

CASE 5311: OCC to consider
extension of CATCLAW DRAW-MORROW
GAS POOL, Eddy County

CASE No.

5311

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 4, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

The Hearing called by the Oil Con-)
servation Commission on its own motion)
to consider extension of the Catclaw)
Draw-Morrow Gas Pool, Eddy County, New)
Mexico.)

Case No.
5311

BEFORE : Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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MR. NUTTER: The Hearing will come to order, please. We'll call the first Case, Case No. 5311.

MR. DERRYBERRY: Case 5311. In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extension of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

MR. BUELL: Mr. Examiner, Sumner Buell, Montgomery, Federici, Andrews, Hannahs & Buell, Santa Fe, appearing on behalf of Hanagan Petroleum Corporation.

MR. NUTTER: Are there any other appearances in this Case?

MR. STEVENS: Mr. Examiner, Don Stevens, Santa Fe, appearing on behalf of Morris R. Antweil.

MR. WALKER: M.J. Walker, Atlantic Richfield, we would like to make a statement following the testimony.

MR. NUTTER: Are there any other witnesses aside from Mr. Hanagan?

MR. BUELL: Mr. Examiner, could the record show that Mr. Hanagan has been duly qualified as an expert in this matter and that he is still under oath from the previous Hearing?

MR. NUTTER: The record will so show.

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(Witness previously sworn.)

HUGH HANAGAN

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Referring you to what has been marked for identification as Exhibit 1 in this matter, would you briefly explain what is shown on that?

A Exhibit No. 1 is similar to the Exhibit in the previous Hearing, 4548 I believe is the Case No., with the exception that we have colored the wells to the east of the Catclaw.

Q Does this Exhibit also show the acreage that you propose to include within the Catclaw Draw Field?

A Yes, it does. We're proposing that we extend the Catclaw Draw to include Section 17, 21 South, 26 East. This well of course is not officially completed yet--I think it would be in the next week or so--it isn't a very strong well; it was drilled initially by Inexco and that case in point was taken over by Gulf Oil Corporation who is now the operator of that well.

The map again goes back to the same color code

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that we have been using, and we are just using the one log section labeled B-B' which is the west to east log section across the field and extends on over one section further east to include our Hanagan Petroleum Corporation No.1 Ocotillo Hills Cor Well located in Section 21 of 21, 26.

As a major operator in the Catclaw Draw Field we are well aware that this problem of the 640 spacing that is presently set up in the Catclaw Draw Field as to the extent that this field should be extended or confined on the eastern, principally right now anyway on the eastern side of the field, where we have had approximately a dozen wells drilled within, really within the last year or less, and the area right now is still pretty active. We got a well drilling, for example, we got one drilling in Section 1, all these in 21, 26; we got a drilling well in Section 1, 4, 5, 16; we've got two wells in the process of being completed, one in Section 17 and one in Section 32 on the south end there, which is Hanagan Petroleum Corporation's No. 2 Well, No. 2 North Carlisbad Cor Well. We are in agreement with the Commission that some limits, or some attempt anyway, should be -- some limits to the eastern side of that field should be

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established, and that's, of course, what this Exhibit is attempting to depict. You can see, just east of the present limits of the Catclaw Draw Field, as contoured here again on the top of the Morrow B Zone, we have a postulated reentrance running roughly north south, just east of the eastern limits of the Catclaw Draw Field. We feel, with the present information that we have, and of course this could be changed with further drilling in the area, but with the present information that we have available to us and with what we think of the area, we think that there could be a partial or complete permeability barrier in the vicinity of this indicated reentrance area. We can start on the western side of that reentrance on the north end, say in Section 1 of 21, 25, which would be a Fasken No. 1 Avalon Well. That well, and we're going to go down the line mainly at the present time strictly considering the "C" Zone or Lower Morrow Zone, so the well in Section 1 was tight with a little bit of water in the "C" Zone.

All right, in the next well available, would be the well in Section 7 of 21, 26, which was drilled by Fasken and was plugged and abandoned after again recovering a little bit of water and tight in the "C" Zone.

Now, when I'm talking about a "little bit of water," I'm talking about 1000 feet or less on a drill-stem test, with fairly low pressures indicating a fairly impermeable reservoir there.

