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November 7, 1995

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Mr. William J. LeMay, Chairman
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

HAND DELIVERED

Mrs. Jamie Bailey
Office of the Commissioner of Public Lands
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

HAND DELIVERED

Mr. William Weiss
New Mexico Petroleum Recovery
Research Center, Kelly Building
New Mexico Tech Campus
Socorro, New Mexico 87801

VIA FACSIMILE

Re: **NMOCD CASE 11351**
PROPOSED MODIFICATIONS OF RULE 104
Unorthodox Well Locations
Non-Standard Proration Units

RECEIVED
NOV 7 1995
Oil Conservation Division

Dear Members of the Commission:

Following the Commission hearing held on September 28, 1995, the New Mexico Oil & Gas Association circulated the attached Questionnaire to its membership to solicit comments concerning the proposed revision to Rule 104. I have enclosed a summary of the responses we have received.

Very truly yours,



W. Thomas Kellahin

cc: NMOGA Rule 104 SubCommittee

SUMMARY OF RESPONSES TO NMOGA QUESTIONNAIRE

NMOCD proposed Rule 104 Changes (September 28, 1995 Hearing)

NOTE: NOT ALL ITEMS WERE COMPLETED ON EACH QUESTIONNAIRE TABULATED

1. Administrative NSL for Southern New Mexico:

A. DEEP GAS: Currently, "deep gas" is any formation below the top of the Wolfcamp and Rule 104 provides under statewide rules for pools with standard 320-acre spacing units that standard well locations shall not be closer than 1980 feet from the end or closer than 660 feet from the side of the unit.

- (6) Support administrative approval of deep gas NSL at any location in unit. (no minimum setback) **or**
- (6) Support administrative approval of deep gas NSL **but** with a 660 minimum setback **or**
- (2) Support administrative approval of deep gas NSL **but** with a minimum setback of 50% of the standard setback **or**
- () Support administrative approval of deep gas NSL **but** recommend a minimum setback of _____ (explain)

() **OTHER:** _____

(1) supports maintaining existing rule:

(1) supports making 660' a notice setback rather than a hearing setback.

B. SHALLOW GAS: Currently, "shallow gas" is any formation above the top of the Wolfcamp and Rule 104 provides under statewide rules for pools with standard 160-acre spacing units that standard well locations shall not be closer than 660 feet to the side of the unit.

- (8) Support administrative approval of shallow gas NSL at any location in unit. (no minimum setback) **or**
- (1) Support administrative approval of shallow gas NSL **but** recommend a minimum setback of 330 feet (explain) **or**
- (5) Support administrative approval of shallow gas NSL **but** with a minimum setback of 50% of the standard setback

() **OTHER:** _____

(1) supports maintaining existing rule:

2. Administrative NSL for San Juan Basin:

Currently, both deep and shallow gas wells in the San Juan Basin in pools with either standard 320-acre or 160-acre units, Rule 104 provides for standard well locations not be closer than 790 feet to any boundary of the unit.

- (6) Support administrative approval of NSL at any location in unit. (no minimum setback) **or**
 - (2) Support administrative approval of NSL **but** with a minimum setback of 50% of the standard setback **or**
 - (1) Support administrative approval of NSL **but** recommend a minimum setback of 330 feet (explain)
 - () **OTHER:**_____
- (2) support maintaining existing rule:

3. Administrative NSL for oil wells in both San Juan Basin and SE NM:

Currently, Rule 104 provides under statewide rules for 40-acre spacing units and standard well locations not closer than 330 feet to the side of the unit.

- (8) Support administrative approval of oil well NSL at any location in unit. (no minimum setback) **or**
- () Support administrative approval of oil well NSL **but** recommend a minimum setback of _____ (explain)
- (3) Support administrative approval of oil well NSL **but** with a minimum setback of 50% of the standard setback **or**
- () **OTHER:**_____

(3) support maintaining existing rule:

4. Standard Deep Gas Well Locations in Southern New Mexico:

Currently Rule 104 provides for standard well locations to be not closer than 1980 feet to the end or 660 feet to side of a 320-acre unit in those pools where 320-acre spacing is standard.

(7) Support (2) Oppose: changing "standard" deep gas from 1980' to 1650' end setback, OR

(10) Support (4) Oppose: redefine standard deep gas to be not closer than 660 to end or side of unit.

5. Notice to Offsetting parties:

Currently, Rule 104 provides that applicants for Administrative NSL shall notify all offsetting operators of units around the entire spacing unit containing the proposed NSL. There is no notice required if there is no offsetting unit. NMOGA seeks to have notice limited to those operators and lessee and unleased mineral owners towards which the well encroaches. The complete text of NMOGA's proposal is attached to the Division docket of October 19th or can be obtained from NMOGA.

(14) Support (2) Oppose: NMOGA's proposal to eliminate notice to those operators of units surrounding the unit and to notify only those operators towards which the subject well encroaches.

(13) Support (4) Oppose: NMOGA's proposal to notify, in the absence of an operator, the lessees and unleased mineral owners towards which the well encroaches.

(8) Support (8) Oppose: NMOGA's proposal that notice to lessees and unleased mineral owners be those within a circle the center of which is at the NSL and the radius of which is equal to the standard well location setback for that pool.

