

PROPOSED REVISION OF RULE 104

Rule 104(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 however, that the well is completed in the formation to which it is projected.* DSN

Rule 104(b)

Any well classified as a wildcat shall be located on a tract of not less than 40 surface contiguous acres substantially in the form of a square which is a 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 in San Juan, Rio Arriba and Sandoval Counties, where a wildcat well shall be located on a designated drilling tract (of not less than) 160 surface contiguous acres 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 boundary line of the tract provided, however, that a tolerance of plus or minus 200 feet is permissible. *Provided further that any well shall not be drilled closer than 130 feet to any quarter quarter section, or subdivision, inner boundary.*

Rule 104(d)

Each well drilled within a defined gas pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) 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 that in San Juan, Rio Arriba and Sandoval Counties, where a well drilled within a defined gas pool shall be located on a designated drilling tract of not less than 160 surface contiguous acres 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 boundary line of the tract provided however that a tolerance of plus or minus 200 feet is permissible. *Provided further that any well shall not be drilled closer than 130 feet to any quarter quarter section, or subdivision, inner boundary.*

NOTE: Underlined portions indicate a change from the present rules.