

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:) CASE NO. 12,069
)
APPLICATION OF BURLINGTON RESOURCES OIL)
AND GAS COMPANY TO INCREASE THE VERTICAL)
LIMITS, PROVIDE FOR NOTICE REQUIREMENTS,)
ESTABLISH ADMINISTRATIVE PROCEDURES,)
AMEND SPECIAL POOL RULE 2(b) AND ADOPT)
NEW SPECIAL POOL RULES 2(c) AND 3 FOR)
THE BLANCO-MESAVERDE GAS POOL FOR)
PURPOSES OF INCREASING WELL DENSITY AND)
CHANGING WELL LOCATION REQUIREMENTS FOR)
MESAVERDE WELLS, RIO ARRIBA AND SAN JUAN)
COUNTIES, NEW MEXICO)
)

OFFICIAL EXHIBIT FILE
(2 of 2: Amoco Exhibit 1, submissions by attendees)
EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

October 29th, 1998

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, October 29th, 1998, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317



AMOCO PRODUCTION COMPANY

NMOCDCASE 12069

BLANCO MESA VERDE POOL RULE
CHANGE

OCTOBER 29, 1998

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 12069 Exhibit No. 1

Submitted by: Amoco Production Company

Hearing Date: October 29, 1998

AMOCO POSITION ON MESA VERDE POOL RULE CHANGE

- SUPPORT POOL CHANGE FOR ADDITIONAL OPTIONAL INFILL WELLS IN GPU
- DO NOT SUPPORT SPECIAL QUALIFYING AREAS
- SUPPORT SIMPLE NOTICE FOR ENTIRE POOL
- SUPPORT SIMPLIFICATION OF PROPOSED POOL LANGUAGE
- SUPPORT GRANDFATHERING OF PERMITTED WELLS
- RECOMMEND 350 FOOT VERTICAL POOL LIMIT
- REVISIT POOL CHANGE PRIOR TO 2 YEARS

