

## CHAPTER 3

### OPERATIONAL RULES, DRILLING RULES

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#### **Section 2. Location of Wells/Drilling and Spacing Units (All Lands Except Tribal).**

(a) Vertical Wells. In the absence of special orders of the Commission establishing drilling units or authorizing different well density or location patterns for particular pools or parts thereof, each vertical oil and gas well shall be located in the center of a forty (40) acre governmental quarter-quarter section, or lot or tract or combination of lots or tracts substantially equivalent thereto, as shown by the most recent governmental survey, with a tolerance of two hundred feet (200') in any direction from the center location (a "window" 400 feet square) provided:

(i) No oil or gas well shall be drilled less than nine hundred twenty feet (920') from any other well drilling to or capable of producing oil or gas from the same pool; and

(ii) No oil or gas well shall be completed in a known pool unless it is located more than nine hundred twenty feet (920') from any other well completed in and capable of producing oil or gas from the same pool.

(iii) Well Location – Southwest Wyoming. Gas wells drilled in the area described as Township 12 North through Township 28 North and Range 89 West through Range 121 West shall be located in the center of a one hundred sixty (160) acre subdivision, or lot or tract or combination of lots and tracts substantially equivalent thereto, not closer than one thousand, one hundred twenty feet (1,120') to the exterior boundaries of the quarter section or federal exploratory units or any uncommitted tracts within the unit.

(A) A maximum of two (2) gas wells per quarter section subdivision, or lot or tract, or combination of lots and tracts substantially equivalent thereto, shall be permitted in the following areas:

Township 13 North, Ranges 91 through 94 West  
Township 14 North, Ranges 91 through 94 West  
Township 15 North, Ranges 91 through 99 West  
Township 16 North, Ranges 91 through 99 West  
Township 17 North, Ranges 91 through 98 West  
Township 18 North, Ranges 91 through 96 West

Township 18 North, Range 97 West  
Sections 1 through 3  
Sections 10 through 15  
Sections 19 through 36  
Township 19 North, Ranges 91 through 96 West  
Township 20 North, Ranges 91 through 96 West  
Township 21 North, Ranges 91 through 96 West  
Township 22 North, Ranges 91 through 96 West  
Township 23 North, Ranges 91 through 95 West

(B) Any gas well proposed to be drilled within the above described lands shall be located within a governmental quarter section of land, or a lot or tract, or combination of lots or tracts substantially equivalent thereto, not closer than four hundred sixty feet (460') to the exterior boundary of such quarter section, providing that a maximum of two gas wells from the same pool shall be permitted in any one such quarter section, or lot or tract, or combination of lots or tracts substantially equivalent thereto.

(iv) Spacing Rule – Powder River – Deep Wells. Any proposed well in the Powder River Basin projected to test the Frontier, Muddy, and/or Dakota Formations in excess of eleven thousand feet (11,000') total depth shall be granted a spacing unit of six hundred forty (640) acres consisting of the governmental section in which the well is proposed. Said well may be located anywhere within the one hundred sixty (160) acre "window" (i.e., SE1/4 NW1/4, SW1/4 NE1/4, NE1/4 SW1/4, NW1/4 SE1/4) but not less than one thousand three hundred twenty feet (1,320') from the section line.

(v) Spacing Rule – Powder River – CBM Wells. Any proposed well in the Powder River Basin projected to test the gas potential of any coal member or pool within the Fort Union and/or Wasatch Formations shall be granted a vertical (“standup”) drilling and spacing unit of eighty (80) acres consisting of one-half of a governmental one hundred sixty (160) acre quarter section, or lot or tract, or combination of lots or tracts substantially equivalent thereto, and the authorized well in such drilling and spacing unit shall be located in the center of the northeast quarter and the center of the southwest quarter of the governmental 160-acre quarter section, or lot or tract, or combination of lots and tracts substantially equivalent thereto, with a two hundred foot (200') tolerance in any direction from such center locations. Further, the following lands are exempt from this subsection (v) and are subject to the well location requirements under subsection (a):

Township 45 North, Ranges 71 and 72 West;  
Township 46 North, Ranges 71 and 72 West;  
Township 47 North, Ranges 71, 72 and 73 West;  
Township 48 North, Ranges 71, 72 and 73 West;

Township 49 North, Ranges 71, 72, and 73 West;  
Township 50 North, Ranges 72 and 73 West;  
Township 51 North, Ranges 72 and 73 West;  
Township 52 North, Ranges 72 and 73 West.

(b) Horizontal Wells. The following conditions apply to any horizontal well, as defined in Chapter 1, Section 2(y), for all productive zones:

(i) A permanent six hundred forty (640) acre spacing unit, or lot or tract, or combination of lots or tracts substantially equivalent thereto, consisting of the governmental section in which the horizontal well is located, is established for the orderly development of the anticipated pool. Subject to surface setback rules, the surface location may be anywhere on the leased premises, or on lands adjacent to the spacing unit;

(ii) No portion of the completed interval of a horizontal lateral shall be closer than six hundred sixty feet (660') to a drilling or spacing unit boundary, federal unit boundary, uncommitted tract within a unit, or boundary line of a lease not committed to the drilling of such horizontal well.

(iii) Except for wells in federal exploratory units, secondary units or in API units, the completed interval shall be no closer than one thousand three hundred twenty feet (1,320') to any horizontal well or vertical well completed in the same formation;

(iv) Notice of intent to drill horizontal wells shall be provided as required by Chapter 3, Section 8(f);

(v) In addition to any other notice required by the statute or these Rules, notice of the Application for Permit to Drill (APD) a horizontal well shall be given by certified mail to all Owners within the boundaries of the designated spacing unit.

(c) Pattern Location. The Supervisor shall have the discretion to determine the pattern location of wells adjacent to an area spaced or exempted by the Commission, or under application for spacing, where:

(i) There is sufficient evidence to indicate that the pool or reservoir spaced or about to be spaced may extend beyond the boundary of the spacing order or application; and

(ii) The uniformity of spacing patterns and well location is necessary to ensure orderly development of the reservoir or pool.

(d) To the extent not previously exempted, this section is not applicable to federal exploratory and secondary units provided that no vertical well shall be drilled and completed closer than four hundred sixty feet (460') and no horizontal well shall be drilled and completed closer than six hundred sixty feet (660') from the exterior boundaries of any federal exploratory or secondary unit or any uncommitted tract within a federal exploratory or secondary unit. Upon contraction of a federal exploratory or secondary unit, lands deleted from the unit shall thereafter be subject to the requirements of this rule.