

**SUMMARY OF NMOGA DOWNHOLE COMMINGLING QUESTIONNAIRE  
BASED UPON 25 TOTAL RESPONSES**

1. Oil Allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5,000 feet and then increased by 10 bbls per thousand feet:

<u>4 %</u>	( )	Maintain current rule, or
<u>23 %</u>	( )	Support triple the current rates, or
<u>65 %</u>	( )	Support rate equal to the top allowable for the shallowest pool commingled, or
<u>8%</u>	( )	Other

2. Economics:

Currently, DHC requires evidence that at least one zone is "uneconomic":

<u>0 %</u>	( )	Maintain current rule, or
<u>15 %</u>	( )	Support substituting "marginal" for "uneconomic", or
<u>85 %</u>	( )	Support deleting "economic" requirement in its entirety, or
<u>0 %</u>	( )	Other

3. Water Limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

<u>4 %</u>	( )	Maintain current rule, or
<u>68 %</u>	( )	Support deleting the current rule in its entirety, or
<u>20 %</u>	( )	Support rate equal to twice the top allowable for the shallowest pool commingled, or
<u>8 %</u>	( )	Other

4. 50 % Pressure Differential ("Cross Flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

<u>36 %</u>	( )	Maintain current rule, or
<u>20 %</u>	( )	Support deletion of current rule, or
<u>44 %</u>	( )	Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered, or
<u>0 %</u>	( )	Other

5. Notice to Offsetting Parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit:

<u>35 %</u>	Support	<u>65 %</u>	Oppose	( )	NMOGA's proposal to eliminate notice to offset operators, or
<u>88 %</u>	Support	<u>12 %</u>	Oppose	( )	Maintain current rule, or

2-Responses ( ) Other  
(See next page)

Enron requested notice be provided to offset operators in the San Juan Basin, but opposed notice in Southeast New Mexico.

Fasken Oil & Ranch requested that notice be given to operators of producing offset units only.

Oxy USA stated that in the case of different ownership, applicant should be required to submit evidence of agreement among affected working interest owners.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 12, 1996

**HAND DELIVERED**

Mr. David R. Catanach  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Case 11353  
Downhole Commingling Rules

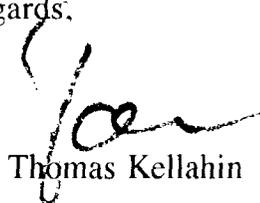
Dear David:

Enclosed is a copy of the NMOGA Questionnaire which was sent out of January 8, 1996 and copies of the 25 replies we have received as of this morning. I will compile these and Ruth Andrews of NMOGA will submit them to the OCC at Thursday's hearings.

With the exception of (a) the notice issue; (b) uninformed individuals calling to see how the rule "works"; and (b) comments I have received either by phone or in writing favor relaxing the rules even farther than proposed in the Division draft; I am not aware of any opposition to the Division's Draft Rules.

Please call me if you would like to discuss this before the Thursday hearing. I plan to be there along with Scott Davis and Alan Alexander of Meridian in the event we are called upon to respond to industry questions. My favorite comment received thus far is "I want to be able to DHC without having to spend the money to take bottomhole pressures and establishing rates on individual zones".....

Regards,



W. Thomas Kellahin

# New Mexico Oil & Gas Association

P.O. Box 1864  
Santa Fe, NM 87501-1864

500 Don Gaspar  
Santa Fe, NM 87501

Phone 505-982-2568  
Fax 505-986-1094

January 8, 1996

TO: NMOGA's Regulatory Practices Committee  
From: W. Thomas Kellahin, Chairman

Subject: Downhole Commingling ("DHC") (Rule 303)

Action: **PLEASE COMPLETE AND FAX THE ATTACHED QUESTIONNAIRE TO NMOGA**

The purpose of this questionnaire is to solicit your opinions on Rule 303 and about NMOGA's Subcommittee proposals to the New Mexico Oil Conservation Commission ("OCC")

## PURPOSE

On January 18, 1996, NMOGA's Rule 303 Subcommittee will present suggested changes to NMOCD Rule 303 to the New Mexico Oil Conservation Commission ("OCC") in Case No. 11353. The OCC will then continue this case until February 15, 1996 to provide time for additional comments. The purpose of this Questionnaire is to advise you of the proposed changes and to obtain your comments by February 10th so they can be tabulated and presented to the OCC

Unless you specifically indicate that you desire your response to remain confidential, the actual responses will be made public to the Commission.

