The effective date of this order and of the rule change contained herein should be January 1, 1986.

IT IS THEREFORE ORDERED THAT:

(1) Division Rule 102 is hereby amended to read in its entirety as shown on Exhibit "A" attached to and made a part of this Order.

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(2) The application of the Division to amend said Rule 102 to require notice by the well operator of the surface owner and/or tenant or lessee prior to the staking of a well is hereby denied.

(3) The effective date of this order and of the Amendment of said Rule 102 shall be January 1, 1986.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

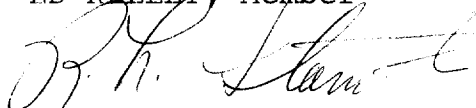
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman
and Secretary

S E A L

RULE 102. NOTICE OF INTENTION TO DRILL

(a) Prior to the commencement of operations, notice shall be delivered to the Division of intention to drill any well for oil or gas or for injection purposes and approval obtained on Form C-101. A copy of the approved Form C-101 must be kept at the well site during drilling operations.

(b) No permit shall be approved for the drilling of any well within the corporate limits of any city, town, or village of this state unless notice of intention to drill such well has been given to the duly constituted governing body of such city, town or village or its duly authorized agent. Evidence of such notification shall accompany the application for a permit to drill (Form C-101).

(c) When filing a permit to drill in any quarter-quarter section containing an existing well or wells, the applicant shall concurrently file a plat or other acceptable document locating and identifying such well(s) and a statement that the operator(s) of such well(s) have been furnished a copy of the permit.

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EXHIBIT "A"