

Entered January 4, 1978
JDR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 6094
Order No. R-5611

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION ON
ITS OWN MOTION TO CONSIDER THE REPEAL OF
COMMISSION ORDER NO. 67 AND THE AMENDMENT
OF RULE 406 OF THE COMMISSION RULES, BOTH
OF WHICH RELATE TO CARBON DIOXIDE GAS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1977, and January 4, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of January, 1978, 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 by Commission Order No. 66, an emergency order, the Commission on May 27, 1937, promulgated temporary special rules governing the development of the carbon dioxide areas in the State of New Mexico.

(3) That by Commission Order No. 67, the Commission on June 26, 1937, promulgated permanent special rules governing the development of the carbon dioxide areas in the State of New Mexico effective July 1, 1937.

(4) That by Commission Order No. 850, effective January 1, 1950, the Commission adopted general rules and regulations for the State of New Mexico, and ordered that all rules, regulations and orders of the Commission theretofore issued by the Commission, with the exception of certain named orders of a special nature or application, be repealed.

(5) That Commission Orders Nos. 66 and 67, described in Findings Nos. (2) and (3) above, were among those orders named by the aforesaid Order No. 850 as being excepted from the provisions of Order No. 850 repealing previous rules, regulations, and orders of the Commission.

(6) That the above-described Order No. 66 had already expired under its own terms and therefore could not have been extended by Order No. 850, but the above-described Order No. 67 was and is a valid order to this date.

(7) That the provisions of the special rules governing the exploration for and development of carbon dioxide gas and carbon dioxide reservoirs, as promulgated by said Order No. 67, have become antiquated by the passage of time and the development of new philosophies and technologies concerning bonding requirements, acreage dedication requirements, casing and cementing requirements, well testing, and other aspects of development and production of carbon dioxide and should be repealed.

(8) That Rule 406 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

(9) That adoption of an order based on the above-findings will not cause, but will prevent, waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. 67, dated June 26, 1937, and effective July 1, 1937, is hereby repealed.

(2) That Rule 406 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

-3-

Case No. 6094
Order No. R-5611

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this order is now subject to rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order shall be 7 o'clock a.m., February 1, 1978.

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

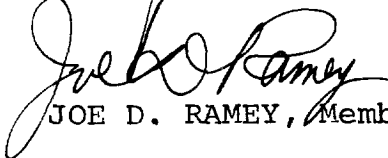
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

jr/