

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

August 13, 1991

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Merrion Oil & Gas Corporation  
P.O. Box 840  
Farmington, New Mexico 87499

Attention: Steven S. Dunn

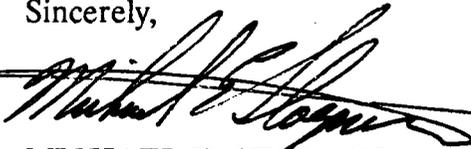
*RE: Unorthodox Oil Well Location - Federal 28 Well No. 2  
1940' FSL - 1120' FEL (Unit I)  
Section 28, T-20-N, R-5-W, Undesignated Ojo Encino -  
Entrada Oil Pool, McKinley County, New Mexico.*

Dear Mr. Dunn:

Your request to amend Division Administrative Order NSL-2998 by letter dated August 7, 1991, suggest that said application is geological in nature and not typographic. Please submit additional information pursuant to Memorandum 1-90, dated March 21, 1990.

Should you have any questions or comments, please contact me.

Sincerely,



MICHAEL E. STOGNER  
Chief Hearing Officer/Engineer

MES/jc

cc: OCD - Aztec  
U.S. BLM - Farmington



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GARREY CARRUTHERS  
GOVERNOR

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No. 1-90

MEMORANDUM

**TO:** All Operators

**FROM:** William J. LeMay, Director *WJL*

**SUBJECT:** Administrative Applications for Unorthodox Locations

**DATE:** March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

**If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.**

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL  
OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
  - A. This information may be shown on the topo map if it does not impair the readability of the map.
  - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
  - A. The proposed well location and proration unit;
  - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
  - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
  - A. Terrain features not shown on the map which make an orthodox location unusable;
  - B. Proposed access roads and pipelines if they affect the location selection;
  - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
  - E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.