Going on southeast of that well would be the well in Section 17 of 21, 26, which is presently being completed by Gulf. It is being completed in the "C" Zone and also a few feet of perms in the Nan-Bet Stray equivalent. That well has been acidized I think with about 4000 gallons of acid and it was later fraced with a pretty fair-sized frac job. The last report I had was just before it was shut in to be full pointed; it was making probably around 1 to 1.2 million rate after the frac job. So, it is a pretty low permeable well. The well due south of it would be the Inexco No. 1 Arco Federal in Section 20 of 21, 26. That well was completed as a "C" Zone well; original open-flow potential of around 8 million. The bottomhole sand in that well was wet. They drill-stem tested both little lower sand zones and got flow at about 2 million on a drill-stem test with a heavy spray of water. After running casing they did perforate the lower sand, just a couple of feet of it, and recovered water in that sand. Now, there is only about

15 feet or less of separation between the upper sand, which is gas productive, and the lower sand, which is water productive. The status of that well right now is that it is shut-in possibly due to mechanical problems and that they have a bridge plug set in that sand interval between the water zone and the gas zone; they have not squeezed the water zone off and we feel that there is a possibility that we may be getting the water from the lower zone. We haven't proved that yet, but at any rate, that well is shut-in right now for mechanical reasons. We do have an indication, however, that that gas in the "C" may be a limited reservoir. We have experienced several hundred pounds of pressure drop from the original completion to within approximately 60 days after this original completion with a total production of around 100 to 120 million we have experienced a several hundred pound pressure drop. So, that could be a limited reservoir, but we don't know that for sure.

Now, the reason that we have proposed to include the well in 17, the Catclaw, is we feel that correlation-wise that these two wells do look and correlate to be the equivalent zone and it also correlates to be the equivalent pay of the Catclaw. We think that if one of

these wells should be in the Catclaw the other one should be.

Okay, and as we go on south, we go southwest to the well in Section 30, which is the Inexco No. 1 Boskowitz and that well is completed in the Nan-Bet Zone; it is a marginal well; they have, after the original completion in a Nan-Bet they did go in and perforate a few shots in the "B" sand and really it didn't improve the well at all. It is making some water, I don't know exactly how much, but it is definitely below the million mark in production, possibly even below the half million mark in production. So, it is strictly a marginal well with the "C" Zone being wet, and when I say "wet" it's very wet; 7 or 8 thousand feet of water. I think that was the neighborhood, 4, 5, 6, somewhere around several thousand feet of water. The "C" sand is very permeable and is developed in that well, but it is wet.

And, going on south from there, we go into 22, 25, in Sections 1 and Sections 2, both wells drilled to the Morrow and both dry in the Morrow. One, if my memory is right, I don't think either one ever tested, drill-stem tested the "C" sand. The well in Section 1 was drilled by Gulf and did test for the "B" sand and got just a trace

or small amount of gas, too small to measure, and the well in Section 2 did not drill-stem test any part of the Morrow zone, so, you can see that we have a north south line through there that does indicate the possible limits to the Catclaw.

Now, we'll go again, start on the north and go along the east side of the reentrance and look at the wells that have been drilled just recently along there from north to south direction beginning with the 2 Monsanto Wells in Section 5 of 21, 26. You can see on that structure map that I do have a possible productive area, maybe even the most productive part of the field is directly north of there in the next township to the north, may be the best part of that field. That remains to be seen. But, the two wells in Section 5, the northernmost well in the section, is Monsanto's No. 1 Fasken as I recall. That well is producing from the "C" sand; it is producing from the upper part of the "C" Zone, the lower part from logs is wet. The Monsanto No. 2 Fasken -- or it may be the No. 1 Fasken, I think it is the No. 2 -- the southernmost well in that Section 5, is also completed in the "C" Zone in the upper part. The well due south of there is -- by the way, both of those wells

appear to be fine wells, they are in excess of 5 million potential and have a fairly good sand section, as we will see on the isopach map later -- the well immediately south being Section 8, which is the Coquina Well. Coquina Well is an odd well for two or three reasons. One is that you can see that it is the lowest structurally of any well around there in any direction. If you go north that well is approximately 100 foot low to the well north; it's approximately 300 feet low to the nearest well to the west; it is 90 to 100 feet low to the wells to the south, and it is about 30 feet low to the well in Section 9 to the east. So, there is a turn over in there, there is an indicated ditch or saddle between the Monsanto Wells in Section 5 and the Gulf Well in Section 17; you do get a saddle in there. So, there is justification, at least in that immediate area that there is a saddle or a reentry; a reentrance or some type of a low in there. As we go on south of there again -- we'll go a little southeast really -- into Section 16 in which there is a drilling well right now; Arco is the operator of the well in Section 16, and they are in the Morrow drilling right now. To my knowledge they do not have a well yet. My opinion is that they ought to have one or

they should get one, should get a "C" sand well. The information on that well, probably another week or so is going to tell the tale on it.

