

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 871
Santa Fe, New Mexico

Proposed Amendment to Rule 111 of the Statewide Rules and Regulations

Rule 111

(a) Unchanged

(b) Unchanged

(c) The Secretary-Director of the Commission shall have the authority to grant an exception to the provisions of paragraph (b) above without Notice and Hearing where application has been filed in due form and the following facts exist and the following provisions are complied with:

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 942

1. A complete, validated statement of the proposed work to be performed and the purpose thereof must be submitted with a plat of the lease showing the location of the well and offset ownership.
2. The well on which the sidetrack is to be performed must not be closer than 600 feet to any outer boundary of the lease on which it is located.
3. The taking of a directional survey is impractical, if not impossible with present equipment and technology.
4. The applicant presents written consent in the form of waivers from all operators owning interests within 1500 feet of the subject well.
5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that the owners of interests within 1500 feet were notified by registered mail of the proposed sidetrack or sidetracks by submitting a validated mailing list of the operators notified, with the application. The Secretary-Director of the Commission may approve the application if, after a period of 10 days following the mailing of said notice, no operator has made an objection to the proposed work.
6. Immediately following the completion of the work, a complete validated report of the work performed shall be submitted to the Commission in DUPLICATE.

RULE 108. DEFECTIVE CASING OR CEMENTING

In any well that appears to have a defective casing program, faulty cemented or corroded casing which will permit or may create underground waste, the operator shall proceed with diligence to use the appropriate method and means to eliminate such hazard of underground waste. If such hazard of waste cannot be eliminated, the well shall be properly plugged and abandoned.

RULE 109. BLOW-OUT PREVENTION

In drilling in areas where high pressures are likely to exist, all proper and usual precautions shall be taken for keeping the well under control, including the use of blow-out preventers and high pressure fittings attached to properly cemented casing strings.

RULE 110. PULLING OUTSIDE STRINGS OF CASING

In pulling outside strings of casing from any oil or gas well, the space outside the casing left in the hole shall be kept and left full of mud-laden fluid or cement of adequate specific gravity to seal off all fresh and salt water strata and any strata bearing oil or gas not producing.

RULE 111. DEVIATION TESTS

(a) When any well is drilled or deepened with rotary tools, tests to determine the deviation from the vertical shall be taken. When the deviation from the vertical in any 500 foot interval averages more than 5 degrees, a directional survey shall be filed with the Commission before any oil or gas from the well is sold so as to determine that the bottom of the hole is on the lease where the well is drilled.

(b) A deviational and directional survey shall be made and filed with the Commission on any well utilizing a whipstock or any method of deviating the well bore in a predetermined direction except to sidetrack junk in the hole, straighten a crooked hole or to control a blow-out. Special permits may be obtained to directionally drill in a predetermined direction as limited above, only after a hearing before the Commission.

RULE 112. MULTIPLE ZONE COMPLETIONS

(a) The multiple zone completion of any well, including a bradenhead gas well, may be permitted only by order of the Commission upon hearing.

(b) The application for such hearing shall be accompanied by an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, and shall set forth all material facts on the common sources of supply involved, and the manner and method of completion proposed.

appropriate method and means for rectifying such damage. If shooting or chemical treating results in irreparable injury to the well the Commission may require the operator to properly plug and abandon the well.

RULE 114. SAFETY REGULATION

(a) All oil wells shall be cleaned into a pit or tank, not less than 40 feet from the derrick floor and 150 feet from any fire hazard. All flowing oil wells must be produced through an oil and gas separator of ample capacity and in good working order. No boiler or portable electric lighting generator shall be placed or remain nearer than 150 feet to any producing well or oil tank. Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the vicinity of wells and tanks. All waste shall be burned or disposed of in such manner as to avoid creating a fire hazard.

(b) When coming out of the hole with drill pipe, drilling fluid shall be circulated until equalized and subsequently drilling fluid level shall be maintained at a height sufficient to control subsurface pressures. During course of drilling, blow-out preventers shall be tested at least once each 24 hour period.

RULE 115. WELL AND LEASE EQUIPMENT.

Christmas tree fittings or wellhead connections with a working pressure equivalent to at least 150% of the calculated or known pressure in the reservoir from which production is expected shall be installed and maintained in first class condition so that on flowing wells, gas-oil ratio, static bottom hole or other pressure tests may be easily made. Valves shall be installed and maintained in good working order to permit pressures to be obtained on both casing and tubing. Each flowing well shall be equipped to control properly the flowing of each well, and in case of an oil well, shall be produced into an oil and gas separator of a type generally used in the industry.

RULE 116. NOTIFICATION OF FIRE, BREAKS, LEAKS OR BLOW-OUTS

All persons controlling or operating any oil or gas well or pipe line, or receiving tank, storage tank, or receiving and storage receptacle into which crude oil is produced, received or stored, or through which oil is piped or transported, shall immediately notify the Commission by letter giving full details concerning all fires which occur at such oil or gas well or tank or receptacle on their property, and all such persons shall immediately report all tanks or receptacles struck by lightning and any other fire which destroys oil or gas, and shall immediately report any breaks or leaks in or from tanks or receptacles and pipe lines from which oil or gas is escaping or has escaped. In all such reports of fires, breaks, leaks or escapes, or other accidents of this nature, the location of the well, tank, receptacle, or line break shall be given by Section, Township, Range and property, so that the exact location thereof can be readily located on the ground. Such report shall like-

CASE 942

RECOMMENDATION OF SHELL OIL COMPANY FOR AMENDMENT OF RULE 111 OF THE COMMISSION'S
STATEWIDE RULES AND REGULATIONS

Rule 111. Deviation tests.

(c) The Commission may grant administratively a special permit for the drilling of high-angle drain holes upon request by an operator provided, however, that prior to the sale of any oil or gas from the well the operator shall make and file with the Commission and each offset operator a copy of a deviational and directional survey showing the position of the take-off point with respect to all lease boundaries accompanied by sworn statements executed by the service company drilling the drain holes providing all data as to length and direction of each drain hole so that the Commission may determine that the take-off point and all drain holes are on the lease where the well is drilled.

The Commission shall grant an allowable for a well in which drain holes have been drilled if the above requirements are met and no objection from an offset operator has been received ten days after receipt of the deviational and directional survey and sworn statements concerning the drain holes and the dates of filings of copies of the surveys with offset operators. If the Commission is not convinced from the data presented that the take-off point and all drain holes are on the lease where the well is drilled, or if an offset operator has objected within ten days after receipt of the deviational and directional survey and sworn statements concerning the drain holes; the Commission shall grant an allowable for such well only upon a favorable finding after a hearing. If considered necessary to establish that any particular drain hole lies completely on the lease where the well is drilled, the operator of such well may be required at his expense to make a deviational and directional survey of the drain hole and to file with the Commission and each offset operator a copy of such survey.

The granting, with or without hearing, of an allowable to a well in which drain holes are drilled, shall not prevent the Commission or any operator from thereafter reopening the matter for just and equitable reason.