

SPECIAL RULES AND REGULATIONS
LONE PINE DAKOTA "D" UNIT
FOR THE
PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Lone Pine Dakota "D" Unit Pressure Maintenance Project, hereinafter referred to as the Project, shall comprise all of the area included within the Lone Pine Dakota "D" Unit.

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or to top unit allowable for the Lone Pine Dakota "D" Pool, whichever is less; the allowable assigned to each injection well in the Project shall be the top unit allowable for the Lone Pine Dakota "D" Pool.

RULE 4. An allowable may be assigned to any well which is curtailed or shut-in because of high gas-oil ratio, pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressure or changes in characteristics of reservoir liquids or progress of sweep.

RULE 5. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 4 above shall be determined by a 24-hour test at a stabilized rate of production which shall be the final 24-hour period of a 72-hour test throughout which the well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2000 : 1) for the Lone Pine Dakota "D" pool shall be waived during such tests. The project operator shall notify the Commission and all operators offsetting the well of the exact time such tests are to be conducted in order that the tests may be witnessed.

RULE 6. The project allowable may be produced from any well or wells in the project area, provided that any producing well in the project area which directly or diagonally offsets a well outside the project area producing from the same common source of supply shall not produce in excess of two times the top unit allowable for the Lone Pine Dakota "D" Pool.

RULE 7. Each producing well shall be subject to the limiting gas-oil ratio (2000 : 1) for the Lone Pine Dakota "D" Pool, except that any well within the project area producing with a gas-oil ratio in excess of 2000 cubic feet of gas per barrel of oil may be produced on a "net" gas-oil ratio basis, which net gas-oil ratio shall be determined by applying credit for daily average gas injected into the Lone Pine Dakota "D" Pool within the project area to such well. The daily adjusted oil allowable for any well receiving gas injection credit shall be determined in accordance with the following formula:

$$A_{adj} = \frac{TUA \times F_a \times 2,000}{\frac{P_g - I_g}{P_o}}$$

Where:

Aadj = the well's daily adjusted allowable
TUA = top unit allowable for the pool
Fa = the well's acreage factor
Pg = average daily volume of gas produced by
the well during the preceding month, cubic
feet
Ig = the well's allocated share of the daily
average gas injected during the preceding
month, cubic feet
Po = average daily volume of oil produced by
the well during the preceding month,
barrels

In no event shall the amount of injected gas being credited to a well be such as to cause the net gas-oil ration, $\frac{Pg - Ig}{Po}$, to be less than 2000 : 1.

RULE 8. Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total Project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 9. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same by the Secretary-Director of the Commission. To obtain such approval, the Project operator shall file application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall include the following:

- (1) A plat showing the location of proposed injection well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (2) A schematic drawing of the proposed injection well which fully describes the casing, tubing, perforated interval, and depth showing that the injection of gas or water will be confined to the Dakota "D" formation.
- (3) A letter stating that all offset operators within one-half mile of the proposed injection well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection well, if within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

RULE 10. Wells may be located anywhere within the unit area. However producing wells shall not be located within 330 feet of the outer boundaries of the unit area. The Secretary-Director of the Commission shall have authority to grant permission to drill any well within the provisions of this rule without notice and hearing.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>13</u>
CASE NO. <u>4664</u>
DATE <u>7-1-68</u>