## BACKGROUND

On February 6, 1995, the OCC held a public hearing to receive comments from industry. This case is a response by the Commission to industry's request to avoid unnecessary Examiner's hearings for cases seeking downhole commingling.

On August 3, 1995, the Commission held its first hearing on this subject at which NMOGA's Rule 303 Subcommittee (Alan Alexander & Scott Daves of Meridian, Jerry Hoover of Conoco and Bill Hawkins and Pam Staley of Amoco) appeared and petitioned the Commission to "relax" the rules by which administrative applications for DHC were governed.

In response to our request, on September 28, 1995, the OCC granted the industry's request to allow for administrative DHC applications even if ownership in the spacing units were different.

Now NMOGA is seeking additional changes: (1) Relax or delete the current rule in which at least one zone must be uneconomic; increase the oil limit for DHC; increase the water limit for DHC; eliminate the 50% pressure differential; delete notice to offset operators; and adopt a standardized DHC application form.

**ACTION: By February 10, 1996, Please complete and fax the enclosed questionnaire back to NMOGA.**

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: \_\_\_\_\_

address: \_\_\_\_\_

signature: \_\_\_\_\_

print name \_\_\_\_\_

phone number \_\_\_\_\_

fax number \_\_\_\_\_

To: Robert T. Kennedy

From: Ruth Andrews

1-17-96 1:44PM

U. S. V. 6

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate.

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: MERIDIAN OIL INC

address: 3535 E. 30TH ST  
FARMINGTON, NM 87401

signature: Alan Alexander

print name: ALAN ALEXANDER  
 phone number: 505-326-9757  
 fax number: 505-326-9781

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:  
 Maintain current rule or  
 Support triple the current rates or  
 Support rate equal to the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"  
 Maintain current rule or  
 Support substituting "marginal" for "uneconomic" or  
 Support deleting "economic" requirement in its entirety; or  
 OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:  
 Maintain current rule or  
 Support deleting the current rule in its entirety or  
 Support rate equal to twice the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:  
 Maintain current rule or  
 Support deletion of current rule or  
 Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or  
 OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.  
 Support  Oppose: Maintain current rule  
 OTHER notice rule changes: (describe)

COMPANY NAME: Marathon Oil Co  
 address: P.O. Box 552  
Midland Tx 79702  
 signature: R. E. Pollard  
 print name: Richard E. Pollard  
 phone number: (915) 687 8326  
 fax number: (915) 687 8337

To: Jim CoFFEE, 09 '96 10:43AM APC FILE RM 3.225W.L.A. Andrews

1-18-96 5:45P. 1/1. 2 of 2

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are linked to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement to its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Amoco Production Company  
 address: P.O. Box 3092  
Houston, Texas 77253  
 signature: James W. Collier, Jr.  
James W. Collier, Jr.  
 prior name  
 phone number: (713) 366-3371  
 fax number: (713) 366-7548

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowable:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool remaining; or
- OTHER: \_\_\_\_\_

2. economic:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool remaining; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas point limits the pressure differential to not more than twice the pressure of the lower pressure zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Phillips Petroleum Co.  
 address: 5525 Hwy 64  
Farmington, NM 87401  
 signature: *E. Hasely*  
 print name: Ed Hasely  
 phone number: 505 599-3400  
 fax number: 505 599-3442

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee (deadline: January 10, 1996)  
Fax to: (505) 986-1093

1. oil allowances:  
Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet.
- Maintain current rule or
  - Support triple the current rates or
  - Support rate equal to the top allowable for the shallowest pool encountered; or
  - OTHER: (See Cover Letter)

2. economics:  
Currently, DHC requires evidence that a lease zone is "uneconomic"
- Maintain current rule or
  - Support substituting "marginal" for "uneconomic" or
  - Support deleting "economic" requirement is or entirely; or
  - OTHER: \_\_\_\_\_

3. water limits:  
Currently, DHC limits water production to twice the applicable combined oil rate:
- Maintain current rule or
  - Support deleting the current rule in its entirety or
  - Support rate equal to twice the top allowable for the shallowest pool encountered; or
  - OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):  
Currently, DHC of gas wells limits the pressure differential to not more than twice the pressure of the lower pressured zone:
- Maintain current rule or
  - Support deletion of current rule or
  - Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and water-based production is ultimately recovered; or
  - OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:  
Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.
- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
  - Support  Oppose: Maintain current rule
  - OTHER notice rule changes: (describe):

