

Copies of the proposed rule changes,
deletions, and new rules are available
at the Oil Conservation Division offices in
Santa Fe, Hobbs, Artesia, and Pecos.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO AMEND RULE 111 TO PROVIDE FOR OPERATOR CALCULATION OF MAXIMUM BOTTOMHOLE DISPLACEMENT WHEN THE DEVIATION DURING DRILLING AVERAGES MORE THAN FIVE DEGREES IN ANY 500-FOOT INTERVAL.

CASE NO. 8648
Order No. R-8005

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on July 10, 1985, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of September, 1985, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) The Oil Conservation Division, hereinafter referred to as the "Division", proposes the amendment of its general Rule 111, as shown on Exhibit "A" attached to this order, to require calculation of the maximum horizontal displacement when wellbore deviates more than five degrees in any 500-foot interval.
- (3) Inclusion of these calculations with the filing of Division Form C-104, or other forms, will permit the Division to better assess the need for directional surveys on holes drilled with relatively high deviation angles.
- (4) Such directional surveys may be necessary to assure that the completion interval in any such wellbore is under the dedicated spacing unit or to otherwise provide for protection of correlative rights.
- (5) The proposed rule change should be adopted.

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Case No. 8648
Order No. R-8005

IT IS THEREFORE ORDERED THAT:

(1) Division Rule 111 is hereby amended to read in its entirety as shown on Exhibit "A" attached to and made a part of this order.

(2) The effective date of this order and of the rule amendment contained herein shall be September 23, 1985.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

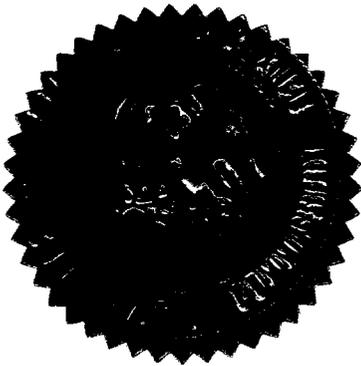
JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Secretary
and Chairman



S E A L

RULE 111. DEVIATION TESTS AND DIRECTIONAL DRILLING

(a) Any well which is drilled or deepened with rotary tools shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole and the Division Director may require that a directional survey be run to establish the location of the producing interval(s).

CASE 8648
ORDER NO. R-8005
EXHIBIT "A"

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO AMEND RULE 111 TO PROVIDE FOR OPERATOR CALCULATION OF MAXIMUM BOTTOMHOLE DISPLACEMENT WHEN THE DEVIATION DURING DRILLING AVERAGES MORE THAN FIVE DEGREES IN ANY 500-FOOT INTERVAL.

CASE NO. 8648
Order No. R-8005-A

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that Order No. R-8005, dated September 18, 1985, does not correctly state the intended order of the Commission due to error,

IT IS THEREFORE ORDERED THAT:

(1) Finding Paragraph No. (2) on page 1 of Commission Order No. R-8005, Case No. 8648, be and the same is hereby corrected to read in its entirety as follows:

"(2) The Oil Conservation Division, hereinafter referred to as the "Division", proposes the amendment of its general Rule 111(a), as shown on Exhibit "A" attached to this order, to require calculation of the maximum horizontal displacement when wellbore deviates more than five degrees in any 500-foot interval."

(2) Ordering Paragraph No. (1) on page 2 of said Order be and the same is hereby corrected to read in its entirety as follows:

"(1) Division Rule 111(a) is hereby amended to read in its entirety as shown on Exhibit "A" attached to and made a part of this order."

(3) Exhibit "A" attached to said Order be and the same is hereby corrected to read in its entirety as follows:

"RULE 111. DEVIATION TESTS AND DIRECTIONAL DRILLING

(a) Any well which is drilled or deepened with rotary tools shall be tested at reasonably frequent intervals to determine the deviation from the vertical. Such tests shall be made at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and

notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas. When the deviation averages more than five degrees in any 500-foot interval, the operator shall include the calculations of the maximum possible horizontal displacement of the hole and the Division Director may require that a directional survey be run to establish the location of the producing interval(s).

The Division Director, at the request of an offset operator, may require any operator to make a directional survey of any well. Said directional survey and all associated costs shall be at the expense of the requesting party and shall be secured in advance by a \$5,000.00 indemnity bond posted with and approved by the Division. The requesting party may designate the well survey company, and said survey shall be witnessed by the Division."

(4) The corrections set forth in this order be entered nunc pro tunc as of September 18, 1985.

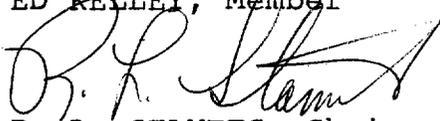
DONE at Santa Fe, New Mexico, on this 17th day of October, 1985.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

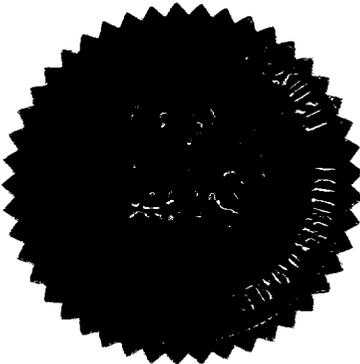
JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman and
Secretary



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