

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

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

CASE NO. 12,118

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION TO AMEND)
19 NMAC 15.C 112-A. A., B., C., D., E.,)
AND F. OF ITS RULES AND REGULATIONS)
PERTAINING TO MULTIPLE COMPLETIONS AND)
TO EXPAND THE DISTRICTS' AUTHORITY TO)
GRANT ADMINISTRATIVE EXCEPTIONS)

ORIGINAL

OIL CONSERVATION DIV.
99 JAN 28 PM 4:15

REPORTER'S TRANSCRIPT OF PROCEEDINGS
COMMISSION HEARING

BEFORE: LORI WROTENBERY, CHAIRMAN
WILLIAM J. LEMAY, COMMISSIONER
JAMI BAILEY, COMMISSIONER

January 14th, 1999
Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Commission, LORI WROTENBERY, Chairman, on Thursday, January 14th, 1999, 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

I N D E X

January 14th, 1999
Commission Hearing
CASE NO. 12,118

	PAGE
APPEARANCES	3
DIVISION WITNESS:	
<u>MICHAEL E. STOGNER</u> (Engineer)	
Direct Examination by Mr. Carroll	5
Examination by Chairman Wrotenbery	8
REPORTER'S CERTIFICATE	15

* * *

E X H I B I T S

Division	Identified	Admitted
Exhibit 1	5	8
Exhibit 2	5	8

* * *

A P P E A R A N C E S

FOR THE COMMISSION:

LYN S. HEBERT
Deputy General Counsel
Energy, Minerals and Natural Resources Department
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR THE OIL CONSERVATION DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR NMOGA and BURLINGTON
RESOURCES OIL AND GAS COMPANY:

KELLAHIN & KELLAHIN
117 N. Guadalupe
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
By: W. THOMAS KELLAHIN

* * *

1 WHEREUPON, the following proceedings were had at
2 10:00 a.m.:

3 CHAIRMAN WROTENBERY: And shall we move on to
4 multiple completions? And this is Case Number 12,118, a
5 hearing called by the Oil Conservation Division to amend 19
6 NMAC 15.C 112-A. A., B., C., D., E., and F. of its rules
7 pertaining to multiple completions and to expand the
8 District's authority to grant administrative exceptions.

9 Again, we circulated copies of draft rule changes
10 with the docket for today's hearing.

11 And I'll call for appearances at this time.

12 MR. CARROLL: May it please the Commission, my
13 name is Rand Carroll appearing on behalf of the Oil
14 Conservation Division. I have one witness, who has already
15 been sworn.

16 CHAIRMAN WROTENBERY: Any other appearances?

17 MR. KELLAHIN: I'm Tom Kellahin of the Santa Fe
18 law firm of Kellahin and Kellahin, appearing on behalf of
19 the New Mexico Oil and Gas Association and Burlington
20 Resources Oil and Gas Company. We are here in support of
21 this rule change.

22 CHAIRMAN WROTENBERY: Thank you. You don't have
23 any witnesses, then?

24 MR. KELLAHIN: No, ma'am.

25 CHAIRMAN WROTENBERY: Okay, thank you.

1 Mr. Carroll, then, would you like to proceed?

2 MR. CARROLL: Call Mr. Stogner to the stand.

3 Chairman Wrotenbery, you have again before you
4 what have been marked OCD Exhibits Number 1 and 2, and
5 they've been stapled together again.

6 The first two pages are OCD Exhibit Number 1, and
7 that is the latest draft of our proposed rule change.

8 Following the first two pages, beginning on page
9 3, is the current rule, as it currently stands. We would
10 have red-lined it, but there were so many changes made to
11 it, it made more sense just to print out a clean version
12 and then show you the prior version.

