

**ADOPTED REGULATION OF THE DIVISION OF MINERALS OF
THE DEPARTMENT OF
BUSINESS AND INDUSTRY**

LCB File No. R156-98

Effective December 18, 1998

EXPLANATION - Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: NRS 522.040.

Section 1. NAC 522.235 is hereby amended to read as follows:

522.235 In a proven oil and gas field the spacing of wells will be governed by special rules for each particular field, to be adopted by the division after notice and hearing. In the absence of a special order of the division establishing drilling units or authorizing different densities of wells or patterns of location for particular pools or parts of pools, the following requirements apply:

1. Each well drilled for oil with a projected depth of 5,000 feet or less must be located not less than 330 feet from the outside boundary of a government quarter-quarter section, or of a lot, tract or combination of lots or tracts substantially equivalent to a quarter-quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce oil from the same reservoir within the same quarter-quarter section.

2. Each well drilled for oil with a projected depth of greater than 5,000 feet must be located not less than 330 feet from the outside boundary of a government quarter section, or of

a lot, tract or combination of lots or tracts substantially equivalent to a quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce oil from the same reservoir within the same quarter section.

3. Each well drilled for gas with a projected depth of 5,000 feet or less must be located not less than 660 feet from the outside boundary of a government quarter section, or of a lot, tract or combination of lots or tracts substantially equivalent to a quarter section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce gas from the same reservoir within the same quarter section.

4. Each well drilled for gas with a projected depth of greater than 5,000 feet must be located not less than 990 feet from the outside boundary of a government section, or of a lot, tract or combination of lots or tracts substantially equivalent to a section as shown by the most recent government survey. Unless the administrator, in his discretion, determines otherwise, only one well may be issued a permit to produce gas from the same reservoir within the same section.

5. The requirements of this section for the location of a well do not apply to **[federal units and areas]** :

(a) Federal units.

(b) Wells drilled pursuant to a working interest agreement.

(c) Areas subject to existing orders for drilling and spacing.

6. The administrator will determine the pattern for the location of wells which are adjacent to an area in which the spacing of wells is prescribed by the division or under application for spacing, where there is sufficient evidence to indicate that the pool or reservoir for which the spacing of wells is or will be prescribed by the division may extend beyond the boundary of the spacing order or application, and the uniformity of the pattern of spacing is necessary to ensure an orderly development of the pool.

7. As used in this section, the term "working interest agreement" means a written agreement entered into by the persons who are responsible for paying the cost of drilling one or more wells and that specifies the location of the well or wells.