

Horizontal Well Rule

- Ask the Commission to Adopt AMENDMENTS to the Oil Conservation Division (OCD) Rules 19.15.14 NMAC and 19.15.16 NMAC regarding horizontal well drilling in New Mexico.
- Certify the New Rules so adopted for publication to the New Mexico Register as required by statute.

INTRODUCTION

- ▶ Horizontal Wells – have become one of the most valuable and emerging technologies in the oil and gas industry
- ▶ Current OCD Rules do not adequately address horizontal well drilling
- ▶ Operators in New Mexico are desirous to develop their minerals with horizontal wells
- ▶ OCD may approve or deny the request for non-standard spacing unit.
- ▶ OCD has used these procedures for several years.

Case: 14744

OCD Exhibit 2

- ▶ In 2008, it became necessary to develop a horizontal well rule.
- ▶ The NMOGA Regulatory Practices Committee (RPC) took the task of developing the horizontal well rule in 2008.
- ▶ The RPC produced a tentative draft in June of this year.
- ▶ In June of this year, the OCD was charged with developing a horizontal well rule.
- ▶ The OCD formed a horizontal well rule workgroup.

Members of the Workgroup Include Personnel From the Following:

- ▶ Oil and Gas Industry including majors and independents
- ▶ New Mexico State Land Office (SLO)
- ▶ The Bureau of Land Management (BLM)
- ▶ The Oil Conservation Division (OCD), including the Santa Fe and District Offices

With expertise of the members ranging from:

- ▶ Landmen
- ▶ Attorneys
- ▶ Geologists
- ▶ Drilling Engineers
- ▶ Reservoir Engineers
- ▶ Production Engineers

Dedicated Members of the Workgroup and affiliations

Name	Affiliation	Name	Affiliation
Bill Carr	Holland and Hart	David Poage	Energen Resources
Al Springer	Yates Petroleum	Matt Humefeld	ConocoPhillips
Jay Spielman	Bureau of Land Management	Carol Leach	Concho/COG
Chuck Creekmore	ConocoPhillips	Sean Carrigan	ConocoPhillips
Trey Jamison	ConocoPhillips	E.L. Gonzales	OCD District I, Hobbs
Ken McQueen	Williams Production Company	Elizabeth Premo	OCD District III, Aztec
Neale Roberts	ConocoPhillips	Ed Martin	OCD District IV, Santa Fe
Jeff Albers	State Land Office	Gabrielle Gerholt	OCD Santa Fe
Jan Spradlin	Concho/COG	David Brooks	OCD Santa Fe
Adrienne Brumley	Bureau of Land Management	Richard Ezeanyim	OCD Santa Fe

- ▶ Workgroup met for the first time on 6/29/11
- ▶ Used the NMOGA/RPC draft as the starting point
- ▶ Developed a time line for further meetings
- ▶ Met every Wednesday for whole days (morning and afternoon)
- ▶ After every meeting, draft was provided by David Brooks and distributed to members to read before the next meeting
- ▶ We were able to provide a draft on 8/3/11
- ▶ Final draft was produced on 8/10/11
- ▶ CONSENSUS reached by all the members of the workgroup.