13 Mr. Stogner, I'll remind you that you're still
14 under oath.

15 MICHAEL E. STOGNER,

16 the witness herein, having been previously duly sworn upon
17 his oath, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. CARROLL:

20 Q. Mr. Stogner, what are we doing with Rule 112-A.
21 in this case?

22 A. What are we doing with Rule 112-A.? This kind of
23 came out of the -- as a stem from the application from
24 Burlington to address 107, and I suggested that we might
25 want to carry this same thought on into Rule 112, and

1 that's what we're here today.

2 I got to looking at the old Rule 112, and all
3 multiple completions had to go to hearing at that time. So
4 now we're seeing the evolution of this.

5 And this rule was changed, oh, a few years, to
6 allow -- there again, to streamline or attempt to
7 streamline. And it was quite convoluted, I should say,
8 allowing the Districts, if an application or a wellbore
9 completion met certain requirements, it was approved there.
10 If it didn't meet those requirements, then it was approved
11 here in Santa Fe by an administrative application. And
12 then if it couldn't be approved there, then it was done at
13 a hearing level.

14 In reality, I only do one MC -- that's multiple
15 completion -- administrative application, one a year. And
16 it just so happens the last one for last year was about the
17 last -- oh, around Thanksgiving. Oh, I remember that one
18 well. Yes, around Thanksgiving time, Yates Petroleum had
19 one that required an unconventional manner.

20 But in reality, the applications when they come
21 in on a C-107 is usually handled at the District level
22 anyway. So I think we're reflecting several things,
23 reality, and we've come to the mode now where these can be
24 done. It's a standard operating practice, these multiple
25 completions.

1 And what we'll try to do here is streamline the
2 effort and modernize the language. And with the help of
3 the staff and other people in the Division, we got rid of
4 some of the old antiquated language, hopefully make it in
5 such a way that it will cover whatever happens in the
6 future.

7 And the second part, 112-A.B., the Director
8 approval, since we had some discussion on Rule 107, this is
9 an offshoot and essentially the same thinking, is that
10 either an applicant or the supervisor, whomever, can have
11 the application come up here.

12 And far as that third part, there really isn't
13 any change, substantive change in the operation or testing
14 of these multiple completions. And all the other items,
15 like I said, talked about it can be approved at this level,
16 and if it doesn't, it can be approved here or here. So
17 this is a method to streamline and to submit such
18 applications on the C-107 under just normal operating
19 practices at the District level. This is our attempt to do
20 that at this time.

21 Q. Mr. Stogner, the current 112-A. limits the
22 District Supervisor's approval of multiple completions;
23 isn't that correct?

24 A. That is correct.

25 Q. This would move all the initial authority to the

1 District from the Santa Fe office for multiple completions?

2 A. That is right.

3 Q. But the -- Again, the District Supervisor and
4 owner/operator may request that the Santa Fe office review
5 the multiple completion?

6 A. That's what I'm proposing, yes.

7 Q. And the operation and testing would apply for all
8 multiple completions, whether approved by the District, the
9 Director or after a hearing?

10 A. That is correct, like it is now.

11 Q. Do you have anything further to add in this case?

12 A. I do not, no.

13 MR. CARROLL: I move the introduction of OCD
14 Exhibits Numbers 1 and 2 into the record.

15 CHAIRMAN WROTENBERY: OCD Exhibits 1 and 2 are
16 accepted into the record.

17 Commissioners, do you have any questions of Mr.
18 Stogner?

19 COMMISSIONER LEMAY: I have none.

20 COMMISSIONER BAILEY: No.

21 EXAMINATION

22 BY CHAIRMAN WROTENBERY:

23 Q. I have a question. And just to tell you where
24 I'm coming from, it came out of a question that we got from
25 one of the District Supervisors about this draft proposal,

1 and the question from the District Supervisor is whether we
2 still needed an approval process at all.

3 And I'm thinking, if I understand his perspective
4 on it, the rule does -- as you said, it has certain
5 conditions laid out for approval of multiple completion and
6 certain testing requirements that have to be met to ensure
7 that there isn't any unintended communication.

