STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION P. O. Box 2088 SANTA FE, NEW MEXICO 87501

ADMINISTRATIVE ORDER

42 NFL

INFILL DRILLING FINDINGS PURSUANT TO SECTION 271.305(b) OF THE FEDERAL ENERGY REGULATORY COMMISSION REGULATIONS, NATURAL GAS POLICY ACT OF 1978 AND OIL CONSERVATION DIVISION ORDER NO. R-6013-A

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Operator	<u>C & E</u>	Operato	ors, Inc.	We	ell Name	and No.	Aztec	Well No	<u>. 8</u>	
Location:	Unit	MSec	<u>8</u> Twp.	30-N	_Rng	11-W	_CtySa	n Juan		

II.

THE DIVISION FINDS:

(1) That Section 271.305(b) of the Federal Energy Regulatory Commission Regulations promulgated pursuant to the Natural Gas Policy Act of 1978 provides that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find that the infill well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within that unit.

(2) That by Order No. R-6013-A, dated February 8, 1980, the Division established an administrative procedure whereby the Division Director and the Division Examiners are empowered to act for the Division and find that an infill well is necessary.

Aztec-Pictured Cliffs That the well for which a finding is sought is completed in the (3)

	Pool, and	the standard spacing unit i	in said pool i	is1	60	acres.
(4) That a	159.48	acre proration unit co	mprising the	<u>SW/4</u>		
of Sec. 8	, Twp	<u>30-N</u> , Rng. <u>11-W</u> ,	is currently	dedicated	to the _ []	liver Well
No1		located in Unit	of said	i section.		· · · ·
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(5) That this proration unit is (X) standard () nonstandard; if nonstandard, said unit was previously approved by Order No.

(6) That said proration unit is not being effectively and efficiently drained by the existing well(s) on the unit.

That the drilling and completion of the well for which a finding is sought should result in the production of an additional 113,000 MCF of gas from the proration unit which would not otherwise be recovered.

(8) That all the requirements of Order No. R-6013-A have been complied with, and that the well for which a finding is sought is necessary to effectively and efficiently drain a portion of the reservoir covered by said proration unit which cannot be so drained by any existing well within the unit.

(9) That in order to permit effective and efficient drainage of said proration unit, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby authorized to drill the well described in Section I above as an infill well on the existing proration unit described in Section II(4) above. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by said provation unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary. 0.2

DONE	at	Santa	Fe,	New	Mexico,	on	this_	24th day of	March	, 19	,
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OIL CONSERVATION DIVISION SANTA FE

A. R. "Al" Kendrick

P. O. BOX 516 • AZTEC, NEW MEXICO 87410 • (505) 334-2555

February 22, 1982

Mr. Joe D. Ramey Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Application for Approval of Infill Well for Gas Pricing

Dear Mr. Ramey:

We respectfully request that the C & E Operators, Inc. Aztec #8 well located 1000' FSL 890' FWL of Section 8, T30N, R11W be approved as a necessary infill well in the Aztec-Pictured Cliffs Pool to effectively and efficiently drain the spacing unit shared with the Oliver #1 well.

The standard spacing unit in the Aztec-Pictured Cliffs Pool is 160 acres.

Enclosed for your consideration are copies of the Permit to Drill, Acreage Dedication Plat, Data Sheet, Structure Map, and Map showing the cumulative gas production to 1/1/81.

A copy of this application is being sent by certified mail to the operator of each developed offset spacing unit at the time of this mailing.

If further information is desired, please contact us.

Yours very truly, endrich A. R. Kendrick

Enclosures

xc: Offset operators

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DATA SHEET

ORIGINAL WELL:

Operator:

C & E Operators, Inc.

Lease: 01iver #1 Location: 1544' FSL 900' FWL Section 8, T30N, R11W Spud: 10/24/53 Completed: 11/26/53

Stimulation: Shot w/ 237 quarts of solidified nitroglycerin Mechanical problems: none Current production rate: 7505 MCF during 1980

<u>REASON</u> that the existing well cannot effectively and efficiently drain the drill tract is because of the narrow radius of effective stimulation by the shot treatment. A high-volume fracture treatment is not feasible at this time because of the possibility of casing rupture. Four wells shown on the structure map have been plugged due to casing failure.