COMPANY NAME: Yates Petroleum Corporation

address: 105 South 4th Street  
Artesia, NM 88210

signature: *Pinson McWhorter*

print name: Pinson McWhorter

phone number: 505-748-4189

fax number: 505-748-4585

02/08/96 14:35 713 877 7841

JOINT INTEREST

002

To: Marty Allday

From: Ruth Andrews

2-15-96 5:32pm p. 2 of 2

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet

- ( ) Maintain current rule or
- ( ) Support triple the current rates or
- ( ) Support rate equal to the top allowable for the shallowest pool commingled; or

OTHER: Deletion of current rule

2. economic:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- ( ) Maintain current rule or
- ( ) Support substituting "marginal" for "uneconomic" or
- Support relaxing "economic" requirement in its entirety; or

( ) OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- ( ) Support rate equal to twice the top allowable for the shallowest pool commingled; or

( ) OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- ( ) Maintain current rule or
- ( ) Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or

( ) OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

Support ( ) Oppose: NMOGA's proposal to eliminate notice to offset operators.

( ) Support  Oppose: Maintain current rule

( ) OTHER: notice rule changes: (describe)

COMPANY NAME: Coastal Oil & Gas Corp  
 address: P.O. Box 719  
Bellaire, TX 77402-0719  
 signature: [Signature]  
 print name: Dwayne G. Sammel  
 phone number: 877-7527  
 fax number: 877-7841

To: Alan W. Bobling '96 05:06PM CHEVRON MIDLAND On: Ruth Andrews

2-15-96 9:25pm 1/1 p. 2 of 2

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

## 1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbbls per thousand feet:

- Maintain current rule or  
 Support triple the current rates or  
 Support rate equal to the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

## 2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or  
 Support substituting "marginal" for "uneconomic" or  
 Support deleting "economic" requirement in its entirety; or  
 OTHER: \_\_\_\_\_

## 3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or  
 Support deleting the current rule in its entirety or  
 Support rate equal to twice the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

## 4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or  
 Support deletion of current rule or  
 Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or  
 OTHER: plus maintain fluid compatibilities.

## 5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.  
 Support  Oppose: Maintain current rule  
 OTHER notice rule changes: (describe)

COMPANY NAME: Chevron U.S.A. Inc.  
 address: P.O. Box 1150 or 15 Smith Road  
Midland, TX 79702  
 signature: Alan W. Bobling  
 print name: Alan W. Bobling  
 phone number: (95) 697-7246  
 fax number: (95) 697-7905

WED, JAN-31-96 8:22AM

GIANT EXPLORATION & PROD. 505 326 0205

P. 02

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- ( ) Maintain current rule or
- (x) Support triple the current rates for
- ( ) Support rate equal to the top allowable for the shallowest pool commingled; or
- ( ) OTHER: \_\_\_\_\_

**2. economic**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- ( ) Maintain current rule or
- ( ) Support substituting "marginal" for "uneconomic" or
- (x) Support deleting "economic" requirement in its entirety; or
- ( ) OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- ( ) Maintain current rule or
- (x) Support deleting the current rule in its entirety or
- ( ) Support rate equal to twice the top allowable for the shallowest pool commingled; or
- ( ) OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zones:

- ( ) Maintain current rule or
- ( ) Support deletion of current rule or
- (x) Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- ( ) OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- (x) Support ( ) Oppose: NMOGA's proposal to eliminate notice to offset operators.
- ( ) Support ( ) Oppose: Maintain current rule
- ( ) OTHER: notice rule changes: (describe)

COMPANY NAME: GIANT EXPLORATION & PRODUCTION CO  
 address: PO BOX 2810  
FARMINGTON, NM 87404  
 signature:   
 print name: JEFF VAUGHAN  
 phone number: 505-326-3325  
 fax number: 327-7997

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate.

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: Be able to pump down well to minimize crossflow, fluids compatible, no formation damage.

