

CASE 5329: HEARING CALLED BY OCC
ON ITS OWN MOTION TO CONSIDER THE
AMENDMENT OF RULE 109.

CASE No.

5329

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 2, 1974

EXAMINER HEARING

IN THE MATTER OF:

The Hearing called by the Oil Conservation
Commission on its own motion to consider
the amendment of Rule 109 of the Commis-
sion Rules and Regulations to require
installation of blowout preventers on all
drilling and workover rigs operating in
areas of unknown pressures or high
pressures and on all drilling and workover
rigs operating within the corporate limits
of any city, town, or village or within
1320 feet of a habitation, school or
church wherever located.

Case No.
5329

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

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R. L. STAMETS

Direct Examination by Mr. Derryberry

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Cross Examination by Mr. Nutter

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STAMETS-DIRECT

CASE 5329

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MR. NUTTER: The Hearing will come to order, please. The first case we will call this morning will be Case No. 5329, which is in the matter of a hearing called by the O.C.C. on its own Motion to consider the amendment of Rule 109 of the Commission Rules and Regulations to require installation of blowout preventers on all drilling and workover rigs operating in the areas of unknown pressures or high pressures and on all drilling and workover rigs operating within the corporate limits of any city, town, or village or within 1320 feet of a habitation, school, or church wherever located.

Are there any appearances to be made in this case this morning?

MR. DERRYBERRY: Yes. I am Tom Derryberry, and I am appearing for the Commission. I have one witness to be sworn.

MR. NUTTER: Any other appearances?

(Witness sworn.)

MR. NUTTER: Mr. Derryberry?

R. L. STAMETS

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

THE NYE REPORTING SERVICE
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SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

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BY MR. DERRYBERRY:

Q Would you please state your name and position for the record?

A I am R. L. Stamets, Technical Support Chief for the Oil Conservation Commission in Santa Fe.

Q Would you please give a brief summary of your educational background and the duties that you have performed for the Commission?

A I have a Bachelor of Science degree in Geology from Ohio State University, 1956, and went to work for the Oil Conservation Commission in October of 1957. I worked here in Santa Fe. I worked about 12 years in the Artesia District Office and then back here in Santa Fe for about three years. My duties, during this period, have included field duties where I have gone out and observed field operations, drilling rigs, workover operations, production operations. I have done geological work while I was in the Artesia Office, preparing pool recommendations on pool creations and extensions. I have proposed rule revisions, forms and a wide variety of work in the Commission.

Q Are you familiar with Rule 109 of the Commission Rules and Regulations?

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A Yes, I am.

Q Has the Commission proposed a change to that Rule?

A Yes, we have proposed a rule change to Rule 109, and that is shown on Exhibit A, and I have copies of Exhibit A here if anyone would like to see them.

Q Are you familiar with the contents of the change?

A Yes, I am.

MR. DERRYBERRY: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are. You may proceed.

BY MR. DERRYBERRY:

Q Would you please review the revision to Rule 109 and compare it with the original Rule 109 and point out any differences?

A Yes. Perhaps a little background on this: As the years have rolled by, drilling has become a little bit deeper. We have pressed into areas where it has not been before. There is, of course, a lot more pressure these days for more control of the wells to prevent blowouts. Also, we have had situations where wells considered long dead have been worked over in towns and they have experienced some blowouts. It appeared that Rule 109, as it had been written in the Commission Rule Book for a number of years

STAMETS-DIRECT

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is inadequate to provide proper protection, so, we have proposed a revised Rule 109 and I would just like to read this into the record:

(Reading) Rule 109, Blowout Prevention.

Section A: Blowout preventers shall be installed and maintained in good working order on all drilling rigs operating in areas of known high pressures at or above the projected depth of the well, and in all areas where pressures which will be encountered are unknown and on all workover rigs working on wells and the high pressures are known to exist. (End of reading.)

This should pretty well cover all of those potential areas for blowouts.

Secondly, in B: (Reading) Blowout preventers shall be installed and maintained in good working order on all drilling rigs and workover rigs operating within the corporate limits of any city, town, or village, or within 1320 feet of any habitation, school or church wherever located. (End of reading.)

This should provide adequate protection for life and property from workover operations.

(Reading) C: All operators, when filing Form C-101, Application for Permit to Drill, Deepen or Plug Back,

STAMETS-DIRECT

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or Form C-103, Sundry Notices for any operation requiring blowout prevention equipment, in accordance with Sections A and B above shall submit a proposed blowout prevention program for the well. The program, as submitted, may be modified by the District Supervisor, if in his judgment such modification is necessary. (End of reading.)

This basically just puts into the Rules and Regulations a common practice which is actually going on now in the District Offices.

Q Do you recommend that the Commission adopt the revised Rule 109?

A Yes, I do.

Q Do you have anything further to add to your testimony?

A No.

MR. DERRYBERRY: I have no further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stamets, Rule 1303 of the Commission Rules and Regulations provides that oil and gas inspectors shall have the discretion to allow minor deviations from the requirements of the rules as to field practices whereby so doing, waste will be prevented or burdensome delay or

expenses on the part of the operator would be avoided. Is it your position that in the event the Rule would apparently require blowout prevention, the equipment on a well, but actual conditions are known to exist which would render the compliance with the Rule unnecessary, would it be your position that Rule 1303 would provide the District Supervisor or the oil and gas inspector authority to deviate from the requirement of the Rule if, in his judgment, he thought it proper?

A Yes. After examining both of these Rules, that is my position, that the District Supervisor would have authority to set aside the blowout prevention requirements in certain cases as he saw fit.