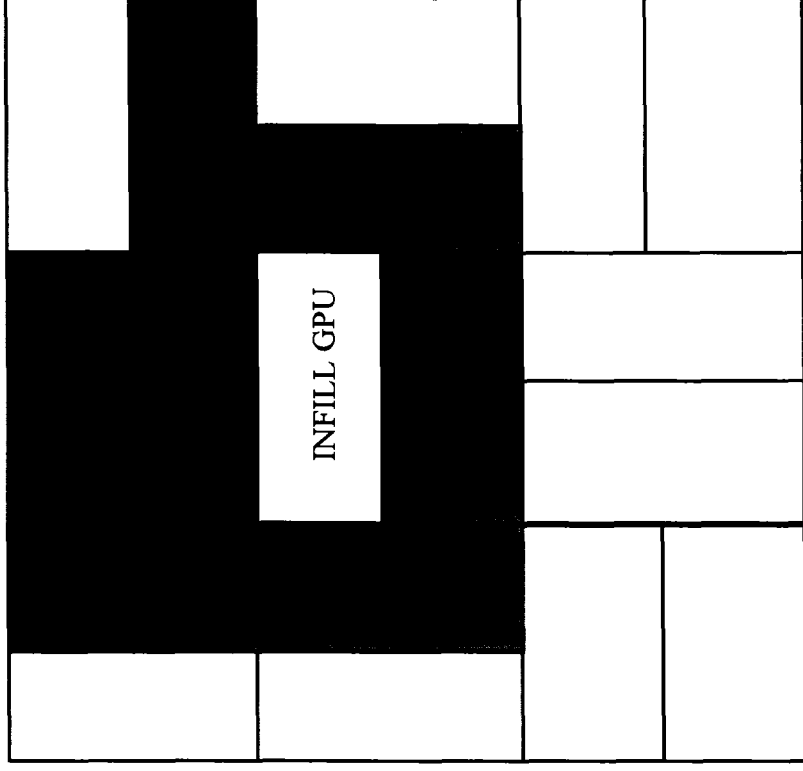
SPECIAL QUALIFYING AREAS

- PROPOSED RULE DELINEATES AREAS NEEDING NO INFILL
 - DATA COULD SIMILARLY BE PRESENTED AS 0, 1, 2 WELLS NEEDED
 - CREATES CONFUSION AS TO WHEN TO NOTICE
- RECOMMEND NOTICE TO ALL SURROUNDING SPACING UNITS
 - PROTECTS CORRELATIVE RIGHTS AND PREVENTS WASTE
 - ALLOWS EACH OPERATOR TO DETERMINE IF THEY ARE AFFECTED
 - SEEMS FAIR DURING AN INTERIM PERIOD WHILE WE DETERMINE THE APPROPRIATE AREAS FOR 0, 1, OR 2 ADDITIONAL INFILL WELLS
- RECOMMEND WE REVISIT POOL CHANGE PRIOR TO 2 YEARS

SIMPLE NOTICE

- NOTICE TO OPERATOR OF EACH GPU SURROUNDING THE GPU TO BE INFILLED
- NOTICE TO INCLUDE INTENT TO DRILL A THIRD AND/OR FOURTH WELL IN GPU
- NOTICE WOULD BE BY CERTIFIED, RETURN RECEIPT REQUEST TO ALL OFFSET OPERATORS
- SELF CERTIFY NOTICE TO NMOCD
- APPROVAL IF NO PROTEST IN 20 DAYS

EXAMPLE OF SIMPLE NOTICE



- GPU TO BE INFILLED
- GPU OPERATORS TO BE NOTICED

SIMPLIFY LANGUAGE

RULE 2(b) Well Location:

- (1) No well shall be located closer than 660 feet to the outer boundaries of the GPU nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.
- (2) No more than 2 wells located within a quarter section can be produced at one time.
 1. Any Operator proposing a second optional infill well in a quarter shall be granted only after notice by certified mail-return receipt requested to the operator(s) of record of all adjacent spacing units to the spacing unit proposed for increased density drilling. Such notice shall include language advising that those parties have twenty (20) days from receipt to file with the Division's District Supervisor a written objection to the increased density application. Such notice shall further include a plat (Form C-102) for the second well in the quarter section being proposed on a GPU and shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Mesaverde wells on the GPU plus the proposed new well(s).
 2. An adjacent operator shall be any operator of a Mesaverde GPU whose outer boundary adjoins on any side the GPU in which the proposed optional infill well is to be located.
 3. The Division's District Supervisor may approve the increased density application upon receipt of certification by the applicant that all adjacent operators have received notification and no objections have been received within a twenty (20) day notice period.
 4. In the event an objection is timely received or upon the initiative of the District Supervisor, the application shall be set for a hearing before the Division Examiner.

GRANDFATHERING OF WELLS

- **SUPPORT GRANDFATHERING OF WELLS WHICH HAVE BEEN PERMITTED PRIOR TO ORDER**
- **ONLY ALLOW WELLS WHICH HAVE BEEN NOTICED AND APPROVED THROUGH NMOCD SANTA FE**
- **ALLOWS FOR CONTINUANCE UNDER CURRENT DIVISION PRACTICE WHILE POOL ORDER IS WRITTEN**

VERTICAL LIMIT INCREASE

- **HUERFANITO BENTONITE DIFFICULT TO PICK
NEAR CHACRA LINE**
- **POTENTIAL THAT 400 FEET WOULD BE TOO
CLOSE TO PICTURED CLIFFS**
- **POTENTIAL FRACTURE STIMULATION HEIGHT
GROWTH INTO PICTURED CLIFFS**
- **RECOMMEND 350 FEET LIMIT ABOVE THE
MARKER**

AMOCO PROPOSED RULE

The VERTICAL LIMITS for the Blanco-Mesaverde Gas Pool shall be as follows:

- North and east of a line generally running from the northwest corner of Township 31 North, Range 13 West, San Juan County New Mexico, to the southwest corner of Township 24 North, Range 1 East, NMPM Rio Arriba County, New Mexico (as fully described on Exhibit "A" of Order R-5459, August 1, 1977, as amended, and in Rule 25 of this order), the vertical limits shall be from **350 feet above** the Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

-South and west of the line described in (a) above, the vertical limits shall be from a point 750 feet below said Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.

