

Testimony for Case 1104
Revision of Rule 104

104 (a) This paragraph defines a wildcat well. The present rule does not take into consideration the producing formations. The proposed definition is more in keeping with what we believe the industries conception of the meaning of a wildcat well.

104 (b)(1) This paragraph establishes the spacing for a wildcat well in Southeast New Mexico. The proposed revision would allow an operator to have the privilege of drilling a wildcat well on a 330 location. Under our present rules a wildcat well is limited to a location which is within 100 feet of the center of a 40-acre tract, whereas a 330 foot location is allowed as an offset as soon as a pool is delineated. We believe a wildcat should be allowed to drill in accordance with pool spacing rules.

(2) This paragraph establishes the spacing for wildcat wells in San Juan, Rio Arriba and Sandoval Counties of Northwest New Mexico.

The first part of this paragraph restates the present rule slightly for purposes of clarification.

The second part of this paragraph is an addition to the old rule. It sets up a procedure for allowing the drilling of a wildcat oil well in San Juan Basin. Under this rule it will be possible and practical to locate a well which will conform to an oil or gas location. It would tend to preclude the crowding of a tract boundary for gas well locations in wildcat areas. It will also set up a procedure, through hearing, which will enable an operator to correct an error in judgement as to whether he obtains oil or gas production.

104 (d) (1) This paragraph establishes the spacing for wells in defined gas pools of Southeast New Mexico. It restates the old rule with minor changes in wording for clarification.

(2) The paragraph establishes well spacing for wells in defined gas pools of San Juan, Rio Arriba and Sandoval Counties. All of this paragraph is an addition to the old rule but is the same as the rule now in use in the special pool rules of orders R-128-C, R-566-E, and R-565-C. These orders are the proration orders for prorated pools of San Juan Basin.

104 (f) This rule establishes the procedure for granting non-standard locations for topographical reasons. Paragraph (2) (a) of this rule is not changed except to cover spacing conditions in San Juan Basin for wildcat wells and wells in pools not having this provision in special pool rules.

(2) (c) This paragraph is a new proposal and establishes a procedure for approving non-standard locations for topographical reasons for wildcat wells and wells in pools not having this provision in special pool rules. This rule will allow the secretary of the Commission to approve a non-standard location after a twenty day waiting period if approval of all owners within the radius set out in (f) (2) (a) of this rule.