

CASE 6094: OCC TO CONSIDER THE REPEAL  
OF ORDER NO. 67 AND AMENDMENT OF RULE  
406 OF THE COMMISSION RULES

Case Number

6094

Application

Transcripts.

Small Exhibits

FTC

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 30, 1977

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil  
Conservation Commission on its own  
motion to consider the repeal of  
Commission Order No. 67.

CASE  
6094

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

**sid morrish reporting service**

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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1 MR. NUTTER: Call Case 6094, which is in the matter  
2 of the hearing called by the Oil Conservation Commission on  
3 its own motion to consider the repeal of Commission Order  
4 No. 67, and the amendment of Rule 406 of the Commission  
5 Rules, both of which relate to carbon dioxide gas.

6 Call for appearances in this case?

7 MS. TESCHENDORF: Lynn Teschendorf, appearing on  
8 behalf of the Commission, and let the record show that my  
9 witness, Mr. Stamets, has been previously sworn and qualified.

10 MR. NUTTER: Mr. Stamets is still under oath.

11  
12 RICHARD L. STAMETS

13 was called as a witness by the Commission, and having been  
14 first duly sworn, testified upon his oath as follows, to-wit:

15  
16 DIRECT EXAMINATION

17 BY MS. TESCHENDORF:

18 Q Mr. Stamets, what is the history behind Case 6094?

19 A There has been quite a bit of increased interest in  
20 carbon dioxide development in New Mexico in the last couple  
21 of years.

22 We have had thirty-five or forty wells drilled in  
23 this period of time and there is a pipeline planned to come  
24 through the CO 2 area and one drilling company has established  
25 an office in Mosquero.

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1           Anyhow, this increased activity brought to light  
2   that the carbon dioxide development, fields, were not covered  
3   by the rules and regulations of the Commission, but were,  
4   in fact, covered by Order No. 67, which was adopted on June  
5   26, 1937.

6           Q   What complications have arisen from the situation?

7           A   Well, when you review Order No. 67, you find certain  
8   disparities between these and the general rules and regulations  
9   and some of these include, for instance, bonding provisions.

10           Under Order No. 67, five thousand dollar one-well  
11   bonds are required and ten thousand dollar blanket plugging  
12   bonds are required rather than the bonds which we now require  
13   under Rule 101.

14           These smaller bonds are really insufficient for  
15   coverage of CO 2 wells just as they were insufficient for  
16   covering oil and gas wells.

17           The second difference is that forty acre drilling  
18   units were required for gas wells rather than the one hundred  
19   sixty acres which is required under the general rules and  
20   regulations.

21           A number of forms were listed as being required of  
22   the operator and these forms have been changed over the  
23   years so the numbers don't match the form titles. Some of  
24   them there are no forms anymore.

25           The cementing requirements spelled out in Order

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1 No. 67 included thirty-six and forty-eight hour shut in  
2 requirements after cementing rather than the eighteen hour  
3 requirement under state-wide rules and regulations.

4 There is a casing and cementing program spelled  
5 out of the ~~Forrears~~ <sup>Forrears</sup> Field in Order No. 67 and this is something  
6 that can be handled by our district personnel without having  
7 to have special rules and regulations.

8 Q Are there any other reasons to bring these wells  
9 under our rules and regulations?

10 A Yes. This simply would clarify the requirements  
11 for production reports for individual wells which we, and  
12 other people, will need for evaluation of this resource  
13 in the future.

14 It will clarify the need for copies of radioactive  
15 logs run on these wells.

16 Rule 404 would then be applicable which would  
17 prevent waste of carbon dioxide gas by venting, at least,  
18 without permission of the Commission.

19 We would clarify that these wells would be covered  
20 by our gas well test procedures and shut in pressure test  
21 requirements.

22 It would just simply bring the development of this  
23 resource under more adequate and uniform rules and  
24 regulations.

