

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ON ITS
OWN MOTION TO AMEND RULE 111 OF ITS GENERAL RULES AND
REGULATIONS PERTAINING TO DEVIATION TESTS, DIRECTIONAL DRILLING,
AND HORIZONTAL WELLBORES**

CASE: 11762

APPLICATION

COMES NOW the New Mexico Oil Conservation Division ("Division") and applies to the New Mexico Oil Conservation Commission to amend Rule 111 of the Division Rule and Regulations to simplify the regulatory process by eliminating the requirements for notice, the filing of an administrative application, and a possible hearing strictly on the grounds that a proposed well or existing recompletion is to be deviated, directionally drilled, or is to include a horizontal wellbore, to recognize District authority in the processing of such operations including the formation of Project Areas or the combining of drilling units for horizontal/high angle directional drilling operations and in support thereof states that:

(1) The New Mexico Oil Conservation Division has issued numerous orders approving applications for deviated, directionally drilled, and horizontal wellbores in the State of New Mexico.

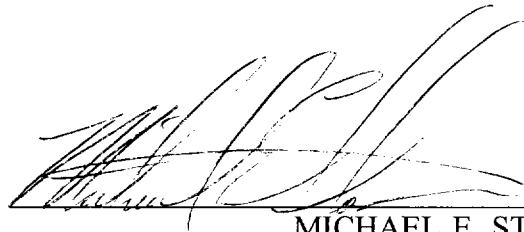
(2) These applications and resulting orders (designated as *Division Administrative Order "DD"*) by the Division, many which were issued after notice and hearing (designated as *Division "R" Orders*): (i) have been accomplished usually without opposition; (ii) have now become somewhat routine; and, (iii) now constitute a substantial volume of technical and administrative information from which:

(a) the necessity of requiring notification of off-set operators and/or mineral interests is no longer applicable and can now be eliminated; and,

(b) the transfer of authority from the Division's Santa Fe office to the appropriate District offices in overseeing the administrative processing of such matters and with the incorporation of these processes into the current well management system.

(3) Based upon its experience, the Division hereby recommends that the New Mexico Oil Conservation Commission adopt the recodified Rule 111 as shown on the attached Exhibit "A".

WHEREFORE, the applicant requests that this application be set for hearing before the New Mexico Oil Conservation Commission on the 10th day of April, 1997, and that after notice and hearing the application be approved.

A handwritten signature in black ink, appearing to read 'Michael E. Stogner', is written over a horizontal line.

MICHAEL E. STOGNER
CHIEF HEARING OFFICER/ENGINEER
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