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

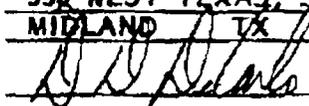
5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA wants to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: SANTA FE ENERGY RESOURCES, INC.

address: 550 WEST TEXAS, SUITE 1330  
MIDLAND TX 79701

signature: 

print name: DON D DECARLO  
phone number: 915/687-3551  
fax number: 915/686-6648

Feb. 5 '96 5:54

FAX

cc: Gary Thomas

From: Ruth Andrews

1-15-96 7:21pm p. 2 of 2

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowances:

Currently, DHC oil rules are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; *allow drilling & completion cost in the economic assessment*
- OTHER: \_\_\_\_\_

3. water limits:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: *needs to apply to oil and gas*

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notices to offset operators *as to San Juan Basin only*
- Support  Oppose: Maintain current rule *for SE New Mexico*
- OTHER notice rule changes: (describe)

COMPANY NAME: Enron Oil & Gas

address: 4000 North Big Spring  
Midland, Texas 79705

Signature: R. J. Ingle

print name: Ray Ingle

phone number: 915-686-3704

fax number: 915-686-3086

Post-It™ Fax Note	7671	Date	2-2-96	# of pages	5
To	Tom Kellahan	From	R. Andrews		
Co./Dept.		Co.	NMOGA		
Phone #	982-4285	Phone #	982-2898		
Fax #	982-2047	Fax #	986-1094		

RESPONSE TO NMOGA QUESTIONNAIRE
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- (x) Maintain current rule or
( ) Support triple the current rates or
( ) Support rate equal to the top allowable for the shallowest pool commingled; or
( ) OTHER:

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- ( ) Maintain current rule or
(x) Support substituting "marginal" for "uneconomic" or
( ) Support deleting "economic" requirement in its entirety; or
( ) OTHER:

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- ( ) Maintain current rule or
( ) Support deleting the current rule in its entirety or
( ) Support rate equal to twice the top allowable for the shallowest pool commingled; or
(x) OTHER: Present evidence that fluid level in the annulus does not exceed formation pressure of lowest pressure zone comm.

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- (x) Maintain current rule or
( ) Support deletion of current rule or
( ) Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
( ) OTHER:

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- ( ) Support (x) Oppose: NMOGA's proposal to eliminate notice to offset operators.
(x) Support ( ) Oppose: Maintain current rule
( ) OTHER notice rule changes: (describe)

COMPANY NAME: Mc Elvain Oil & Gas

address: P O Box 2148
Santa Fe, NM 87509-2148

signature: [Handwritten Signature]

print name: L. O. VAN RYAN
phone number: 982-1935 ext. 121
fax number: 984-3021

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbbls per thousand feet:

- ( ) Maintain current rule or  
 ( ) Support triple the current rates or  
 Support rate equal to the top allowable for the shallowest pool commingled; or  
 ( ) OTHER: \_\_\_\_\_

**2. economies:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- ( ) Maintain current rule or  
 ( ) Support substituting "marginal" for "uneconomic" or  
 Support deleting "economic" requirement in its entirety; or  
 ( ) OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- ( ) Maintain current rule or  
 Support deleting the current rule in its entirety or  
 ( ) Support rate equal to twice the top allowable for the shallowest pool commingled; or  
 ( ) OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- ( ) Maintain current rule or  
 ( ) Support deletion of current rule or  
 Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or  
 ( ) OTHER: \_\_\_\_\_

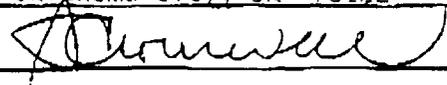
**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- ( ) Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.  
 Support ( ) Oppose: Maintain current rule  
 ( ) OTHER notice rule changes: (describe)

COMPANY NAME: Devon Energy Corporation (Nevada)

address: 20 N. Broadway, Suite 1500  
Oklahoma City, OK 73102

signature: 

print name Steve Cromwell  
 phone number (405) 235-3611  
 fax number (405) 552-4550

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hhls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Mobil E & P U.S.

address: P.O. Box 633  
Midland, Tx

signature: Manuel Jimenez, Jr.

print name: Manuel Jimenez, Jr.

phone number: 915-688-1686

fax number: 915-688-2934

To: Steve Tischer

From: Ruth Andrews

1-19-96 11:29am p. 2 of 2

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: PARKER & PARSLEY PETROLEUM USA, INC.