25 Q What would you recommend for regulation relating to

*July 20*

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1 carbon dioxide field?

2 A I do have some extra copies of our proposed Rule  
3 406 if anybody would like to see them <sup>or</sup> take them when they  
4 go. This is something we did not include with the docket  
5 although I believe they got the docket which stated the case --  
6 the case was stated broadly enough that it covers everything  
7 that we have here.

8 I would recommend that we rescind Order No. 67 and  
9 that we amend Rule 406 in accordance with Exhibit Number One  
10 in this case.

11 The rule, then, would read, "The statewide regulations  
12 relating to gas and natural gas, gas wells and gas reservoirs  
13 including but not limited to those provisions relating to  
14 well locations and acreage dedication requirements, casing  
15 and cementing requirements and measuring and reporting of  
16 production shall also apply to carbon dioxide gas, carbon  
17 dioxide wells, and carbon dioxide reservoirs."

18 MS. TESCHENDORF: I would like for the Examiner to  
19 take administrative notice of Order No. 67, which was issued  
20 by the O.C.C. in 1937.

21 MR. NUTTER: I will take administrative notice of  
22 those special rules in that order.

23 For the sake of the record I would also like to  
24 point out that on May 27, 1937, Order No. 66, an emergency  
25 order, was promulgated by the Commission which was to be

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1 effective from May 27, 1937, to June 10, 1937, a period of  
2 fifteen days. That order died of its own terms on June 10,  
3 1937.

4 Then, on June 19 -- June 26, 1937, Order No. 67  
5 was promulgated prescribing special rules and regulations  
6 for the potash area.

7 Then, -- the carbon dioxide area, I am sorry, --  
8 then, on December 9, 1949, the Commission entered Order No.  
9 850, which re-established the rules and regulations for the  
10 Commission and rescinded all previous orders of the Commission  
11 with the exception of certain few that were named in that  
12 order.

13 Named in that order were Nos. 66 and 67, but 66  
14 was already a dead order because it died of its own terms  
15 on the -- June 10 of '37. But 67 is named, so 67 is still in  
16 effect and, Mr. Stamets, you feel that Order No. 67 containing  
17 these rules and regulations for the carbon dioxide fields  
18 for the State of New Mexico are antiquated and should be  
19 repealed?

20 A. That is correct.

21 MR. NUTTER: Are there any questions of Mr. Stamets?  
22 He may be excused. Do you have anything further, Ms.  
23 Teschendorf?

24 MS. TESCHENDORF: I would like to offer Exhibit  
25 Number One.

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1 MR. NUTTER: Exhibit Number One in Case 6094  
2 will be admitted in evidence.

3 We do have a telegram from Amoco Production Company.  
4 I won't read it all. I will read the second paragraph,  
5 "In view of Amoco's major interest in CO 2 we recommend  
6 adoption of the proposed amendment to Rule 406 and the  
7 repeal of Commission Order No. 67.

8 "We feel that this is a step in the right direction.  
9 When Amoco's development plans are complete and should  
10 Rule 406 not be compatible special rules for CO 2 production  
11 could be requested.

12 "Please read this in the record of Case 6094."

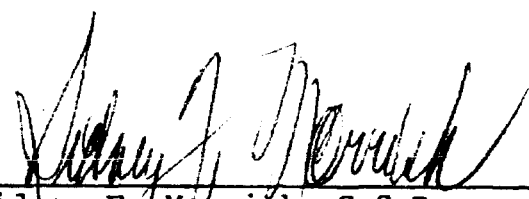
13 Are there any other comments in this case? We  
14 will take the case under advisement.

15 (THEREUPON, the witness was excused and the  
16 case was concluded.)  
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6094  
heard by me on 11/30, 1977.