The south off-set to that drilling well is Hanagan Petroleum's No. 1 Ocotillo Hills and it is also the easternmost well on the cross section on our next Exhibit. That well has a very thin "C" section, it is normally thin; the overall thickness from the top of the mass of shale to the base of the Morrow sand, some people call the Barnett. It is also productive in the upper part of that "C" sand. I think maybe you can see it better when we look at the cross section.

Then going due south of the Ocotillo into Section 33, which is the southernmost well in the area, that well is in the process of being completed hopefully in the "B" section, the middle Morrow. Hanagan Petroleum is the operator on that well. We attempted a completion in the "C" sand and after acidizing we recovered about 50 MCF of gas, it is tight. The "B" Zone is the zone that we hope to initially complete in and we predict that it will be a small producer; it will not be a large well. The southeast off-set to that well was drilled by Superior in Section 34 and they do have one little zone in the

"C" sand perforated and approximately 4 of them, including a Nan-Bet Stray perforated in that well also. Mostly the "B" though and we feel like the "B" Zone in that well is where their gas is coming from. I believe that that little field there is called the Tracey Dome or the --

MR. NUTTER: I don't believe that has been designated.

MR. HANAGAN: That hasn't been designated?

MR. NUTTER: I don't believe so.

MR. HANAGAN: Okay.

BY MR. BUELL:

A (Continuing) Now, I think again you can see the dry holes in the area, but I think we will go to the cross section.

Q Let me ask you one question on this Mr. Hanagan. You said that the well being completed in Section 33, Township 21 South, Range 26 East was a "B" Zone completion. I notice on my copy of the map it is marked with green hatches.

A Yes, I think the girl must have been color blind because it should have been blue.

Q For the record then that well should be marked in blue?

A That is correct.

Q Okay, referring you to what has been marked as Exhibit No. 2, would you explain that.

A Exhibit No. 2 again is the Exhibit that we had in the previous Case. A section starting on the west side of the Catclaw going completely through the field to the east and tying into the Hanagan Petroleum Corporation No. 1 Ocotillo Hills on the extreme east side. On this section you can see the thinning in that "C" Zone that I mentioned. It is roughly about a third thinner than the wells to the west. It is also, of course, a little early to tell that well of Arco that's drilling to the north of us, we don't know about it yet, but we do know that the well to the south, the closest well to the south, which would be one of our own wells in Section 34, that it is considerably thicker again in that direction. The interesting things to note on it is that even though you can see by the perforated intervals in the Ocotillo well that the bottom sand we do not have perforated. We didn't perforate that zone because, upon the advise of Schlumberger, who swears up and down it's wet, and we didn't think so, so we went in with a drill-stem test tool and you can see we tested the whole interval and it

flowed 8 million, almost 9 million on drill-stem test and we had absolutely no water in the test. We had a sampler and everything on the bottom and we still recovered no water. But, Schlumberger again sent it back through the computers and had four or five engineers look at it and they still came up with a high water saturation. So I decided, all right, we will just perforate these intervals that we did perforate and if we could get enough volume we would leave the bottom zone alone, but, as far as I'm concerned, it probably is productive.

Now, on the enclosed isopach map that we have here I did not include that bottom zone as being gas productive, even though I believe it probably is. The interesting thing, the reason that I bring up this bottom sand so much is that the way that I correlate these zones is that the Catclaw main pay, those two bottom sands for example in the well just west of the Ocotillo on this cross section, those bottom two sands are the ones where Arco -- the upper one is the one Arco has perforated in and the lower one they got water. That I consider to be the Catclaw pay. My thinking is that the Ocotillo Well, the interval that it is perforated in is what I call the Burton Flat pay, which would be that sand stringer

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equivalent in the well to the west there just below your mass of shale, it's tight in the Inexco-Arco Well. In other words, the bottom part of the Catclaw pay is shaved off or absent in the Ocotillo Well. If it wasn't, that bottom sand is equivalent and it should be wet, because we are looking at, roughly on the "B" zone here, about 75 foot low. The Ocotillo structurally is about 75 feet lower than the Inexco Well.