address: P.O. Box 3178  
MIDLAND, TEXAS 79702-3178

signature: C. Alan Roberts

print name: ALAN ROBERTS  
phone number: 915/683-4768  
fax number: 915/571-5527

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limits:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of a future reworking spacing unit containing the proposed DHC. NMOGA desires to have notice limited to the working, royalty and ORP interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Merit Energy Company  
 address: 12222 Merit Drive, Suite 1500  
Dallas, TX 75025  
 signature: Joel Talley  
 print name: Joel Talley  
 phone number: 214-701-8377  
 fax number: 214-960-452

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hhls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Mobil E & P U.S.

address: P.O. Box 633  
Midland, Tx

signature: Manuel Jimenez, Jr.

print name: Manuel Jimenez, Jr.

phone number: 215-688-1686

fax number: 215-688-2034

To: Mark Merritt

From: Ruth Andrews

1-15-98 5:34pm p. 2 of

RESPONSE TO NMOGA QUESTIONNAIRE
NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- ( ) Maintain current rule or
( ) Support triple the current rates or
[X] Support rate equal to the top allowable for the shallowest pool commingled; or
( ) OTHER:

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- ( ) Maintain current rule or
( ) Support substituting "marginal" for "uneconomic" or
[X] Support deleting "economic" requirement in its entirety; or
( ) OTHER:

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- ( ) Maintain current rule or
( ) Support deleting the current rule in its entirety or
[X] Support rate equal to twice the top allowable for the shallowest pool commingled; or
( ) OTHER:

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- ( ) Maintain current rule or
( ) Support deletion of current rule or
[X] Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
( ) OTHER:

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- ( ) Support [X] Oppose: NMOGA's proposal to eliminate notice to offset operators.
( ) Support ( ) Oppose: Maintain current rule
[X] OTHER notice rule changes: (describe)

Notify operators of producing offset units

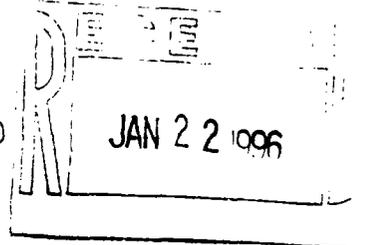
COMPANY NAME: Fasken Oil and Ranch, Ltd.

address: 303 W. Wall Suite 1900
Midland, TX 79701-5116

signature: Jimmy Davis Jr.

print name: Jimmy Davis, Jr.
phone number: 915-687-1777
fax number: 915-687-1570

RESPONSE TO NMOGA QUESTIONNAIRE  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)



To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Hinkle law firm

address: \_\_\_\_\_

signature: James Bruce

print name: JAMES BRUCE

phone number: 218 MONTEZUMA

fax number: SANTA FE, NM 87501

To: Elizabeth S. Bush

From: Ruth Andrews

1-15-96 7:39pm

p. 2 of 2

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: ARCO Permian

address: P.O. Box 1610  
Midland, TX 79702

signature: \_\_\_\_\_

print name Elizabeth S. Bush  
 phone number (915) 688-5338  
 fax number (915) 688-5389

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Cross Timbers Operating Co

address: P.O. Box 52070  
Midland, TX 79710

signature: Larry B McDonald

prior name: Larry B McDonald  
phone number: 915-682-5873  
fax number: 915-687-0862

**RESPONSE TO NMOGA QUESTIONNAIRE**  
NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 hbbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Burnett Oil Co., Inc.  
 address: 1500 Burnett Plaza Bldg 801 Cherry St.  
Ft Worth, TX 76102  
 signature: [Handwritten Signature]  
 print name: John W. Mason  
 phone number: 817/333-5108  
 fax number: 817/333-7932

### RESPONSE TO NMOGA QUESTIONNAIRE NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economics:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, not formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: HANAGAN PETROLEUM

address: PO Box 1731  
Kearney, NE 68702

signature: *Mike Hanagan*

print name: Mike Hanagan

phone number: 405-5053

fax number: 405-5053

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or  
 Support triple the current rates or  
 Support rate equal to the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or  
 Support substituting "marginal" for "uneconomic" or  
 Support deleting "economic" requirement in its entirety; or  
 OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or  
 Support deleting the current rule in its entirety or  
 Support rate equal to twice the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or  
 Support deletion of current rule or  
 Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or  
 OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.  
 Support  Oppose: Maintain current rule  
 OTHER notice rule changes: (describe)

COMPANY NAME: DUGAN PRODUCTION CORP.  
 address: P. O. Box 420  
Farmington, NM 87499-0420  
 signature: *Thomas A. Dugan*  
 print name Thomas A. Dugan, President  
 phone number (505) 325-1821  
 fax number (505) 327-4613

