10/13/2011

Horizontal Well Rule

Ask the Commission to Adopt AMENDMENTS to the Oil Conservation Division (OCD) Rules 19.15.14 NMAC and 19.15.16 NMAC regarding horizontal well drilling in New Mexico.

Certify the New Rules so adopted for publication to the New Mexico Register as required by statute.

INTRODUCTION

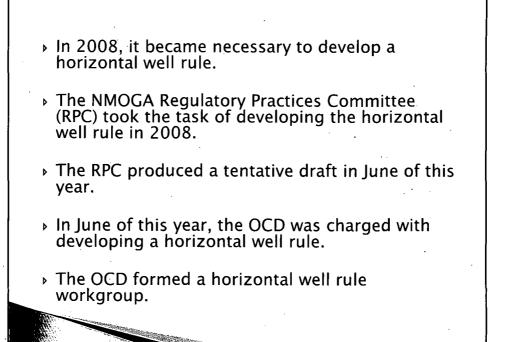
- Horizontal Wells have become one of the most valuable and emerging technologies in the oil and gas industry
- Current OCD Rules do not adequately address horizontal well drilling
- Operators in New Mexico are desirous to develop their minerals with horizontal wells
- OCD may approve or deny the request for nonstandard spacing unit.
- OCD has used these procedures for several years.

Case: 14744

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OCD Exhibit 2

10/13/2011



Members of the Workgroup Include Personnel From the Following:

- Oil and Gas Industry including majors and independents
- New Mexico State Land Office (SLO)
- The Bureau of Land Management (BLM)
- The Oil Conservation Division (OCD), including the Santa Fe and District Offices

With expertise of the members ranging from:

- ▶ Landmen
- Attorneys
- → Geologists
- Drilling Engineers
- Reservoir Engineers
- Production Engineers

Workgroup and affiliations			
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