The main reason, and I think the main support that I have, though, to call the Ocotillo pay, as the zone we have perforated in the Ocotillo, is based on the character of the sand present in the two wells to the east of the Ocotillo, one directly east, one mile east approximately, the old Sinclair Well in Section 22. In that well, the upper part of that sand, where the Ocotillo is perforated in other words, you knock all of those shale breaks out of where we're perforated in the Ocotillo, in other words it's got that solid sand section in it, and then it has that bottom little shale like we have in the Ocotillo and then another little sand section below just like we have, and we also can see in the Arco Well north of the Sinclair Well which is in Section 15 of 21, 26, the same thing happened. You have about a 40 foot

sand section immediately after you come out of the mass of shale into this mass of sand. That well recovered somewhere in the neighborhood of 8000 feet of water out of that sand. Then, again you go into that little shale break similar to that little break that we have in the Ocotillo immediately below the bottom most perms and you go into a little sand section there and again that section was wet and they did test those two sands separately and they were both wet. You can see structurally that that well is about 60 feet low to our Ocotillo Well. So, what I'm saying is that our pattern has changed quite drastically from the normal correlations that we have been able to correlate all across that field up to and through the Inexco-Arco Well in Section 20, the pattern remains the same; you're getting your gas in the lower part of the "C" and you can correlate those zones pretty well all the way through there until you come to the Ocotillo and then something happens there and that's why I think you do the flip-flop that I was talking about earlier today in that the Catclaw pay is the lower part of the "C" whereas the Burton Flat pay is the upper part of the "C" and when you get that flip-flop then you've got to have a change in the reservoir; it's

got to be a different reservoir I think. Of course, another reason, and we can go probably to the isopach now, it might be better to go to it first.

Q All right. Referring to Exhibit No. 3, would you please explain that Exhibit?

A Well, the isopach again is similar to the one that we used in Exhibit 3 in Case 4548 again with the exception of going ahead and coloring the wells to the east of the Catclaw Field. In this Exhibit we show again not only that we have a flip-flop across our section, or log section line there in the character of the sand, but also in the thickness. You will notice that going west on your section to the Nan-Bet Well in Section 19, you have a net gas pay there of about 14 feet, the sand going east into the Inexco to about 10 feet and then you thicken again eastward into the Ocotillo, and if you would add another 10 feet, which is what that bottom-most sand is that we don't have perforated, you're talking about 29 feet, so you do have a thickening, thinning and thickening situation again. So, there is another indicator possibly one of the better indicators is the figures again below each well which are the original bottomhole pressures taken from drill-stem tests in the "C" Zone

only, and you will see that the pressures in the Ocotillo, even the Coquina Well in Section 8, the Monsanto Wells in 5, the Antweil Well in 4 and the Arco BQ Well in Section 9, they all have 44 to 45 hundred pounds bottomhole pressure and we know that the Catclaw Field pressure has got to be less than now. Probably at least a thousand pounds less. So, we are getting a differential or a change in bottomhole pressure. You will also notice that the nosing, or as we have it here, the middle contour, which would be your thickest section, 20 feet, is pretty much going right along with our structural nose in Exhibit No. 1, and that there is a flattening-out area across there which would indicate to me a new pod -- if you want to call it a pod -- or a new sand bar or whatever you care to call that, but you do have not only dry holes or low permeable wells to the west of this nosing or this accumulation, you also have restrictions to the east. In other words I have heard statements by several people, and I think it was even mentioned in a couple of hearings here a while back, that the Burton Flat Field would eventually hook up to the Catclaw. I do not believe that it will at all. I believe that you have -- you can see on the east side of this new area, if you want to call

it that, that you have four wells lined up north south in there that are dry Morrow wells, not counting another dry hole in Section 13 of the same Township that Monsanto just recently plugged, even the character of the sand is not the same. I don't feel like this new area has the same pattern as Burton Flats or the Catclaw. They don't even have the same bottomhole pressures again. There is a difference in bottomhole pressures between the two. So I really think that you're probably looking at -- the size of it I can't tell yet -- but I think in this immediate area it is pretty well restricted down to where it is contoured right now and I can open up to the south or I could open up to the north but I think there is, at least at this time, sufficient evidence to where we could draw a no-mans land between these two situations. I think there are two separate pods with maybe not 100 percent barrier in between but practically 100 percent, in fact, maybe even 100 percent if I'm right in that the "C" Zone has taken a flip-flop and this new area is producing from the upper part whereas the old Catclaw or the Catclaw Field is producing from the lower part. Also, the well in Section 8, which I forgot to mention I believe, the one that was drilled by Coquina, I actually believe

