
CASE NO.

6393

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date DECEMBER 7, 1978 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Greg T Buell	Amoco Production Co	Houston
Tom Kellahan	Kellahan & T-H	Santa Fe
Sumner G. Buell	Jasper & Buell	Santa Fe
William L. Lane	Campbell & Black	Santa Fe
John Henry	Henry Engineering	Midland
Seathy O'Brien	BTA Oil Producers	Midland
J. T. Harris	Sun Oil Co.	Dallas
JOHN BURLESON	U.S. GEOLOGICAL SURVEY	Carlsbad.
B. N. Murrey Jr	La Rue & Murrey	Artesia
R. C. Carroll	El Paso Natural Gas Co.	El Paso
Rand T. Burleson	El Paso Natural Gas Co.	El Paso
E. R. Manning	El Paso Natural Gas	El Paso
Tom Peterson	HNG OIL CO.	MIDLAND, TEX.
Craig Holly	HNG OIL CO.	MIDLAND, TEX.
Robert W. Sweet	HNG OIL CO.	MIDLAND, TEX.
Earl Murrey	HNG OIL CO.	Midland, Tex.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date DECEMBER 7, 1978 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Robert S. Wheeler	City Service Co.	Tulsa, Okla.
Joel M. Carson	Loam Carson & Dickerson PA	Arkansas NW
Boyle G. Lewis	Texas Oil & Gas	Midland
Herbert Hanagan	Hanagan Petroleum	Roswell
W.R. Kendrick	OKD	Artee
Sal J. Pagano	Texas Oil & Gas	Midland, TX
Charles W. Cogman	Texas Oil & Gas	Midland, TX
George H. Hunkeler	Industial Corporation	Midland, TX Roswell, N.M.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
7 December 1978

EXAMINER HEARING

IN THE MATTER OF:

the hearing called by the Oil
Conservation Division on its
own motion to consider the
amendment of Rule 104 F of the
Division Rules and Regulations
to provide for the administra-
tive approval of the unorthodox
location of wells drilled within
secondary recovery or pressure
maintenance projects.

CASE
6393

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Amoco Production Company: Guy Buell, Esq.
Amoco Production Company
Houston, Texas

For El Paso Natural Gas: David T. Burleson & Robert Carroll

For Cities Service Co.: Robert F. Wheeler

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (988) 471-4488
Santa Fe, New Mexico 87501

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I N D E X

A. R. KENDRICK

Direct Examination by Ms. Teschendorf 4

E X H I B I T S

Division Exhibit One, Document 7

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

SALLY WALTON BOYD
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3100 Plaza Blanca (G-8) 471-4483
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6393,
2 being the matter of the hearing called by the Oil Conserva-
3 tion Division on its own motion to consider the amendment
4 of Rule 104 F of the Division Rules and Regulations to
5 provide for the administrative approval of the unorthodox
6 location of wells drilled within secondary recovery or
7 pressure maintenance projects.

8 Call for appearances in this case.

9 MS. TESCHENDORF: Lynn Teschendorf, appearing
10 on behalf of the Division. I have one witness.

11 MR. STAMETS: Any other appearances? I'd
12 like to have the witness stand and be sworn.

13 MR. BUELL: For Amoco Production Company,
14 my name is Guy Buell.

15 MR. STAMETS: Any other appearances?

16 MR. BURLESON: For El Paso Natural Gas Com-
17 pany, David T. Burleson and Robert Carroll.

18 MR. STAMETS: Any others?

19 MR. WHEELER: For Cities Service Company,
20 Robert F. Wheeler.

21 MR. STAMETS: Any other appearances?
22 Will anyone have a witness besides the Commission?

23 Okay, I'd like to have the Division's wit-
24 ness stand and be sworn, please.

25 (Witness sworn.)

1 MR. STAMETS: Ms. Teschendorf, you may pro-
2 ceed.

3
4 A. R. KENDRICK
5 being called as a witness and having been duly sworn upon
6 his oath, testified as follows, to-wit:

7
8 DIRECT EXAMINATION

9 BY MS. TESCHENDORF:

10 Q Would you please state your name, by whom
11 you are employed, and in what capacity?

12 A I'm A. R. Kendrick, employed by the Oil
13 Conservation Division as District Supervisor at Aztec, New
14 Mexico.

15 Q Have you previously testified before the
16 Division and are your credentials a matter of record?

17 A Yes.

18 MS. TESCHENDORF: Is the witness considered
19 qualified?

20 MR. STAMETS: The witness' qualifications
21 are considered acceptable in this case.

22 Q (Ms. Teschendorf continuing.) Mr. Kendrick,
23 are you familiar with the subject matter of Case 6393?

24 A Yes.

25 Q And what is the Division proposing in this

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Sanita Fe, New Mexico 87501

1 case?

2 A The Division is proposing to make available
3 to operators of all pressure maintenance and secondary
4 recovery projects the flexibility of locating wells at
5 other than standard well locations wherein the Secretary/
6 Director might approve nonstandard locations administra-
7 tively without notice and hearing.

8 Q Would you please refer to Exhibit Number One
9 in this case and explain what that is?

10 A Exhibit Number One is the proposed revised
11 rule of 104 F, and I would read it into the record showing
12 the difference between the existing rule and the proposed
13 rule.

14 "The Division Director shall have authority
15 to grant an exception to the well location requirements of
16 Sections B and C above without notice and hearing when the
17 necessity for such unorthodox location is based upon topo-
18 graphical conditions or the recompletion of a well previous-
19 ly drilled to another horizon, provided that said well was
20 drilled in an orthodox location for such original horizon."

21 Instead of a period we would change that
22 period to a comma and add the following to that paragraph:

23 "Or further to permit the completion of an
24 efficient production and injection pattern within a secondary
25 recovery or pressure maintenance project provided that such

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1 unorthodox location within such project is no closer than
2 330 feet to any lease line nor closer than 10 feet to any
3 quarter quarter section line or subdivision inner boundary."

4 The second paragraph reads: "Applications
5 for administrative approval of unorthodox locations shall
6 be filed in triplicate and shall be accompanied by plats
7 showing the ownership of all leases offsetting the proration
8 or spacing unit for which the unorthodox location is sought,
9 and also all wells completed thereon.

10 If the proposed unorthodox location is based
11 upon topography the plat shall also show and describe the
12 existent topographical conditions."

13 The following sentence is added in this
14 paragraph: "If the proposed unorthodox location is based
15 upon completion of an efficient production or injection
16 pattern, the plat shall also show the project outline ident-
17 ifying all producing and injection wells therein and the
18 Applicant shall further include a statement setting forth
19 the necessity for such location."

20 There are no changes in the third paragraph,
21 I believe, of Rule 104, paragraph F.

22 Q And on this exhibit your proposed additions
23 are underlined in orange, is that correct?

24 A They are.

25 Q Do you have anything further you wish to add

1 to your testimony?

2 A No.

3 MS. TESCHENDORF: At this time I'll offer
4 Exhibit One.

5 MR. STAMETS: Exhibit One will be admitted.
6 Are there any questions of the witness? He may be excused.

7 Anything further in this case? Statements?

8 MR. BUELL: May it please the Examiner, Amoco
9 Production Company supports the recommendation of Mr.
10 Kendrick. We think it is definitely a step in the right
11 direction.

12 MR. STAMETS: Any other statements in this
13 case?

14 The case will be taken under advisement.
15 (Hearing concluded.)
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Brea, Ca, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON ROYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON ROYD
CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6393 heard by me on October 12, 1978.

Richard P. Clark, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6393
Order No. R-5890

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO CONSIDER THE AMENDMENT OF
RULE 104 F OF THE DIVISION RULES AND REGULATIONS TO PROVIDE
FOR THE ADMINISTRATIVE APPROVAL OF THE UNORTHODOX LOCATION OF
WELLS DRILLED WITHIN SECONDARY RECOVERY OR PRESSURE MAINTENANCE
PROJECTS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7,
1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of December, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That there is often need to drill additional producing
wells or injection wells at unorthodox locations within water-
flood projects or pressure maintenance projects to permit the
completion of a more efficient production and injection pattern
wherein to cause the recovery of a greater ultimate volume of oil
from such projects.
- (3) That whereas many orders authorizing such projects
contain an administrative procedure for the approval of additional
producing or injection wells at unorthodox locations, many of the
orders authorizing such projects do not contain such an adminis-
trative procedure.
- (4) That to provide all operators of secondary recovery or
pressure maintenance projects the flexibility to complete a more
efficient production and injection pattern within such projects

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Case No. 6393
Order No. R-5890

without the necessity for notice and hearing, Rule 104 F of Division Rules and Regulations should be amended to read in its entirety as follows:

"F. The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions, the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or to permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any such unorthodox location within such project is no closer than 330 feet to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

"Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed unorthodox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein, and the applicant shall further include a statement setting forth the necessity for such location.

"All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application."

IT IS THEREFORE ORDERED:

(1) That Rule 104 F of the Division Rules and Regulations is hereby amended to read in its entirety as follows:

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Case No. 6393
Order No. R-5890

"F. The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions, the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or to permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any such unorthodox location within such project is no closer than 330 feet to the outer boundary of the lease or the unitized area, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

"Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed unorthodox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein, and the applicant shall further include a statement setting forth the necessity for such location.

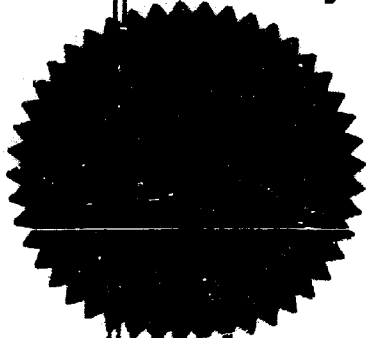
"All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application."

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

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Case No. 6393
Order No. R-5890

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Raney
JOE D. RANEY
Director

fd/

PROPOSED REVISED RULE 104 F

F. The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions, the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, ^{or further} ~~or to~~ permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any ~~such~~ unorthodox location ^{within such project} is no closer than 330 feet to any lease line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed unorthodox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein and the applicant shall further include a statement ^{saying so} ~~outlining~~ the necessity for such location.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 6393

Submitted by OCD

Hearing Date 12-7-78

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application.

Dockets Nos. 40-78 and 41-78 are tentatively set for hearing on December 20, 1978 and January 3, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 1978

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

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

- CASE 6392:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Indian Hills Com. Well No. 1 located in Unit J of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6393:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 104 F of the Division Rules and Regulations to provide for the administrative approval of the unorthodox location of wells drilled within secondary recovery or pressure maintenance projects.
- CASE 6394:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the adoption of an administrative procedure and Forms C-132 and C-132-A, all for the purpose of making wellhead price ceiling category determinations under the Natural Gas Policy Act of 1978.
- CASE 6395:** Application of David Fasken for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of Section 9, Township 21 South, Range 24 East, Eddy County, New Mexico, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid Section 9.
- CASE 6396:** Application of Amoco Production Company for pool creation and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the House Drinkard oil pool by the deletion therefrom of the NE/4 and E/2 SE/4 of Section 12 and the E/2 NE/4 of Section 13, both in Township 20 South, Range 38 East, and the W/2 of Section 7 and the NW/4 of Section 18, Township 20 South, Range 39 East, and the creation of a new gas pool for Lower Drinkard production in the NE/4 of Section 12, Township 20 South, Range 38 East, all in Lea County, New Mexico.
- CASE 6397:** Application of Western Oil Producers, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 4, Township 24 South, Range 35 East, Cinta Roja-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6398:** Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.
- CASE 6399:** Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 710 feet from the North line and 2330 feet from the West line of said section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6400:** Application of Coronado Exploration Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying each of the following 40-acre tracts: SW/4 SW/4 Section 7; SW/4 SW/4 Section 8; SW/4 SE/4 Section 18; NW/4 NW/4 Section 19; and NW/4 NW/4 Section 20, all in Township 10 South, Range 28 East, Race Track-San Andres Pool, Chaves County, New Mexico. Also the NE/4 NE/4 Section 28, Township 10 South, Range 28 East, LE Ranch-San Andres Pool, Chaves County, and the SW/4 NE/4 Section 15, Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County. Each of the aforesaid 40-acre tracts would comprise a drilling unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, with respect to each of the above described drilling units and well, will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision; also to be considered will be the designation of applicant as operator of each well and a charge for risk involved in drilling each well.

- CASE 6401:** Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Mesaverde production within the wellbore of its Jicarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6402:** Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production within the wellbore of its Jicarilla 101 Well No. 2 located in Unit M of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6403:** Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Blanco Mesaverde production within the wellbore of its O'Shea Well No. 1 located in Unit K of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.
- CASE 6404:** Application of Sun Production Company for compulsory pooling, non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 of Section 35, Township 19 South, Range 36 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit to be dedicated to a well to be drilled at an unorthodox location 810 feet from the South line and 2030 feet from the East line of said section. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6405:** Application of LaRue and Muncy for exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed in the following manner: set surface casing and circulate cement; eliminate salt protection string; and do not circulate cement on production casing.

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Application of the Oil Conservation
Division on its own motion to
consider the amendment of Rule 104 F.
of the Division Rules and Regulations
~~and~~ to provide for the administrative
approval of the unorthodox locations of
~~at~~ wells drilled ^{within} secondary recovery or
pressure maintenance projects.

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 104 F of the Division Rules and Regulations to provide for the administrative approval of the unorthodox location of wells drilled within secondary recovery or pressure maintenance projects.

~~To Consider The Amendment of~~

CASE NO. 6393

Order No. A-5890

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7
19 78, at Santa Fe, New Mexico, before Examiner RLS

NOW, on this _____ day of December, 1978, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That there is often need to drill additional producing wells or injection wells at unorthodox locations within water-flood projects or pressure maintenance projects to permit the completion of a more efficient production and injection pattern therein and to ^{cause} ~~permit~~ the recovery of a greater ultimate volume of oil ~~thereby~~ ^{from such projects.}

(3) ~~That~~ ^{whereas} many orders authorizing such projects contain an administrative procedure for the approval of additional producing or injection wells at unorthodox locations, ^{many of the orders} ~~for the completion~~ ^{authorizing such projects do not contain such an administrative procedure.} ~~of a more efficient production and injection pattern.~~

(4) That to provide all operators of secondary recovery or pressure maintenance projects the flexibility to complete a more efficient production and injection pattern within such projects without the necessity for notice and hearing, Rule 104 F of Division Rules and Regulations should be amended to read in its entirety as follows:

" F. The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions, the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or to permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any ^{such} unorthodox location ^{within such project} is no closer than 330 feet to ^{the outer boundary of the lease or the unitized area,} ~~any lease line~~ nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

" Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed unorthodox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein, and the applicant shall further include a statement ^{saying forth} outlining the necessity for such location.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application. "

IT IS THEREFORE ORDERED :

(1) That Rule 104 F of ^{the} Division Rules and Regulations is hereby amended to read in its entirety as follows:

~~PROPOSED REVISED RULE 104-B~~

" F. The Division Director shall have authority to grant an exception to the well location requirements of Sections B and C above without notice and hearing when the necessity for such unorthodox location is based upon topographical conditions, the recompletion of a well previously drilled to another horizon, provided said well was drilled at an orthodox location for such original horizon, or to permit the completion of an efficient production and injection pattern within a secondary recovery or pressure maintenance project, provided that any ^{such} unorthodox ^{within such project} location ^{the outer boundary of the lease or the} is no closer than 330 feet to ~~any lease line~~ nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. *unified area,*

" Applications for administrative approval of unorthodox locations shall be filed in triplicate and shall be accompanied by plats showing the ownership of all leases offsetting the proration or spacing unit for which the unorthodox location is sought, and also all wells completed thereon. If the proposed unorthodox location is based upon topography, the plat shall also show and describe the existent topographical conditions. If the proposed unorthodox location is based upon completion of an efficient production and injection pattern, the plat shall also show the project outline identifying all producing and injection wells therein, and the applicant shall further include a statement ^{saying so} ~~outlining~~ the necessity for such location.

All operators of proration or spacing units offsetting the unit for which the unorthodox location is sought shall be notified of the application by certified or registered mail, and the application shall state that such notification has been given. The Division Director may approve the unorthodox location upon receipt of waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Director has received the application. "

(2) *Jurisdiction*

5923 T3

Amby

CASE 6396: CDP ON ITS OWN MOTION TO
CONSIDER THE ADOPTION OF ADMINISTRATIVE
PROCEDURE AND FORMS C-132 AND C-132-A