, Examiner  
New Mexico Oil Conservation Commission

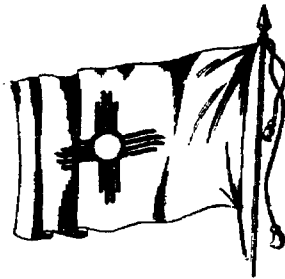
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NEW MEXICO OIL CONSERVATION COMMISSION

CIRCULAR NO. 4

**RULES AND REGULATIONS FOR  
CARBON DIOXIDE FIELDS IN THE  
STATE OF NEW MEXICO**



ISSUED BY THE

**OIL CONSERVATION COMMISSION**

JULY 1, 1937

OIL CONSERVATION COMMISSION

GOVERNOR CLYDE TINGLEY, Chairman

G. D. MACY, State Geologist

FRANK WORDEN, Commissioner of Public Lands, Secretary

# **NEW MEXICO OIL CONSERVATION COMMISSION**

ORDER NO. 67

## **RULES AND REGULATIONS FOR CARBON DIOXIDE FIELDS IN THE STATE OF NEW MEXICO**

### **EXPLANATION**

These general and special rules and regulations for the Carbon Dioxide fields, in the State of New Mexico, were adopted by the Commission June 26, 1937 and became effective July 1, 1937.

### **GENERAL RULES AND REGULATIONS**

The general rules and regulations of the New Mexico Oil Conservation Commission in Circular 1, "Oil and Gas Conservation Law and General Rules and Regulations for the Conservation of Oil and Gas in New Mexico", shall apply to all present and all future wells in the Carbon Dioxide fields in the State of New Mexico, except as such rules and regulations are modified or amplified herein to meet the special conditions in the various fields and to control and prevent waste in these fields.

### **BONDING REQUIREMENTS**

Before Form C-101, "Notice of Intention to Drill", is granted or approved by the Oil Conservation Commission, it will be necessary for the operator to have on file with the Oil Conservation Commission an approved and accepted corporate surety bond in the principal amount of \$5,000.00 for an individual well or a blanket corporate surety bond in the principal amount of \$10,000.00 where the operations cover more than one well. Each such bond shall be executed by a responsible surety company authorized to transact business in the State of New Mexico.

When the well or wells involved, or any such wells, are located on a State oil and gas lease, and the surface of the land involved was sold by the State prior to such oil and gas lease, such bond may, at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment for such damages to the livestock range, water,

crops or tangible improvements on such land as may be suffered by such purchaser or his successors in interest by reason of the development, use and occupation of such land resulting from such oil and gas leases.

Any bond conditioned as provided in the last preceding sentence must be approved, not only by the Commission, but by the Commissioner of Public Lands in his capacity as such.

All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved. Bonds conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved.

The Commission will, in writing, advise the principal and sureties on any bond conditioned to plug wells, as to whether the plugging is approved, in order that, if the plugging is approved, liability under such bond may be formally terminated.

Forms of bonds which will be acceptable will be furnished by the Commission.

#### PRODUCTION UNITS AND SPACING REGULATIONS

The production unit for the Carbon Dioxide fields is hereby established as a 40-acre tract or lot as determined by U. S. Government surveys, and no wells shall be drilled in excess of one to each such tract and no location shall be made closer than 330 feet from any two of the boundary lines of such subdivisions.

#### WRITTEN NOTICES, REQUESTS AND REPORTS

Written notices, requests and reports shall be required by the Oil Conservation Commission provided for in Circular 1 of the Commission, Rules 21 to 38 inclusive. Forms to be used in this connection, to be furnished by the Oil Conservation Commission, include:

- First-Surety Bond (See "Bonding Requirements", Page 3.
- Form C-101. Notice of Intention to Drill.
- Form C-102. Miscellaneous Notices.
- Form C-103. Miscellaneous Reports on Wells.
- Form C-104. Operator's Monthly Report of Operation.
- Form C-105. Well Record.
- Form C-106. Request for Permission to Connect with Pipe Line.
- Form C-107. Purchaser's Monthly Report.