**RESPONSE TO NMOGA QUESTIONNAIRE**  
**NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)**

To: Regulatory Practices Committee  
 Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

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 Support triple the current rates or  
 Support rate equal to the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or  
 Support substituting "marginal" for "uneconomic" or  
 Support deleting "economic" requirement in its entirety; or  
 OTHER: \_\_\_\_\_

**3. water limit:**

Currently, DHC limits water production to twice the applicable combined oil rate:

- Maintain current rule or  
 Support deleting the current rule in its entirety or  
 Support rate equal to twice the top allowable for the shallowest pool commingled; or  
 OTHER: \_\_\_\_\_

**4. 50% pressure differential ("cross-flow"):**

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or  
 Support deletion of current rule or  
 Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, nor formation damage and cross-flowed production is ultimately recovered; or  
 OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.  
 Support  Oppose: Maintain current rule  
 OTHER notice rule changes: (describe)

COMPANY NAME: DUGAN PRODUCTION CORP.  
 address: P. O. Box 420  
Farmington, NM 87499-0420  
 signature: *Thomas A. Dugan*  
 print name: Thomas A. Dugan, President  
 phone number: (505) 325-1821  
 fax number: (505) 327-4613

cc: Donald E. Romine

From: Ruth Andrews

1-18-96 7:08pm p. 2 of 2

### RESPONSE TO NMOGA QUESTIONNAIRE NMOCD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

**1. oil allowables:**

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

**2. economics:**

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

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- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

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- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

**5. Notice to Offsetting parties:**

Currently, Rule 303 provides that applicants for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule

OTHER notice rule changes: (describe) : *In the case of differing ownership, applicant should be required to submit evidence of agreement among affected working interest owners.*

COMPANY NAME: OXY USA INC.

address: P.O. Box 50250  
Midland, TX 79710

signature: Richard E. Foppiano

print name: Richard E. Foppiano  
phone number: 915-685-5913

cc: William T. Duncan, Jr.

From: Ruth Andrews

1-15-96 3:30pm

p. 2 of 2

### RESPONSE TO NMOGA QUESTIONNAIRE NMOGD proposed Rule 303 Changes (January 18, 1996 Hearing)

To: Regulatory Practices Committee  
Fax to: (505) 986-1094 (deadline: January 10, 1996)

1. oil allowables:

Currently, DHC oil rates are limited to the total combined daily rate of 20 BOPD to 5000 feet and then increased by 10 bbls per thousand feet:

- Maintain current rule or
- Support triple the current rates or
- Support rate equal to the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

2. economic:

Currently, DHC requires evidence that at least one zone is "uneconomic"

- Maintain current rule or
- Support substituting "marginal" for "uneconomic" or
- Support deleting "economic" requirement in its entirety; or
- OTHER: \_\_\_\_\_

3. water limit:

Currently, DHC limits water production to twice the applicable combined oil rate;

- Maintain current rule or
- Support deleting the current rule in its entirety or
- Support rate equal to twice the top allowable for the shallowest pool commingled; or
- OTHER: \_\_\_\_\_

4. 50% pressure differential ("cross-flow"):

Currently, DHC of gas pools limits the pressure differential to not more than twice the pressure of the lower pressured zone:

- Maintain current rule or
- Support deletion of current rule or
- Support relaxing rule to allow cross-flow provided allocation formula is reliable, fluids compatible, no formation damage and cross-flowed production is ultimately recovered; or
- OTHER: \_\_\_\_\_

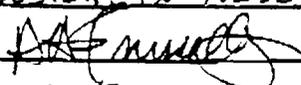
5. Notice to Offsetting parties:

Currently, Rule 303 provides that applicator for Administrative DHC shall notify all offsetting operators of units around the entire spacing unit containing the proposed DHC. NMOGA seeks to have notice limited to the working, royalty and ORR interest owners in the DHC spacing unit.

- Support  Oppose: NMOGA's proposal to eliminate notice to offset operators.
- Support  Oppose: Maintain current rule
- OTHER notice rule changes: (describe)

COMPANY NAME: Exxon Co., U.S.A.

address: P.O. Box 2180  
Houston, Tx 77252-2180

signature: 

print name: H.H. Trussell, Jr.

phone number: 713-656-0271

fax number: 713-656-9430