(7) Support (7) Oppose: In those cases where there is no offset spacing unit, notice to the lessees and unleased mineral owners in the diagonal and each adjoining 160-acre tract towards which the well encroaches regardless of whether the pool is spaced on 80-acres, 160-acres or 320-acres.

(10) Support (3) Oppose: Use Division Rule 1207 NSL hearing notice requirements for administrative NSL applications (Rule 1207 provides notice to offset operators or the adjoining unleased mineral owner being encroached upon)

() OTHER notice rule changes: (describe)

(1) suggests notice to operators, lessees & unleased mineral owners in the spacing units which adjoin applicants spacing unit on the two sides and the single diagonal closest to the proposed well.

(1) suggests 15 day notice rather than 20 day notice.

(1) notice to like spacing units

(1) prefers not to have to notice unleased minerals owners at all

RESPONSE TO NMOGA QUESTIONNAIRE
NMOCD proposed Rule 104 Changes (September 28, 1995 Hearing)

To: **Regulatory Practices Committee**
Fax to: **(505) 986-1094** (deadline: **October 25, 1995**)

1. Administrative NSL for Southern New Mexico:

A. DEEP GAS: Currently, "deep gas" is any formation below the top of the Wolfcamp and Rule 104 provides under statewide rules for pools with standard 320-acre spacing units that standard well locations shall not be closer than 1980 feet from the end or closer than 660 feet from the side of the unit.

- Support administrative approval of deep gas NSL at any location in unit. (no minimum setback) or
- Support administrative approval of deep gas NSL but with a 660 minimum setback or
- Support administrative approval of deep gas NSL but with a minimum setback of 50% of the standard setback or
- Support administrative approval of deep gas NSL but recommend a minimum setback of _____ (explain)
- OTHER: _____

B. SHALLOW GAS: Currently, "shallow gas" is any formation above the top of the Wolfcamp and Rule 104 provides under statewide rules for pools with standard 160-acre spacing units that standard well locations shall not be closer than 660 feet to the side of the unit.

- Support administrative approval of shallow gas NSL at any location in unit. (no minimum setback) or
- Support administrative approval of shallow gas NSL but recommend a minimum setback of _____ (explain) or
- Support administrative approval of shallow gas NSL but with a minimum setback of 50% of the standard setback
- OTHER: _____

2. Administrative NSL for San Juan Basin:

Currently, both deep and shallow gas wells in the San Juan Basin in pools with either standard 320-acre or 160-acre units, Rule 104 provides for standard well locations not be closer than 790 feet to any boundary of the unit.

- Support administrative approval of NSL at any location in unit. (no minimum setback) or
- Support administrative approval of NSL but with a minimum setback of 50% of the standard setback or
- Support administrative approval of NSL but recommend a minimum setback of _____ (explain)
- OTHER: _____

3. Administrative NSL for oil wells in both San Juan Basin and SE NM:

Currently, Rule 104 provides under statewide rules for 40-acre spacing units and standard well locations not closer than 330 feet to the side of the unit.

- Support administrative approval of oil well NSL at any location in unit. (no minimum setback) or
- Support administrative approval of oil well NSL but recommend a minimum setback of _____ (explain)
- Support administrative approval of oil well NSL but with a minimum setback of 50% of the standard setback or
- OTHER: _____

4. Standard Deep Gas Well Locations in Southern New Mexico:

Currently Rule 104 provides for standard well locations to be not closer than 1980 feet to the end or 660 feet to side of a 320-acre unit in those pools where 320-acre spacing is standard.

- Support Oppose: **changing "standard" deep gas from 1980' to 1650' end setback, OR**
- Support Oppose: **redefine standard deep gas to be not closer than 660 to end or side of unit.**

5. Notice to Offsetting parties:

Currently, Rule 104 provides that applicants for Administrative NSL shall notify all offsetting operators of units around the entire spacing unit containing the proposed NSL. There is no notice required if there is no offsetting unit. NMOGA seeks to have notice limited to those operators and lessee and unleased mineral owners towards which the well encroaches. The complete text of NMOGA's proposal is attached to the Division docket of October 19th or can be obtained from NMOGA.

- Support Oppose: NMOGA's proposal to eliminate notice to those operators of units surrounding the unit and to notify only those operators towards which the subject well encroaches.
- Support Oppose: NMOGA's proposal to notify, in the absence of an operator, the lessees and unleased mineral owners towards which the well encroaches.
- Support Oppose: NMOGA's proposal that notice to lessees and unleased mineral owners be those within a circle the center of which is at the NSL and the radius of which is equal to the standard well location setback for that pool.
- Support Oppose: In those cases where there is no offset spacing unit, notice to the lessees and unleased mineral owners in the diagonal and each adjoining 160-acre tract towards which the well encroaches regardless of whether the pool is spaced on 80-acres, 160-acres or 320-acres.
- Support Oppose: Use Division Rule 1207 NSL hearing notice requirements for administrative NSL applications (Rule 1207 provides notice to offset operators or the adjoining unleased mineral owner being encroached upon)
- OTHER notice rule changes: (describe)

COMPANY NAME: _____
address: _____

signature: _____

print name _____
phone number _____
fax number _____