In the case of wells on lands belonging to the United States copies of notices and reports to the proper officials of the United States will be accepted in lieu of these forms.

#### CASING TESTS FOR ALL FIELDS

The surface casing string shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. The surface casing shall stand cemented at least 36 hours before drilling plug. The intermediate string shall stand cemented not less than 48 hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made both before and after drilling plug. The production string shall stand cemented not less than forty-eight hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made before drilling plug and also after drilling plug, if practicable.

All cementing shall be done by the pump and plug method.

Bailing tests shall be used on all casing and cement tests. In making bailing tests, the well shall be bailed dry and remain dry for approximately ten hours.

If any string of casing fails while being tested by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

#### SPECIAL CASING PROGRAM

At wells in the Carbon Dioxide fields of the State of New Mexico where the general and special rules and regulations are not applicable because of exceptional conditions, the Commission may approve special casing programs upon request and provided adequate proof is submitted to justify such special programs and to assure the prevention of waste.

#### SURFACE EQUIPMENT

Meter settings and recording meters of adequate size to measure efficiently the gas produced shall be installed by the operator on each and every producing well. These meters shall be subject to check at all times by the Oil Conservation Commission.

Well head equipment and suitable pressure gauges shall be installed and maintained in first class condition at all times. All well head equipment consisting of the following: one master gate installed in cellar, one high pressure 2-inch gate installed at well head and such other equipment and connections and surface lines that the Oil Conservation Commission shall deem necessary, which shall test over 1000 pounds working pressure and be subject to the inspection and approval of the Oil Conservation Commission at all times.

All plant plans and designs, plant equipment and connections in present plants in this field and in any future plants which may be constructed shall be subject to the inspection by and the approval of the Oil Conservation Commission.

#### DEVIATION TESTS

When the deviation from vertical in any 500-foot interval averages more than 5 degrees the hole shall be straightened.

#### CONFLICTS BETWEEN GENERAL AND SPECIAL RULES AND REGULATIONS

In case of conflict between a general and a special rule or regulation, the special rule or regulation shall prevail without regard to the effective dates of the respective rules or regulations, unless the contrary is clearly prescribed by the Commission. (Rule 41, of Circular No. 1—General Rules and Regulations for the Conservation of Oil and Gas in New Mexico.)

#### SPECIAL RULES AND REGULATIONS FOR THE BUEYEROS FIELD, HARDING COUNTY, NEW MEXICO.

##### CASING AND CEMENTING PROGRAMS

Commercial producing horizons in the Bueyeros field as determined by present drilling are between the approximate depths of 800 feet to 1000 feet and 1500 feet to 2100 feet.

In order to protect these horizons and the various waters encountered, the following casing and cementing programs shall be followed:

Casing programs for the Bueyeros field shall consist of (A) a surface casing string, (B) an intermediate casing string, except as hereinafter provided, and (C) a production casing string.



**A. Surface Casing String.**

In order to protect the fresh water supply, the surface casing string shall be set at least 10 feet below any water encountered under 300 feet and cemented back to the bottom of the cellar.

**B. Intermediate Casing String.**

The intermediate casing string, if considered necessary by the Oil Conservation Commission shall be set below the first commercial producing horizon and shall be cemented with 150% of the calculated amount to bring cement to the bottom of the surface string.

**C. Production Casing String.**

The production casing string shall be set and cemented on the top of or in the producing horizon, as ordered by the Oil Conservation Commission. This string shall be cemented with 150% of the calculated amount to bring the cement to the bottom of the next larger string. The present known thickness of the first commercial horizon is approximately 50 feet and the second known horizon between 50 feet and 100 feet. In no case shall the operator drill more than two-thirds of the distance through the horizon he intends to produce from.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 6094  
Order No. R-5611

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION ON  
ITS OWN MOTION TO CONSIDER THE REPEAL OF  
COMMISSION ORDER NO. 67 AND THE AMENDMENT  
OF RULE 406 OF THE COMMISSION RULES, BOTH  
OF WHICH RELATE TO CARBON DIOXIDE GAS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1977, and January 4, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of January, 1978, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Commission Order No. 66, an emergency order, the Commission on May 27, 1937, promulgated temporary special rules governing the development of the carbon dioxide areas in the State of New Mexico.

(3) That by Commission Order No. 67, the Commission on June 26, 1937, promulgated permanent special rules governing the development of the carbon dioxide areas in the State of New Mexico effective July 1, 1937.

(4) That by Commission Order No. 850, effective January 1, 1950, the Commission adopted general rules and regulations for the State of New Mexico, and ordered that all rules, regulations and orders of the Commission theretofore issued by the Commission, with the exception of certain named orders of a special nature or application, be repealed.

(5) That Commission Orders Nos. 66 and 67, described in Findings Nos. (2) and (3) above, were among those orders named by the aforesaid Order No. 850 as being excepted from the provisions of Order No. 850 repealing previous rules, regulations, and orders of the Commission.

-2-

Case No. 6094  
Order No. R-5611

(6) That the above-described Order No. 66 had already expired under its own terms and therefore could not have been extended by Order No. 850, but the above-described Order No. 67 was and is a valid order to this date.

(7) That the provisions of the special rules governing the exploration for and development of carbon dioxide gas and carbon dioxide reservoirs, as promulgated by said Order No. 67, have become antiquated by the passage of time and the development of new philosophies and technologies concerning bonding requirements, acreage dedication requirements, casing and cementing requirements, well testing, and other aspects of development and production of carbon dioxide and should be repealed.

(8) That Rule 406 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

"RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

(9) That adoption of an order based on the above-findings will not cause, but will prevent, waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. 67, dated June 26, 1937, and effective July 1, 1937, is hereby repealed.

(2) That Rule 406 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

"RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

-3-

Case No. 6094  
Order No. R-5611

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this order is now subject to rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order shall be 7 o'clock a.m., February 1, 1978.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

  
EMERY E. ARNOLD, Member

  
JOE D. RAMEY Member & Secretary

S E A L

jr/

TELEGRAM

1977 NO 29 PM 3:10

PHFEKA SANA  
-023642C332 11/28/77  
TX AMOCO PROD HOU  
401 HOUSTON, TEXAS NOVEMBER 28, 1977  
MR MR JOE D. RANEY  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE BUILDING - 2ND FLOOR  
SANTA FE, NM 87501

RE: CASE 6894, EXAMINER HEARING DOCKET FOR NOVEMBER 30, 1977.

AMOCO PRODUCTION COMPANY IS MAJOR LEASEHOLDER IN AN AREA THAT APPEARS TO HAVE SIGNIFICANT CO2 POTENTIAL. NO SIGNIFICANT MARKET FOR THIS NON-HYDROCARBON GAS EXISTS AT THIS TIME. AMOCO IS CURRENTLY INVESTIGATING ALL POSSIBLE METHODS OF PUTTING THIS NON-HYDROCARBON GAS TO A BENEFICIAL USE SO THAT A PLAN FOR DEVELOPMENT OF THIS RESOURCE CAN BE COMPLETED. AT THIS TIME, THE MOST FEASIBLE USE APPEARS TO BE FOR TERTIARY RECOVERY IN RESERVOIRS IN THE PERMIAN BASIN.

~~IN VIEW OF AMOCO'S MAJOR INTEREST IN CO2, WE RECOMMEND ADOPTION OF THE PROPOSED AMENDMENT TO RULE 406 AND THE REPEAL OF COMMISSION ORDER NO. 67. WE FEEL THIS IS A STEP IN THE RIGHT DIRECTION. WHEN AMOCO'S DEVELOPMENT PLANS ARE COMPLETE AND SHOULD RULE 406 NOT BE COMPATIBLE, SPECIAL POOL RULES FOR CO2 PRODUCTION COULD BE REQUESTED.~~

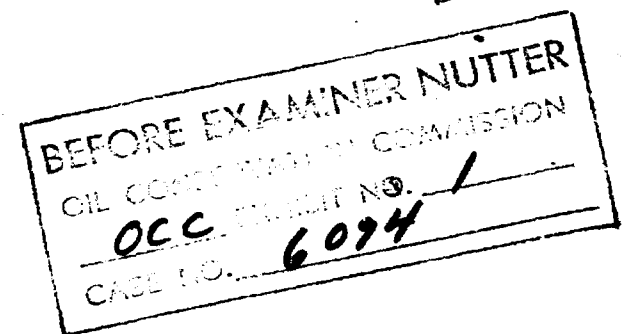
PLEASE READ THIS INTO THE RECORD OF CASE NO. 6894.

AMOCO PRODUCTION COMPANY  
J H BROWN  
DIVISION ENGINEERING MANAGER  
HOUSTON 11-28-77

1649 EST  
PHFEKA SANA

**RULE 406. CARBON DIOXIDE**

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs.



Dockets Nos. 39-77 and 1-78 are tentatively set for hearing on December 14, 1977 and January 4, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 30, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6089: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rules 701, 702, 703, 704, and 705 of the Commission Rules governing applications for approval of injection wells and projects, well construction and operations standards, reports and records requirements, and automatic termination of authorization for abandoned wells or projects.

• Please see proposed rules enclosed.

CASE 6090: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 107 of the Commission Rules to provide a requirement for the determination of cement tops outside all casing strings by means of temperature or mechanical surveys.

Please see proposed rule enclosed.

CASE 6091: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 405 of the Commission Rules, the adoption of a new Rule 1131, and a new Form C-131, all for the purpose of reporting gas injections and withdrawals in underground natural gas storage projects.

Please see proposed rule and amended form enclosed.

CASE 6092: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the reclassification of the following pressure maintenance projects as secondary recovery projects: The Amoco Baskett and Wasley Projects, and the Union Texas Baskett Project, all in Cato-San Andres Pool, Chaves County, New Mexico. The Amoco Horton Project, Milnesand-San Andres Pool, Roosevelt County, New Mexico. The Midwest Project, Nonombre-Pennsylvanian Pool, the Coastal States Flying "M" Project, Flying M-San Andres Pool, and the Mobil Vacuum Middle Penn Project, Vacuum-Middle Pennsylvanian Pool, all in Lea County, New Mexico. Also to be considered will be the amendment of the orders authorizing said projects to reflect the aforesaid reclassification.

CASE 6093: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the reclassification of the following pressure maintenance projects as secondary recovery projects: The Atlantic Richfield Horseshoe Gallup Unit Project, the Energy Reserves Group Horseshoe Gallup Project No. 3 and Northeast Hogback Unit Project, and the Engineering and Production Services Horseshoe Gallup Project No. 2, all in Horseshoe Gallup Oil Pool, the Engineering and Production Services Many Rocks Gallup Project No. 1, Getty Many Rocks Gallup Project No. 3, and the J. P. Woosley Many Rocks Gallup Project No. 4, all in the Many Rocks-Gallup Oil Pool; the Dugan Central Cha Cha Project and the Suburban Propane Northwest Cha Cha Unit Project, both in Cha Cha-Gallup Oil Pool; and the Shell Carson Unit Project, Bisti-Gallup Oil Pool, all in San Juan County, New Mexico. The Tenneco Lower Hospah Project, South Hospah-Lower Sand Oil Pool; South Upper Hospah Project, South Hospah-Upper Sand Oil Pool; and Lone Pine Dakota D Unit Project, Lone Pine Dakota D Oil Pool, all in McKinley County, New Mexico. Also to be considered will be the amendment of the orders authorizing said projects to reflect the aforesaid reclassification.

CASE 6094: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the repeal of Commission Order No. 67 and the amendment of Rule 406 of the Commission Rules, both of which relate to carbon dioxide gas. The repeal of said Order 67 and the amendment of Rule 406 would be for the purpose of abolishing the existing special rules for carbon dioxide exploration, development, and processing, and placing such activities under the general rules of the Commission.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6094

Order No. R- 5611

IN THE MATTER OF THE HEARING CALLED BY THE OIL  
CONSERVATION COMMISSION ON ITS OWN MOTION  
TO CONSIDER THE REPEAL OF COMMISSION ORDER  
NO. 67 AND THE AMENDMENT OF RULE 406 OF THE  
COMMISSION RULES, BOTH OF WHICH RELATE TO  
CARBON DIOXIDE GAS

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 30, 1977  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That by Commission Order No. 66, an emergency order, the  
Commission on May 27, 1937, promulgated <sup>temporary</sup> special rules governing  
the development of <sup>new</sup> carbon dioxide areas in the state of New Mexico.

(3) That by Commission Order No. 67, the Commission on June 26,  
1937, promulgated permanent special rules governing the development  
of <sup>new</sup> carbon dioxide areas in the State of New Mexico effective July 1, 1937.

(4) That by Commission Order No. 850, effective January 1, 1950,  
the Commission adopted general rules and regulations and for the  
State of New Mexico, and ordered that all rules, regulations, and orders  
of the Commission theretofore issued by the Commission, with the exception  
of certain named orders of a special nature or application, be  
repealed.

(5) That Commission Orders Nos. 66 and 67, described in Findings  
Nos. (2) and (3) above, were among those orders named by the aforesaid  
Order No. 850 as being excepted from the provisions of Order No. 850  
repealing previous rules, regulations, and orders of the Commission.



(6) That the above-described Order No. 66 had already expired under its own terms and therefore could not have been extended by Order No. 850, but the above-described Order No. 67 was and is a valid order to this date.

(7) That the provisions of the special rules governing the exploration for and development of carbon dioxide gas and carbon dioxide reservoirs, <sup>as promulgated by said Order No. 67,</sup> have become antiquated by the passage of time and the development of new philosophies and technologies concerning the ~~seal~~ bonding requirements, ~~casing~~ and acreage dedication requirements, casing and cementing requirements, well testing, and other aspects of development and production of carbon dioxide and should be repealed.

(8) That Rule 406 of the Commission Rules and Regulations should be amended to read in its entirety as follows:

" RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

(9) That adoption of an order based on the above findings will not cause, but will prevent, waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. 67, dated June 26, 1937, and effective July 1, 1937, is hereby repealed.

(2) That Rule 406 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:

" RULE 406. CARBON DIOXIDE

The statewide regulations relating to gas and natural gas, gas wells, and gas reservoirs including, but not limited to, those provisions relating to well locations, acreage dedication requirements, casing and cementing requirements, and measuring and reporting of production shall also apply to carbon dioxide gas, carbon dioxide wells, and carbon dioxide reservoirs."

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this order is, ~~now~~ subject to rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order shall be 7 o'clock a.m., January 1, 1978.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE AT

DAN NUTTER

Case 6094

Order No. 66

Emergency Order

5-27-37 to 6-10-37

CO<sub>2</sub>

Order No. 67 Case No 7

6-26-37

6-19-37

Perpetuated by

Order No 850

Jan 1, 1950

Successor  
SF  
all  
-near Las Vegas

Case

Case 6094

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the repeal of Commission Order No. 67 and the amendment of Rule 406 of the Commission Rules, both of which relate to carbon dioxide. ~~To be considered~~  
The repeal of said Order 67 and the amendment of Rule 406 would be for the purpose of abolishing the existing special rules for carbon dioxide exploration, development, and processing, and placing such activities under the general rules of the Commission.