that that's probably a stray sand that developed in the lowermost part of the "C" sand it it just does it occasionally. It's done in a few wells in Burton Flats, it's done it in not any wells to my knowledge in Catclaw, but there is an added stray, kind of like we class our Nan-Bet Strat Zone, there is an added stray zone there. That well's performance, both on drill-stem tests and production tests, has experienced extreme pressure drops; a 300 pound pressure drop on a drill-stem test alone, and they have experienced more pressure drops since they have completed it. So, that well again is probably a limited reservoir. In other words I do not think it is hooked up to the wells in Section 5 for example, again indicating to me that there is probably a permeability barrier in the immediate area of that Coquina Well. Now, Antweil Well in 4 is a good well. You can see that that well is perforated in both the "C" and the "B" Zones. It is the only well in that immediate area. The new well that is completed and perforated in both zones, unless the one just north there in the next township, which would be 20, 27, Section 32, which has just been recently completed by Arco and was drilled pretty tight, so we really don't have too much information on that well; the log has

never been released and I really can't say where that well was perforated.

But, you can see that the "C" sand again is becoming either tight or non productive going east of the Antweil Well, for example. The Fasken El Paso Well in Section 3, which was the first well drilled, the first new well drilled in this new area, let's say, it was really completed in the Strawn and was later completed in the "B" Zone of the Morrow. The second Fasken El Paso Well is in Section 2. They attempted a completion in the "C" Zone and have very tight section and definitely they thought it was a limited reservoir, in their opinion, and they are not producing from the Morrow in that well. They are producing from a Canyon Zone.

Q All right, Mr. Hanagan, based upon your testimony, is it your opinion that placing Section 17 of Range 26 East, Township 21 South within the Catclaw Draw Field would tend to prevent waste and protect correlative rights?

A Yes, I think so, based on the present information I think that something could happen, but based on what we see now I believe that we could say that the -- that we could -- that the area east would be drained by a separate

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reservoir, appears.

Q Were Exhibits 1 through 3 prepared by you or under your supervision?

A Yes, they were.

MR. BUELL: I move their introduction, Mr. Examiner.

MR. NUTTER: Hanagan Exhibits 1 through 3 will be admitted into evidence.

(Whereupon, Hanagan's Exhibits 1 through 3 were admitted into evidence.)

MR. BUELL: I have nothing further.

MR. NUTTER: Does anyone have any questions of Mr. Hanagan?

CROSS EXAMINATION

BY MR. STEVENS:

Q Mr. Hanagan, are you familiar with spacing in the Burton Flats-South Carlsbad Morrow Fields?

A Yes, I am.

Q Could you tell us where they are?

A 3, 20.

Q Are the Burton Flat pay, I think you analogized to this area of the east being in the upper "C"?

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A The main one. I don't say all the -- there is some lower "C" production, I didn't mean to insinuate this.

Q All right. And so the only other field in this area spaced on 640 acres is this field, isn't it?

A That is correct.

Q And you have given us no evidence, have you, that this area to the east would drain 640 acres, have you?

A It is my opinion that it would. Yes, I think definitely it would drain 640 acres.

Q You point out a number of other things over there, let's see, was there Strawn pay and Canyon pay?

A Yes, sir, there is a well in Section 2, I believe, that's a Canyon well and in Section 3 that's a Strawn well.

Q But at this time you are not recommending that the 640-acre spacing go any further east than Section 17 on the sections to the south, is that correct?

A Would you ask that again?

Q At this time you're not recommending that the 640-acre spacing go any further east than Section 17 and Section 20?

A I'm not recommending any kind of spacing. The

only thing I am recommending is where I think the eastern limits of the Catclaw Field is. That's a new area and so far as I'm concerned I would love to see it on 640 acres, so I'm not recommending 320, 640, or anything in that particular area. All I'm trying to do is to somewhat establish some kind of a separation between those two areas, or possible separation.