8 And that being the case, what is it that the
9 District Supervisors need to review through an application
10 process that they couldn't handle by reviewing the
11 completion report for compliance with the requirements of a
12 rule?

13 A. The difference between a single completion and a
14 multiple completion is essentially one other form and
15 that's the C-107, whereby they're provided to give a
16 diagram, a diagrammatical sketch or diagram, of a wellbore.
17 I think this information is needed, whatever happens to
18 that well, if it changes operators or if we have to take it
19 over and plug it, I think the more information that is
20 provided.

21 It also provides for whatever happens in the
22 future of any kind of a multiple completion technique. Who
23 knows what's going to happen? There might be some liquid
24 packer that you can put down there that will harden up.
25 That kind of information, or some sort of new downhole

1 equipment that is either questionable or just not quite
2 accepted by industry yet. It's in that C-107.

3 I think the C-107 is a -- the way it's written
4 now, and it could be, and I think it should be reviewed,
5 whatever happens here today. I think it's neat and I think
6 there's a place for it. And I'm going to stretch a little
7 bit into the future and take downhole commingling and go
8 this route.

9 Here's a form in which one might be able to
10 utilize. That's stretching it, and I'm not prepared to go
11 in or even talk about that, nor am I even suggesting at
12 this time. But I think the form can evolve with that
13 process. After all, downhole commingling is a dual
14 completion. Not all dual completions are downhole
15 commingling. But it provides a gradual step.

16 Q. Okay, I understand that we need the information
17 on how the well is completed, and we need the information
18 on the C-107.

19 A. Yes.

20 Q. I guess I'm still not quite clear on why we need
21 to go through a prior approval process, as opposed to just
22 having the operator submit that information, could still be
23 on a C-107 form, but in the form of a report rather than an
24 Application.

25 A. Okay, I think I see where you're going. If you

1 refer to paragraph 112-A.A.(2), and it talks about what we
2 require on there, I think there's some information that
3 could be overlooked in other approval situations, and I'm a
4 little at a loss here because I did not come up through the
5 District levels.

6 I think what we have provided here is a -- there
7 again, a safety mechanism at their level, having its own
8 separate rule. That way if we have a new operator come
9 into state, it's not silent. That's one of the more
10 frustrating things, is when you look at a rule and it's
11 silent on it. I think it gives them somewhere to go, and
12 it gives us some lead way. It's just a little too early to
13 take that off at this point, in my opinion.

14 Q. Okay. And I think that the Supervisor's question
15 was not so much about deleting any of these requirements.
16 I think his idea was, all of this information would still
17 need to be provided, but -- or most of it, anyway -- but
18 the question was whether you needed an application process
19 and approval process, as opposed to just some sort of
20 reporting mechanism with this same kind of information.

21 And maybe going behind that, what is it that the
22 District Supervisor needs to review? Is there some
23 additional element of discretion that the Supervisor needs
24 to exercise in reviewing these applications and determining
25 whether they should be approved, or is it strictly a matter

1 of verifying that all the elements of the rule have been
2 met? And if it's the latter, I guess his thinking was, why
3 do you need the prior approval process? Why not just go
4 with the reporting process? Wanted to know what your
5 thoughts were on that.

6 And it could be that we can just ask for comments
7 on that particular question, because we'll go through a
8 similar process on this one that we went through on Rule
9 107. But I guess I'd be interested in knowing what the
10 purpose of the application and approval process is.

11 And I may have heard you say one thing in terms
12 of need to review new types of equipment or new materials.

13 A. Perhaps the term "application" is being
14 misleading, because when you look at it, it's essentially
15 the filing of a Form 107. That would be the thinking, and
16 get rid of the word "application", if that's bothering the
17 Supervisor. Perhaps the Supervisor should have been here
18 today. I think it's just a little too radical.

19 Q. Well, if it's still an issue, we can make sure he
20 comes to the next meeting. I had understood you all had
21 had some discussions of this particular question.

22 A. I have received over the e-mail some comments,
23 but I never did discuss those comments with him directly,
24 and I still stand by it. I mean, it's just a little too
25 radical.

1 I think there ought to be a place that
2 specifically spells out what an operator is required to
3 have. It's not a double-check mechanism for the District
4 Supervisor, it's not meant for that.

5 Q. Okay.

6 A. I think it provides a guideline, a road map, for
7 an operator, what is expected from them when they come in
8 and perform a dual completion.

9 CHAIRMAN WROTENBERY: Okay, thank you.

10 Any other questions? Then that will be all for
11 today, I think, on this particular rulemaking.

12 Oh, Mr. Kellahin?

13 MR. KELLAHIN: Yes, ma'am, thank you.

14 New Mexico Oil and Gas Association would like to
15 thank Mr. Stogner for taking the initiative to change this
16 rule. It did not occur to me when we were working on Rule
17 107 that they are linked, but they truly are, and we
18 appreciate the fact that he's written a revision that we
19 concur with, and it does make that process more efficient.
20 So thank you, Mr. Stogner.

21 CHAIRMAN WROTENBERY: Thank you. So we will run
22 this rulemaking on the same track we're running Rule 107 on
23 and circulate the current draft of the rule with the docket
24 for the next hearing and then plan on adopting the
25 revisions at the next commission meeting.

1 MR. CARROLL: Yeah, with an effective date of
2 February 28th.

3 CHAIRMAN WROTENBERY: Great. Thank you, Mr.
4 Stogner.

5 (Thereupon, these proceedings were concluded at
6 10:06 a.m.)

7 * * *

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

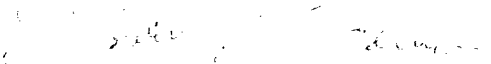
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Commission was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL January 16th, 1999.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Case No. 12118 Exhibit No. 1Submitted by OCBHearing Date 1/14/99

112-A MULTIPLE COMPLETIONS

112-A.A. District Approval

- (1) The supervisor of the appropriate Division district office may authorize the multiple completion (conventional, tubingless, or combination) of any oil and/or gas well provided waste will not be caused. [2-1-82... - -99]
- (2) Operators shall file four copies of Form C-107 (Application for Multiple Completion) with the appropriate district office accompanied by:
 - (a) a complete wellbore diagram showing all casing strings, including diameters and setting depths; cement quantities used, cement class/quality with additives, and cement tops; perforated intervals; completion treatments; tubing strings, including diameters and setting depth; location of packers; and other pertinent information; and
 - (b) An electrical or other acceptable well log with producing zone tops and bottoms and perforation intervals indicated thereon. If such log is not available at the time the application is filed, it shall be submitted within 20 days of well completion. [2-1-82... - -99]

112-A.B. Director Approval

- (1) The district supervisor or an operator may request that any application be reviewed by the Director. [2 -1-82... - -99]
- (2) Operators shall file four copies of Form C-107 (two copies with the Division's Santa Fe office and two copies with the appropriate district office) accompanied by the information listed in 112-A.A.(2) above. [2-1-82... - -99]
- (3) Upon receipt of a complete application, the Director may approve the application or set it for hearing. [2-1-82... - -99]

112-A.C. Operation and Testing for All Multiple Completions
(Whether Approved by the District or Director or After Hearing)

- (1) Prior to multiple completion, the operator shall make adequate casing pressure tests to determine no leaks exist. Test results shall be reported on Form C-103. [2-1-82... - -99]

(2) Wells shall be completed and produced so that no commingling of hydrocarbons from separate pools occurs. [2-1-82... - -99]

(3) The operator shall commence a segregation and/or packer leakage test within twenty (20) days after the multiple completion. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed and at any time the Division requires. The operator shall also conduct any other tests and determinations required by the Division. The appropriate district office shall be notified 48 hours in advance of tests so the district office may schedule personnel to witness the tests. Offset operators may witness such tests at their election and shall advise the operator in writing if they desire to be notified of the tests. Test results shall be filed with the Division within fifteen (15) days of test completion. In the event a segregation and/or packer leakage test indicates communication between separate pools, the operator shall immediately notify the Division and commence corrective action on the well. [2-1-82... - -99]

(4) Wells shall be equipped so that (i) reservoir pressure may be determined for each of the separate pools, and (ii) meters may be installed so that the gas and/or oil produced from each of the separate pools may be accurately measured and the gas-oil or gas-liquid ratio determined. [2-1-82... - -99]

(5) Within 20 days after well completion, the operator shall furnish the Division with: (i) a diagram of the mechanical installation used in completing the well, (ii) a report of the gravity, gas-oil or gas-liquid ratio, and surface or bottomhole pressure, for each of the separate zones, and (iii) the well log, if not previously submitted. [2-1-82... - -99]

(6) No multiple completion shall produce in a manner unnecessarily wasting reservoir energy. [2-1-82... - -99]

(7) The Division may require the plugging of any abandoned zone of a multiple-completed well if the plugging appears necessary to prevent waste, protect correlative rights or protect groundwater, public health or the environment. [2-1-82... - -99]

11.D. Additional Matters:

(1) Directional surveys required under the provisions of this rule shall have shot points no more than 200 feet apart and shall be run by competent surveying companies that are approved by the Division Director. Exceptions to the minimum shot point spacing will be allowed provided the accuracy of the survey is still within acceptable limits. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.F.(1), 7-31-97; A, 7-31-97]

(2) The Division Director, may, at his discretion, set any application for administrative approval whereby the operator shall submit appropriate information and give notice as requested by the Division Director. Unprotested applications may be approved administratively within 20 days of receipt of the application and supporting information. If the application is protested, or the Division Director decides that a public hearing is appropriate, the application may be set for public hearing. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.E.(1) & 19 NMAC 15.C.111.F.(1)&(2), 7-31-97; A, 7-31-97]

(3) Permission to deviate or directionally drill any wellbore for any reason or in any manner not provided for in this rule shall be granted only after notice and opportunity for hearing. [7-26-95, 2-1-96; Rn, 19 NMAC 15.C.111.F.(3), 7-31-97; A, 7-31-97]

111.E. Reserved. [7-26-95, 2-1-96; 7-31-97]

(1) Reserved. [7-26-95, 2-1-96; 7-31-97]

(2) Reserved. [7-26-95, 2-1-96; 7-31-97]

111.F. Reserved. [8-28-62...2-1-96; 7-31-97]

(1) Reserved. [8-28-62...2-1-96; 7-31-97]

(2) Reserved. [3-2-84...2-1-96; 7-31-97]

(3) Reserved. [3-2-84...2-1-96; 7-31-97]

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>12118</u>	Exhibit No. <u>2</u>
Submitted by <u>OCD</u>	
Hearing Date <u>1/14/99</u>	

112-A MULTIPLE COMPLETIONS

112-A.A. The multiple completion of any well may be permitted only as hereinafter provided. Multiple completion of any well without prior approval by the Division shall be solely at the operator's risk and shall in no way commit the Division to subsequent approval thereof. [7-3-58...2-1-96]

112-A.B. District Approval

(1) The Supervisor of the appropriate Division district may authorize the multiple completion (qualifying conventional, tubingless, or combination) whenever the zones to be completed are to be produced through tubing or through casing where such casing has an outside diameter of 2.875 inches or less. The supervisor may authorize one gas zone to be produced through a casing-tubing annulus if such zone produces no more than one barrel of liquids per day. [2-1-82...2-1-96]

(2) To obtain approval for multiple completion the operator shall file four copies of Division Form C-107 (Application for Multiple Completion) with the appropriate district office. Form C-107 shall be accompanied by a diagrammatic sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location of packers, side door chokes, and such other information as may be pertinent. [2-1-82...2-1-96]

(3) The district supervisor may forward any application to the Director of the Division for approval. [2-1-82...2-1-96]

112-A.C. Administrative Approval (Division Director)

(1) The Division Director may authorize the multiple completion (qualifying conventional, tubingless, or combination) not qualifying for District approval or referred to him by the district supervisor. [2-1-82...2-1-96]

(2) When any gas zone of a proposed multiple completion is to be produced through a casing-tubing annulus and such zone produces more than one barrel per day of liquids, the applicant shall furnish proof that such liquids may be efficiently produced without undue use of reservoir energy for the expected producing life of the well. [2-1-82...2-1-96]

(3) Application for administrative approval of a multiple completion shall be made in QUADRUPLICATE, with two copies of the application to be mailed to the Division's Santa Fe Office, and two copies to the District office for the area in which the well is located. Application shall be made on the Division Form C-107 (Application for Multiple Completion) and shall be accompanied by the following:

- (a) Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location of packers, side door chokes, and such other information as may be pertinent.
- (b) Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as hereinafter provided.)

[2-1-82...2-1-96]

(4) Upon receipt of a complete application the Division Director may approve the matter administratively or he may set any such application for public hearing. [2-1-82...2-1-96]

112-A.D. Qualifying Multiple Completions

(1) The following defines those mechanical installations qualifying for District or Administrative approval of multiple completion. [2-1-82...2-1-96]

- (a) The applicant proposes to utilize one of the conventional mechanical installations described below:

- (i) The well is to be completed as a gas-gas dual or as a gas-gas-gas triple and the hydrocarbons from each of the zones can be safely and efficiently produced through parallel strings of tubing or a combination of tubing string(s) and the tubing-casing annulus; or
- (ii) The well is to be completed as an oil-oil dual or as an oil-oil-oil triple and the hydrocarbons from each of the zones can be safely and efficiently produced through parallel strings of tubing; or
- (iii) The well is to be completed as a combination oil and gas multiple completion and the hydrocarbons from each oil zone can be safely and efficiently produced through parallel strings of tubing and the hydrocarbons from each gas zone can be safely and efficiently produced through parallel string(s) of tubing or through a combination of tubing and the tubing-casing annulus; and
- (iv) All strings of tubing used for the production of oil in the proposed multiple completion will have a nominal inside diameter of not less than 1.670 inches nor greater than 2.50 inches; and
- (v) The downhole equipment used to segregate the separate zones of the multiple completion will be production-type packer(s), polished bore receptacles, or the equivalent, and shall effectively prevent communication between all producing zones.

[2-1-82...2-1-96]

- (b) The applicant proposes to employ one of the following tubingless and/or combination methods of completion:
 - (i) Multiple Completion (Tubingless) utilizing two or more small diameter casing strings (2.875 inches OD or less), one to each common source of supply, all cemented in a common well-bore; or
 - (ii) Multiple Completion (Combination) utilizing a combination of small diameter (2.875 inches OD or less) and conventional diameter (greater than 2.875 inches) casing strings, all cemented in a common well-bore; and demonstrates that
 - (iii) Sufficient cement will be used in said multiple completion to extend throughout each pay and a minimum of 100 feet; and
 - (iii) Centralizers and/or turbolizers will be installed on each joint of casing throughout each pay and on a minimum of three joints above; and

- (iv) Directional perforating equipment will be used in perforating all intervals in any casing string in said multiple completion which intervals are in a zone through which one or more other casing strings pass.