Q If he knew enough about the conditions to know that the compliance with the Rule was unnecessary?

A Right.

MR. NUTTER: Are there further questions of Mr. Stamets? He may be excused. Do you have that in the form of an exhibit, Mr. Stamets?

THE WITNESS: Yes, I do.

MR. DERRYBERRY: At this time I would like to offer Commission's Exhibit A into the record.

MR. NUTTER: Without objection, Commission's Exhibit

A, Case 5329, will be admitted into the record.

(Whereupon, Commission's Exhibit A, was marked
for identification, and admitted into evidence.)

MR. NUTTER: Does anyone have anything they wish
to offer in Case No. 5329?

We will take the case under advisement.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard T. Reed
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5329, heard by me on 10/5, 19 74.

[Signature] Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5329
Order No. R-4880

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO CONSIDER THE AMENDMENT OF
RULE 109 OF THE COMMISSION RULES AND
REGULATIONS TO REQUIRE INSTALLATION OF
BLOWOUT PREVENTERS ON ALL DRILLING AND
WORKOVER RIGS OPERATING IN AREAS OF UN-
KNOWN PRESSURES OR HIGH PRESSURES AND ON
ALL DRILLING AND WORKOVER RIGS OPERATING
WITHIN THE CORPORATE LIMITS OF ANY CITY,
TOWN, OR VILLAGE OR WITHIN 1320 FEET OF
A HABITATION, SCHOOL, OR CHURCH, WHERE-
EVER LOCATED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That there is need for the amendment of Rule 109 of
the Commission Rules and Regulations to provide more adequate
protection against the possibility of blowouts of oil and gas
wells during drilling and workover operations, particularly in
areas of unknown pressures or areas of known high pressures and
within the corporate limits of cities, towns, and villages within
this State and within 1320 feet of a habitation, school, or
church, wherever located.
- (3) That blowouts of wells cause waste and constitute a
threat to the protection of correlative rights, and are not in
the public interest.

(4) That in the public interest and to prevent waste and protect correlative rights, Rule 109 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 109. BLOWOUT PREVENTION (SEE Rule 114(b) also)

(a) Blowout preventers shall be installed and maintained in good working order on all drilling rigs operating in areas of known high pressures at or above the projected depth of the well and in all areas where pressures which will be encountered are unknown, and on all workover rigs working on wells in which high pressures are known to exist.

(b) Blowout preventers shall be installed and maintained in good working order on all drilling rigs and workover rigs operating within the corporate limits of any city, town, or village, or within 1320 feet of a habitation, school, or church, wherever located.

(c) All operators, when filing Form C-101, Application for Permit to Drill, Deepen, or Plug Back, or Form C-103, Sundry Notices, for any operation requiring blowout prevention equipment in accordance with Sections (a) and (b) above, shall submit a proposed blowout prevention program for the well. The program as submitted may be modified by the District Supervisor if, in his judgment, such modification is necessary."

IT IS THEREFORE ORDERED:

(1) That Rule 109 of the Commission Rules and Regulations be and the same is hereby amended to read in its entirety as follows:

"RULE 109. BLOWOUT PREVENTION (SEE Rule 114(b) also)

(a) Blowout preventers shall be installed and maintained in good working order on all drilling rigs operating in areas of known high pressures at or above the projected depth of the well and in all areas where pressures which will be encountered are unknown, and on all workover rigs working on wells in which high pressures are known to exist.

(b) Blowout preventers shall be installed and maintained in good working order on all drilling rigs and workover rigs operating within the corporate limits of any city, town, or village, or within 1320 feet of a habitation, school, or church, wherever located.

(c) All operators, when filing Form C-101, Application for Permit to Drill, Deepen, or Plug Back, or Form C-103, Sundry Notices, for any operation requiring blowout prevention equipment in accordance with Sections (a) and (b) above,

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CASE NO. 5329
Order No. R-4880

shall submit a proposed blowout prevention program for the well. The program as submitted may be modified by the District Supervisor if, in his judgment, such modification is necessary."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman



Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member Secretary

S E A L

jr/

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

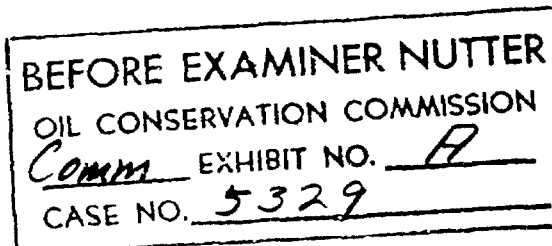
PROPOSED REVISION, RULE 109

RULE 109. BLOWOUT PREVENTION (SEE Rule 114(b) also)

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DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5329
ORDER NO. R-7880

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 109 of the Commission Rules and Regulations to require installation of blowout preventers on all drilling and workover rigs operating in areas of unknown pressures or high pressures and on all drilling and workover rigs operating within the corporate limits of any city, town, or village or within 1320 feet of a habitation, school, or church, wherever located.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1974 at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2 day of October, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That there is need for the amendment of Rule 109 of the Commission Rules and Regulations to provide more adequate protection against the possibility of blowouts of oil and gas wells during drilling and workover operations, particularly in areas of unknown pressures or areas of known high pressures and within the corporate limits of cities towns and villages within this State and within 1320 feet of a habitation, school, or church, wherever ~~located~~ located.

(3) That blowouts of wells cause waste and constitute a threat to the protection of correlative rights, and are not in the public interest.

(4) That ~~steps~~ in the public interest and to prevent waste and protect correlative rights, Rule 109 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

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(2) That jurisdiction: