

A.H.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1104
Order No. R-855

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
AMENDING PARAGRAPHS (a), (b), (d),
AND (f) OF RULE 104 OF THE STATE-
WIDE RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on July 18, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 10th day of August, 1956, the Commission, a quorum being present, having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

- (1) That due notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant by the preponderance of the evidence proved the need for a revision of Rule 104, Paragraphs (a), (b), (d), and (f) of the Commission's Rules and Regulations.

IT IS THEREFORE ORDERED:

- (1) That the application of the Oil Conservation Commission for an order amending paragraphs (a), (b), (d), and (f) of Rule 104 of the Statewide Rules and Regulations be and the same is hereby approved.
- (2) That Rule 104 of the Statewide Rules and Regulations be and the same is hereby amended so that paragraphs (a) through (f) shall read as follows:

Rule 104: Well Spacing; Acreage Requirements for Drilling Tracts

- (a) Any well which is to be drilled a distance of one mile or more from another well which has produced oil or gas from the formation to which the proposed well is projected, or one mile or more from the

outer boundary of any defined pool which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well. Any well which is to be drilled less than one mile from the outer boundary of a defined oil or gas pool which has produced oil or gas from the formation to which the proposed well is projected shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the nearest such pool, provided that the well is completed in the formation to which it was projected. Provided further, that any well completed in a formation other than the one to which it was originally projected shall be operated and prorated in accordance with the rules and regulations in effect in the nearest pool within one mile which is producing from the formation in which said well is completed. If there is no designated pool for the aforesaid formation within one mile, the well shall be classified as a wildcat well.

(b) (1) Any well classified as a wildcat shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a quarter-quarter section or lot, being a legal subdivision of the U. S. Public Land Surveys and shall be located not closer than 330 feet to any boundary line of such tract, except as noted in paragraph (2) below.

(2) In San Juan, Rio Arriba, and Sandoval Counties, a wildcat well which is projected to a known gas producing horizon shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundaries of the tract, provided however, that a tolerance of plus or minus 200 feet is permissible. Provided further, that no well shall be drilled closer than 130 feet to any quarter-quarter-section or subdivision inner boundary. Provided further, that the District Supervisor of the Commission shall have authority to grant approval for the spacing of any wildcat well in accordance with paragraph (b), sub-section (1) above, when such wildcat well is projected to an oil-producing horizon as recognized by the Commission. In the event gas production is encountered in a well which was projected to an oil-producing horizon and which is located according to paragraph (b), sub-section (1) above but does not conform to the above-described gas well location rule, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can be given. In the event oil production is encountered in a well which was projected to a gas-producing horizon and which is located according to the above-described gas well location rule but does not conform to paragraph (b), sub-section (1) above, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of oil can be given.

(c) Each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys or on a governmental quarter-quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

(d) (1) Each well drilled within a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a

quarter section being a legal subdivision of the U. S. Public Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to any quarter-quarter-section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool, except as noted in paragraph (2) below.

(2) In San Juan, Rio Arriba, and Sandoval Counties, a well drilled within a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundaries of the tract, provided however, that a tolerance of plus or minus 200 feet is permissible. Provided further, that no well shall be drilled closer than 130 feet to any quarter-quarter-section or subdivision inner boundary.

(e) Notice of Intention to Drill (C-101) for any well shall designate the exact legal subdivision allotted to the well and no C-101 will be approved by the Commission or any of its agents without proper designation of acreage.

(f) The Secretary of the Commission shall have authority to grant an exception to the well location requirements of (b), (c), and (d) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, except in San Juan, Rio Arriba, and Sandoval Counties where the radius shall be 790 feet from the proposed location, or

- (b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

- (c) In lieu of paragraph 2 (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

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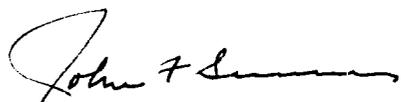
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IT IS FURTHER ORDERED:

That Rule 104, paragraphs (g) through (m) of the Statewide Rules and Regulations remain unchanged.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



John F. Simms, Chairman



E. S. Walker, Member



A. L. Porter, Jr., Secretary & Member

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