INFILL WELL:

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 Operator:	C & E Operators, In	C•	
Lease:	Aztec #8	•	
Location:	1000' FSL 890' FWL	Section 8, T3ON,	R11W
Spud: 1/13/81	Completed: 5/12/8	1 .	<u>.</u>
	Sand/foam fractured w/		and 36,000 pounds
	of sand	, , , , , , , , , , , , , , , , , , ,	
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VOLUME of expected additional recovery: 113 MMCF

BASED on Boyle's Law, if the initial shut-in pressure of 665 psi represented 100% of the recoverable reserves, and if the shut-in pressure of 224 psi measured 10/19/81 represented the remaining recoverable reserves, and considering the production of 892 MMCF having been produced through 10/31/81; then, the remaining recoverable reserves were 352 MMCF at an abandonment pressure of 50 psi. The shut-in pressure of 280 psi measured 9/30/81 on the infill well indicates recoverable reserves of 465 MMCF at an abandonment pressure of 50 psi. Therefore, the additional recoverable reserves will be 113 MMCF. PICTURED CLIFFS STRUCTURE MAP



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9-6 REGULATION OF THE DRILLING AND PRODUCTION OF OIL AND/OR GAS WELLS

OF

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9-6-1 SCOPE:

The scope of this article shall be for the regulation of the drilling and production of oil and/or gas or for liquid hydrocarbons within the City of Aztec, New Mexico, and shall include any well to be used as an injection well for secondary recovery.

9-6-2 PERMITS

Every person, firm, partnership or corporation hereafter desiring to drill a well within the City of Aztec, New Mexico, or rework an existing well shall obtain a permit for the drilling or reworking of such well and the production thereof, such permit to be obtained as follows:

- a. Written application shall be filed therefore with the City Clerk and shall contain the following:
 - 1. The name of the operator desiring to drill and produce such well.
 - 2. The exact location of the proposed well together with a description of the area to be occupied by the drilling machinery pits and equipment in the drilling of such well and the area to be occupied by the machinery to be used in the production of such well, and
 - 3. Names and address of all property owners within 200 feet of well location.
 - 4. A certificate of insurance which certifies that the operator and all persons who may be engaged in the drilling or operation of such well are insured to the public for any operation in the sum of One Hundred Thousand (\$100,000.00) dollars for damages to any one (1) person, and Three Hundred Thousand Dollars (\$300,000.00) for damages to more than one person, from any one (1) accident; also, for the sum of One Hundred Thousand Dollars (\$100,000.00) for damages to property.
 - 5. Such application shall be accompanied by a \$350.00 filing fee.
- b. Upon the receipt of all of the above the City Clerk shall establish a hearing date when the application is to be considered by the City Commission. Public notice of the hearing at which the application is to be considered must be given by at least one publication in a newspaper of general circulation in the municipality at least 15 days before the date of the hearing. All property owners within 200 feet of the proposed well location shall be notified of the hearing date by written notice by certified mail, return receipt requested, not less than five days before the date of the hearing.

c. The City Clerk shall issue a written recommendation for approval or denial to the City Commission at the hearing.

d. In all matters pertaining to this chapter the City Manager shall advise the City Commission and shall make recommendations concerning all matters pertaining to this chapter.

9-6-3 OBSTRUCTING STREETS BY DRILLING, ETC.:

No well shall be drilled and no permit shall be issued for any well to be drilled at any one location which is within any of the streets or alleys of the City. No such street or alley shall be blocked or encumbered or closed in any drilling, production or pipeline operation except by written permission of the oil and gas inspector and the City Manager and then only temporarily.

9-6-4 PROXIMITY OF WELL, TANKS OR PIPELINES TO BUILDINGS:

No well shall be drilled and no permit shall be issued for any well to be drilled at any location or storage tank to be located which is nearer than two hundred (200) feet to any residence or commercial building without the applicant having first secured the written permission of the City Commission.

No high pressure gas injection well or a compressor used in conjunction with the gas injection well shall be located nearer than two hundred (200) feet to any residential, commercial or industrial structure, except by permission of the City Commission. In exceptional cases for reasons of safety, the City Commission may require that any such facility shall be located at a greater distance than 200 feet to any such structure.

No residential, commercial or industrial structure other than structures necessary to operate the pipeline shall be erected or moved to a location nearer than thirty (30) feet to any pipeline transporting gas when the pipeline operating pressure is greater than 250 PSI unless a greater or lesser distance is recommended by the then applicable ASA Code.

9-6-5 REQUIREMENT FOR OPERATION OF PRODUCING WELL:

Any person, firm partnership or corporation who completes an oil or gas well within the limits of the City of Aztec, New Mexico, shall operate the same in accord with the following provisions:

> a. The area to be occupied by the producing equipment in the event any well located within the City of Aztec is completed as a commercial producer shall be confined to an area not to exceed one hundred (100) feet by one hundred and fifty (150) feet and the 100 feet by 150 feet area to be occupied by the producing equipment shall be enclosed in a chain link fence six (6) feet in height and three (3) strands of barbed wire at the top, which barbed wire strands shall slope outward.

b. The fence and area referred to in sub-paragraph above shall be landscaped and maintained if such well location is within five hundred (500) feet of a residential lot as described in the City Zoning Ordinance.

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c. Any tank containing oil or distillate shall be located within a dike or fire wall capable of holding one and one-half (1½) times the volume of the tank; and all operations shall be maintained so as not to be a fire hazard and so as not to jeopardize the health and safety of the Citizens of the City of Aztec.

- d. All fluids produced shall be produced into a tank and hauled off the location.
- e. All operations shall be conducted in such a manner so that they will make the least noise possible.

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9-6-6 REQUIREMENTS FOR OPERATION OF DRILLING WELL:

Any person, firm, partnership or corporation drilling a well for oil and gas within the limits of the City of Aztec, New Mexico, shall contain all drilling fluids in pits which will be completely covered at the completion of drilling.

9-6-7 PENALTY

Any firm, person, partnership or corporation convicted of drilling or operating a well in violation of the provisions of this article shall be punished by a fine of not less than one hundred dollars (\$100.00) or more than three hundred dollars (\$300.00) and each day that any person, firm, partnership or corporation shall be in violation of this ordinance shall be taken as a separate offense. 9-6 REGULATION OF THE DRILLING AND PRODUCTION OF OIL AND/OR GAS WELLS

9-6-1 SCOPE:

CITY OF

The scope of this article shall be for the regulation of the drilling and production of oil and/or gas or for liquid hydrocarbons within the City of Aztec, New Mexico, and shall include any well to be used as an injection well for secondary recovery.

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Section 9-6 Page three

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MAR 0 1 1982 OIL CONSERVATION DIV SANTA FE

A. R. "Al" Kendrick

P. O. Box 516 • Aztec, New Mexico 87410 • (505) 334-2555

February 22, 1982

Dear Offset Operator:

If you have no objection to the attached Application for Approval of Infill Well for Gas Pricing, please sign the waiver below and send it to the New Mexico Oil Conservation Division office in Santa Fe, New Mexico.

Yours very truly,

a. R. Kendrick

Mr. Joe D. Ramey Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Ramey:

We, as offset operator, hereby waive objection to the Application for Approval of Infill Well for Gas Pricing filed for C & E Operators, Inc.

WELL:	Aztec #8	· · ·		
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LOCATION:	M-8-T30N-R11W			•

OPERATOR:	Manana Gas,	Inc.
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DATE:	2/25/82	

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A. R. "Al" Kendrick

P. O. BOX 516 • AZTEC, NEW MEXICO 87410 • (505) 334-2555

February 22, 1982

Mr. Joe D. Ramey Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Application for Approval of Infill Well for Gas Pricing

Dear Mr. Ramey:

We respectfully request that the C & E Operators, Inc. Aztec #8 well located 1000' FSL 890' FWL of Section 8, T30N, R11W be approved as a necessary infill well in the Aztec-Pictured Cliffs Pool to effectively and efficiently drain the spacing unit shared with the Oliver #1 well.

The standard spacing unit in the Aztec-Pictured Cliffs Pool is 160 acres.

Enclosed for your consideration are copies of the Permit to Drill, Acreage Dedication Plat, Data Sheet, Structure Map, and Map showing the cumulative gas production to 1/1/81.

A copy of this application is being sent by certified mail to the operator of each developed offset spacing unit at the time of this mailing.

If further information is desired, please contact us.

Yours very truly,

A. R. Kendrick

Enclosures

xc: Offset operators

1400.000000000 OIL CONSERVATION DIV 15 ÷ P. O. BOX 2088 1013 1 1110 2 10 SANTA FE. NEW MEXICO 87 ... TILL OIL CONSERVATIO Los i suce :. U.1 G.1 ŠAÑŦA LAND OFFICE OFCHATON APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK ALTA True of Soch Unit Ani DRILL DLEPEH PLUG BACK L. Type of Well B. Form or Lease tion-#i.. 🗍 Aztec \$ 14 CL1 will Y AULTIPLE when of Operator 5. Well 110. 8 C & E Operators Assient of Operator 10. Field and Four, of What One Energy Square, Suite 170, Dallas, Texas 75206 Aztec PC - Blanco C. Location of Well M 1000' South West 890 <u> (1997)</u> 30N 11W 8 12. County San Juan Mancos 4700 Rotary 218. Drilling Contractor 22. Approx. Date Work will star King & Status Flug, Bond 5598' Gr. Blanket Y-W Drilling Co. On/ Approval 22 PROPOSED CASING AND CEMENT PROGRAM SIZE OF HOLE SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH SACKS OF CEMENT EST. TOP 12-1/4" 8-578" 250+; 24 Surface 17/5 3% CaCl 7-7/8" 5-1/2" 3025 15.5 4700 -300/ Stage collar at approx. 2050 Surface & cement w/375 Ç. Propose to set 8-5/8" casing w/spud mud. Cement to surface. WOC - 8 hrs. Install BOP's and bleed off manifold. Press. test to 600 psi. - 30 min. Drill 7-7/8" hole with light gel-chemical mud to TD. Run IES & GRD/N Logs. Run 5-1/2" casing and stage cement. Perf. & stimulate Mesaverde; set BP;//Perf. & stimulate Pictured Cliffe zone: Cilean out PC zone, mill out plug and clean out Mesaverde zone. Run Baker Mod "D" prod. packer. Run 1-1/2" EUE tubing and seals on Mesaverde. Run 1-1/4" tubing on Pictured Cliffs. Install dual well head; clean up and test. (Location inside City limits of Aztec) APPROVAL VALID FOR 90 DAYS UNLESS NOV25 1980 DRILLING COMMENTS OIL CON. CO 81 DIST. NAPOVE SPACE DESCRIPE PHOPOS OSAL IS TO DELPEN OF hereby certify that the information above is NM Reg. Eng. 4361 Box 1507, Durango, CO Tile Consultant Date DEPUTY CIL & GAS INSPECTOR, DIST. #3 (This spare for State (ise) Dripinal Signed by



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DATA SHEET

ORIGINAL WELL:

Operator: Lease: C & E Operators, Inc.

Oliver #1

Location: 1544' FSL 900' FWL Section 8, T30N, R11W Spud: 10/24/53 Completed: 11/26/53

Stimulation: Shot w/ 237 quarts of solidified nitroglycerin Mechanical problems: none

Current production rate: 7505 MCF during 1980

<u>REASON</u> that the existing well cannot effectively and efficiently drain the drill tract is because of the narrow radius of effective stimulation by the shot treatment. A high-volume fracture treatment is not feasible at this time because of the possibility of casing rupture. Four wells shown on the structure map have been plugged due to casing failure.

INFILL WELL:

Operator: Lease: Location: Spud: 1/13/81 Completed: 5/12/81 Stimulation: Sand/foam fractured w/ 70 quality foam and 36,000 pounds of sand

VOLUME of expected additional recovery: 113 MMCF

BASED on Boyle's Law, if the initial shut-in pressure of 665 psi represented 100% of the recoverable reserves, and if the shut-in pressure of 224 psi measured 10/19/81 represented the remaining recoverable reserves, and considering the production of 892 MMCF having been produced through 10/31/81; then, the remaining recoverable reserves were 352 MMCF at an abandonment pressure of 50 psi. The shut-in pressure of 280 psi measured 9/30/81 on the infill well indicates recoverable reserves of 465 MMCF at an abandonment pressure of 50 psi. Therefore, the additional recoverable reserves will be 113 MMCF. PICTURED CLIFFS STRUCTURE MAP



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CITY OF AZTEC

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No residential, commercial or industrial structure other than structures necessary to operate the pipeline shall be erected or moved to a location nearer than thirty (30) feet to any pipeline transporting gas when the pipeline a operating pressure is greater than 250 PSI unless a greater or lesser distance is recommended by the then applicable ASA Code.

REQUIREMENT FOR OPERATION OF PRODUCING WELL: 9-6-5

- Any person, firm partnership or corporation who completes an oil or gas well within the limits of the City of Aztec, New Mexico, shall operate the same in accord with the following provisions:

> The area to be occupied by the producing equipment in the event a: any well located within the City of Aztec is completed as a commercial producer shall be confined to an area not to exceed one hundred (100) feet by one hundred and fifty (150) feet and the 100 feet by 150 feet area to be occupied by the producing equipment shall be enclosed in a chain link fence six (6) feet in height and three (3) strands of barbed wire at the top, which barbed wire strands shall slope outward.

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Section 9-6 Page three

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b. The fence and area referred to in sub-paragraph above shall be landscaped and maintained if such well location is within five hundred (500) feet of a residential lot as described in the City Zoning Ordinance.

c. Any tank containing oil or distillate shall be located within a dike or fire wall capable of holding one and one-half (1²) times the volume of the tank; and all operations shall be maintained so as not to be a fire hazard and so as not to jeopardize the health and safety of the Citizens of the City of Aztec.

d. All fluids produced shall be produced into a tank and hauled off the location.

e. All operations shall be conducted in such a manner so that they will make the least noise possible.

9-6-6 REQUIREMENTS FOR OPERATION OF DRILLING WELL:

Any person, firm, partnership or corporation drilling a well for oil and gas within the limits of the City of Aztec, New Mexico, shall contain all drilling fluids in pits which will be completely covered at the completion of drilling.

9-6-7 PENALTY

Any firm, person, partnership or corporation convicted of drilling or operating a well in violation of the provisions of this article shall be punished by a fine of not less than one hundred dollars (\$100.00) or more than three hundred dollars (\$300.00) and each day that any person, firm, partnership or corporation shall be in violation of this ordinance shall be taken as a separate offense.

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MUNCTED CVTS MAR 0 1 1982 OIL CONSERVATION DIVISION SANTA FE

A. R. "Al" Kendrick

P. O. BOX 516 . AZTEC. NEW MEXICO 87410 . (505) 334-2555

February 22, 1982

Dear Offset Operator:

If you have no objection to the attached Application for Approval of Infill Well for Gas Pricing, please sign the waiver below and send it to the New Mexico Oil Conservation Division office in Santa Fe. New Mexico.

Yours very truly, ar Kendrick

Mr. Joe D. Ramey Oil Conservation Division P.O. Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Ramey:

We, as offset operator, hereby waive objection to the Application for Approval of Infill Well for Gas Pricing filed for C & E Operators, Inc.

WELL:	 Aztec	#8	
	 ,		

LOCATION: M-8-T3ON-R11W

OPERATOR:M	lanana	Gas,	Inc	•	:
BY: Ed	Hart	man			
	2/25/82				

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W. W. W. Kenderch for C+E Oberefore Tur.

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