A. WELL ACREAGE AND LOCATION REQUIREMENTS

RULE 2(a). A standard GPU (Gas Proration Unit) in the Blanco Mesaverde Gas Pool shall be 320 acres.

RULE 2(b) Well Location:

(1) No well shall be located closer than 660 feet to the outer boundaries of the GPU nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

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3. The Division's District Supervisor may approve the increased density application upon receipt of certification by the applicant that all adjacent operators have received notification and no objections have been received within a twenty (20) day notice period.

4. In the event an objection is timely received or upon the initiative of the District Supervisor, the application shall be set for a hearing before the Division Examiner.

ALLOCATION AND GRANTING OF ALLOWABLES

Non-Marginal GPU Allowable: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:

(A) Seventy -five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool

When calculating the allowable for a GPU containing an infill well the deliverability of two wells per GPU shall be added in calculating the AD factor and the allowable may be produced from those wells.

(B) Twenty -five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

Rule 8. Minimum allowable: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

A GPU in the BLANCO MESAVERDE GAS POOL shall be classified as marginal unless reclassified by the Director pursuant to Rule 605.F.(2). Any operator in the BLANCO MESAVERDE GAS POOL may request a reclassification of a GPU in that pool.

Miscellaneous Special Pool Rules

No Change

1/10



AMOCO PRODUCTION COMPANY

NMOCD CASE 12069

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OCTOBER 29, 1998

**BEFORE THE
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Santa Fe, New Mexico

Case No. 12069 Exhibit No. 1

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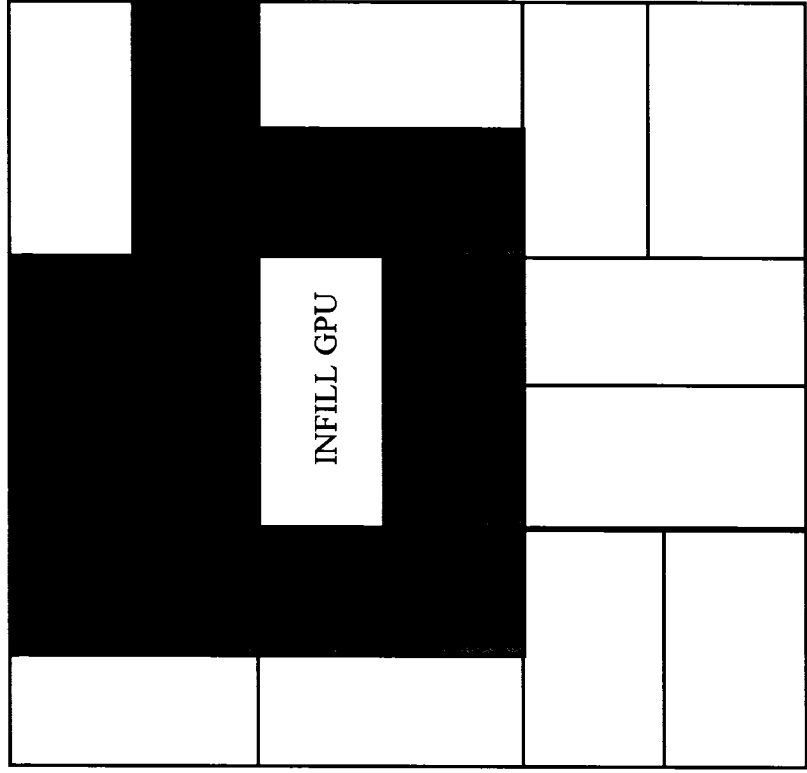
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- 2. • RECOMMEND WE REVISIT POOL CHANGE PRIOR TO 2 YEARS (*Notice*)

