

## MARK-UP

### RULE B-3: SPACING OF WELLS

- a. For purposes of this rule and with respect to all established field rules, exploratory drilling units, wildcat wells, and in uncontrolled areas, the term well location shall be defined as follows:
  - (1) For the purpose of well drilling permit issuance, well location is defined as the proposed bottom hole location in a vertical or directionally drilled well or the estimated productive portion of a lateral in a horizontal well, projected to the surface. For purposes of assigning an API number the well site location shall be considered the actual surface location of the well.
  - (2) For the purpose of well setback provisions, except in uncontrolled areas, well location is defined as the actual physical location of the completed interval in the well, projected to the surface, as follows:
    - A. In a vertically drilled well without a directional survey, the well location is the surface location. In a vertically drilled well, the well location is the location of the perforated interval of the well bore, projected vertically to the surface;
    - B. In a directionally drilled well, the well location is the location of the midpoint of the perforated interval of the producing formation, as calculated from the directional survey, projected vertically to the surface;
    - C. In a horizontally drilled well, the well location is the entire perforated length of the lateral section of the well bore, as shown on a directional survey, projected vertically to the surface.
- b. The spacing of wells in oil and gas fields established by Commission Order, shall be governed by field rules for that particular field, adopted after notice and hearing.
- c. The spacing of wells in other areas designated as prospective of oil and gas production shall be governed by General Rule adopted after notice and hearing.
- d. The well location for a well drilled for oil or gas production in an exploratory drilling unit established by Commission Order shall not be located closer than 280 feet from the drilling unit boundary, except that wells drilled in exploratory drilling units established by General Rule B-43 or General Rule B-44, shall be governed by the applicable well setback provisions of General Rule B-43 or General Rule B-44, respectively.
- e. The following applies to all wildcat well locations not drilled in exploratory drilling units:
  - (1) The well location for a wildcat well drilled for oil or gas production purposes, within an area not covered by Field Rules, ~~or~~ General Rule B-43, or General Rule B-44 shall not be located closer than 280 feet from a quarter, quarter division line within a governmental section.
  - (2) The well location for a wildcat well, drilled for the purposes of oil or gas production, within an area subject to Field Rules, but proposed to be drilled to a geologic formation

for which Field Rules have not been established shall be subject to the set back provisions specified in e (1) above.

- f. The well location for a well drilled for oil or gas production purposes, and completed in pools in field(s) where Field Rules do not exist for these uncontrolled pools, shall not be located closer than 280 feet from the nearest mineral lease line.
- g. The following applies to injection wells drilled or completed for enhanced recovery, Class II Disposal Wells, or Class II Commercial Disposal Wells (as defined by General Rule H-1):
  - (1) The well location for an injection well drilled or completed for enhanced recovery purposes shall not be located closer than 280 feet from a unitized boundary line.
  - (2) The well location for a ~~Class II Disposal Well~~, or Class II Commercial Disposal Well, drilled or completed pursuant to General Rule ~~C-7 H-1~~ shall be located no closer than 280 feet from the drilling unit boundary, ~~or no closer than 280 feet from the mineral lease line if such well is located outside a drilling unit in~~ controlled fields.
  - (3) The well location for a Class II Disposal Well or Class II Commercial Disposal Well, drilled or completed pursuant to General Rule H-1, outside of a controlled field and not within an uncontrolled field, shall be located no closer than 280 feet from a quarter, quarter division line within a governmental section.
  - (4) The well location for a Class II Disposal Well, or Class II Commercial Disposal Well, within an uncontrolled field, drilled or completed pursuant to General Rule H-1 shall be located no closer than 280 feet from the mineral lease line. However, with regards to Class II Disposal Wells, this requirement may be waived by the Director if the offset operator(s) which is being encroached upon gives written permission for the Class II Disposal Well to be located at a closer distance and waives the requirement of a hearing before the Commission to the operator of the Class II Disposal Well and the appropriate AOGC Regional Office.
- h. The well location for wells drilled for the purposes of water supply for purposes of enhanced oil recovery are subject to all the provisions of this rule with the exception of the set back provisions for well location. No production of hydrocarbons will be allowed from a water supply well.
- i. The Commission may, after notice and hearing, grant exceptions to the rule, provided such exceptions will create neither waste nor hazards conducive to waste. No well drilled in violation of this rule without special permit obtained in the manner prescribed in said rule and no well drilled under such a special permit, which does not conform to the terms of such special permit in all respects, shall be permitted to produce either oil or gas and any such well so drilled in violation of said rule or in violation of a permit granted under an exception to such rule shall be plugged.