[2-1-82...2-1-96]

(2) The requirements of paragraphs (iii) and (iv) may be modified for multiple completions within given common sources of supply and within a given area if, in the opinion of the Division Director, circumstances warrant such modification. [2-1-82...2-1-96]

112-A.E. Hearings

(1) Any multiple completion not qualifying for district or administrative approval must be set for public hearing. [2-1-82...2-1-96]

(2) Application for public hearing to authorize a multiple completion shall be made in TRIPLICATE to the Division's Santa Fe office. Application may be made in accordance with Rule 1203 or on the Division Form C-107, Application for Multiple Completion, setting forth all material facts relative to the common sources of supply involved and the manner and method of completion proposed. [2-1-82...2-1-96]

112-A.F. Operation and Testing

(1) All multiple completions, whether approved after hearing or by district or administrative procedure, shall be subject to the following rules:

- (a) Prior to actual multiple completion of a well, the operator shall make adequate pressure tests of the casing to determine that no casing leaks exist. Results of casing tests shall be reported to the Division on Form C-103. [2-1-82...2-1-96]
- (b) The well shall be completed and thereafter produced in such a manner that there will be no commingling of hydrocarbons from the separate strata. [2-1-82...2-1-96]
- (c) The operator shall commence a segregation test and/or packer leakage test not later than fifteen (15) days after actual multiple completion of the well. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed and at such other intervals as the Division may prescribe. The Operator shall also make all other tests and determinations deemed necessary by the Division. The Division shall be notified of the time such tests are to be commenced and tests may be witnessed by the Division at its election. Representatives of offset operators may witness such tests at their election and shall advise the producer in writing if they desire to be notified when such tests are to be conducted. Results of such tests shall be filed with the Division within fifteen (15) days after the completion of tests; provided, however, that in the event a segregation test or packer leakage test indicates that there is communication between the separate strata, the operator, shall immediately notify the Division and commence remedial action on the well. [2-1-82...2-1-96]

- (d) The well shall be so equipped that reservoir pressure may be determined for each of the separate strata and further be so equipped that meters may be installed and the gas, oil and gas, and oil produced from each of the separate strata may be accurately measured, and the gas-oil ratio or the gas-liquid ratio thereof determined. [2-1-82...2-1-96]
- (e) Within 20 days after the completion of the well, the operator shall furnish the Division with a diagrammatic sketch of the mechanical installation which was actually used in completing the well together with a report of the gravity, gas-oil ratio or gas-liquid ratio, and surface or bottomhole pressure for each of the separate zones, and the log of the well if the same has not been previously submitted. [2-1-82...2-1-96]
- (f) No multiple completion may continue to produce in a manner which is unnecessarily wasteful of reservoir energy. [2-1-82...2-1-96]
- (g) The Division may require the proper plugging of any abandoned zone of a multiply completed well if such plugging appears necessary to prevent waste or protect correlative rights. [2-1-82...2-1-96]

112-B BRADENHEAD GAS WELLS

112-B.A. The production of gas from a bradenhead gas well may be permitted only by order of the Division upon hearing, except as noted by the provisions of paragraph C. of this rule. [4-30-53...2-1-96]

112-B.B. The application for such hearings shall be submitted in TRIPLICATE and shall include an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases, together with a diagrammatic sketch showing the casing program, formation tops, estimated top of cement on each casing string run and any other pertinent data, including drill stem tests. [4-30-53...2-1-96]

112-B.C. The Division Director shall have authority to grant an exception to the requirements of paragraph A. above without notice and hearing where application has been filed in due form, and when the lowermost producing zone involved in the completion is an oil or gas producing zone within the defined limits of an oil or gas pool and the producing zone to be produced through the bradenhead connection is a gas producing zone within the defined limits of a gas pool. [4-30-53...2-1-96]

112-B.D. Applicants shall furnish all operators who offset the lease upon which the subject well is located a copy of the application to the Division, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. The Division Director shall wait at least 10 days before approving the production of gas from the bradenhead gas well, and shall approve such production only in the absence of objection from any offset operator. In the event an operator objects to the completion the Division Director shall consider the matter only after proper notice and hearing. [4-30-53...2-1-96]

112-B.E. The Division may waive the 10-day waiting period requirement if the applicant furnishes the Division with the written consent to the production of gas from the bradenhead connection by all offset operators involved. [4-3-53...2-1-96]

112-B.F. This rule shall apply only to wells hereinafter completed as bradenhead gas wells. [4-30-53...2-1-96]