4/10

SIMPLE NOTICE

- **NOTICE TO OPERATOR OF EACH GPU SURROUNDING THE GPU TO BE INFILLED**
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EXAMPLE OF SIMPLE NOTICE



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6/10

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Miscellaneous Special Pool Rules

No Change



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodeo Road
P. O. Box 27115
Santa Fe, New Mexico 87502-0115

IN REPLY REFER TO:
1780 (930)

October 28, 1998

Memorandum

To: Field Office Manager, Farmington FO
Field Office Manager, Albuquerque FO

From: State Director, NM

Subject: NM Resource Advisory Council (RAC) Recommendations for the Burlington Resources Proposal to the New Mexico Oil Conservation Division (NMOCD)

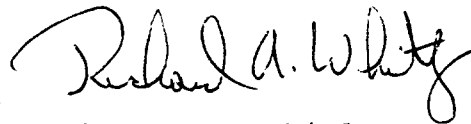
The New Mexico Bureau Of Land Management RAC has a high concern for the Burlington Resources proposal, to the NMOCD, that the spacing for the Mesa Verde Formation be changed from 160 acre spacing to 80 acre spacing. It is the understanding of the RAC that the Burlington's proposal could result in more wells in the Mt. Nebo and Navajo Lake regions. This is an area with valuable wildlife and recreational values which could potentially be adversely impacted by this increased concentration of wells and associated activity.

If the NMOCD approves 80 acre spacing for the Mesa Verde Formation the RAC requests that the Bureau of Land Management stipulate the following mitigation measures to all Applications for Permits to Drill (APDs) in these areas of environmental concern.

1. Twin wells when possible.
2. Use existing roads when possible.
3. Use existing pipeline corridors when possible.
4. Increase efforts toward reducing the number of roads.
5. Maintain corridors for elk and deer migration.
6. Keep habitat fragmentation to a minimum.
7. Restricted drilling in or near riparian habitats, on benches and escarpments, and in the State Parks.
8. Implement active weed control along existing and new disturbed sites.
9. The permit to drill should include appropriate reclamation measures that are site specific.

10. Address noise levels where necessary.

The NM RAC feels that all users of public lands should be good stewards of that land.

A handwritten signature in black ink, appearing to read "Richard A. Whitley". The signature is written in a cursive style with a large initial "R".

Richard A. Whitley
Acting State Director

cc:
Cecilia Abeyta,
Office of the Lt. Gov.

NM (931, Bob Armstrong)

12069

TALKING PAPER

October 29, 1998

1. **Burlington Resources Oil and Gas Company (BROGC) seeks permission from the New Mexico Conservation Division to increase vertical limits for the Blanco Mesaverde Gas Pool and for increasing well density by well relocation in Rio Arriba, and San Juan Counties in New Mexico.**
2. **Seven (7) royalty shareholders hereby register their complaint that they are unable to acquire an accounting of the royalties payments due and payable to them on an equitable basis from 1983 to the present.**
3. **The royalty checks received by the 7 shareholders during said period vary by significant amounts and defy reasonable explanation since each shareholder possesses equal shares.**
4. **Said shareholders believe this body should hold up approval of BROGC's application until a full accounting of their fiduciary responsibilities to them has been satisfied.**
5. **Said shareholders believe BROGC should be denied standing before this body for their Application until they satisfy said responsibilities.**

Complainants Mary Perea, Delfine Sanchez, Willie Sanchez, Mary L. Waldron, Sally Montoya, Ben Sanchez and Henry Sanchez request this body deny standing for BROGC's Application for well improvements until BROGC satisfies their alleged royalty indebtedness claims from 1983 to the present based upon gas well production on wells with Meter Numbers 00-093, 71-676, 71-67F, 71-696, 71-699, 93-820, 93-82J and 03-82Z.