MR. STEVENS: I have no further questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hanagan, it appears by examination of your Exhibit No. 1 and also your Exhibit No. 3 as you were testifying, that you have fairly well kept the horizontal limits of the Catclaw Draw Pool, particularly on the east side, to the area that's actually productive from the "C" Zone on the west side of the reentrance, is this correct?

A That's --

Q (Interrupting) You tried to hold those limits in?

A That's exactly --

Q (Interrupting) And that would be the productive limits of the reservoir which we know as the Catclaw Draw?

A That's what I --

Q (Interrupting) Well, now, Mr. Hanagan, you are aware of the fact that normally under Commission Pool Rules that the Pool Rules apply within the horizontal boundary of the pool plus a mile to the outside of the pool?

A Yes.

Q And it would appear that since you have limited your pool boundaries to the productive limits of the reservoir that if the Pool Rules extended a mile beyond that they would be extending into an area that would not be productive from the Catclaw Draw reservoir itself, is this correct?

A Yes, that's correct.

Q Would there be any objection, then, if these particular Pool Rules were limited to the horizontal limits of the pool and didn't apply for the mile outside?

A Of course, as I understand it, this is a unique problem. I don't believe it has been faced before.

Q Well, it is a unique problem and it's a situation that arises because at the present time you've got two different spacing sizes coming up against each other and it is unique.

A The only reason I kind of hesitate in not going

along with that line of thought is on the east side I think that it would work, but I'm wondering about the possibilities in the other direction of the field. In other words you're letting the Mickey Mouse out of the bag or something.

Q Yes. Well, for instance, Mr. Hanagan, I've got a wire here from Coquina in this case and they say Coquina, as operator in Section 8, prefers to be excluded from the eastward extension of Catclaw Draw, and would prefer instead to be under the statewide rules. So, you see, if we drew the boundary as you are drawing it here, including your extension, Coquina Well in Section 8 is not under statewide rules, it would be under the Catclaw Draw rules.

A That's right.

Q And this is what Coquina, for example, is trying to avoid.

A I would think that there might be some way of wording, of amending these rules to the Catclaw Field to take care of this particular situation and yet not alter the other part of the field. In other words, is there some way that you could write an order, maybe giving the operator an alternative in those sections immediately

off-set have a problem there; they could have the alternative to drill either 640 or 320, or something. I don't know; I'm talking.

Q Yes, sir, I don't know what you would do, if you would exclude specific sections from the effectiveness of the Pool Rules outside the boundary or not. Of course, Section 6 here in 21, 20, would be inside the Pool Rules; Section 7 where the dry hole is would be inside the Pool Rules; Section 8 where the Coquina Well is would be within a mile; Section 8 where the Atlantic Well is would be within a mile, Section 16 where Atlantic is working on their well at the present time would be within a mile; Section 20 down here where your Ocotillo Hills Well, -- no, that's not Ocotillo Hills.

A 21, yes, sir.

Q 21, yes, that would be within a mile; the section immediately south, where there is no well, would be within a mile; then west of that, Section 31 and Section 32 would all be within a mile.

A What was your original suggestion or question then? You mean go strictly on a corrective part of the --

Q (Interrupting) Well, I was thinking that if the Pool Rules were limited to the area of the pool itself,

then as wells could be drilled according to the statewide rules, then if someone sought to be included in the Catclaw Draw the pool could be extended to take in that well. Say for instance the well was drilled down here in Section 31, and 31 for the time being were excluded from the Pool Rules, then that well was drilled in Section 31, the pool could be extended to take care of that well and included in there.

A At the operator's --

Q (Interrupting) Request for extension of the pool, yes, sir, or on the motion of the Commission if they brought a nomenclature case up.

A Providing that they could prove that they were not in the Catclaw pay?

Q I mean for extension of the pool if they could show that they were in the Catclaw Draw.

A Yes, sir.

Q Of course, your interpretation of this right now -- well I hand you, Mr. Hanagan, my copy of Exhibit No. 3 and you see I crossed up the section, or made axes on the sections that would be included within the Rules applicable for a mile around. Of course this does include quite a large number of acres that is outside

the structure of the reservoir of the Catclaw Draw?

A Right.

Q And it includes, as a matter of fact, three sections that you said are on the nose that comes right down through the middle of this new pod of production?

A Yes.

Q Right down through the heart of it as a matter of fact. So, I wonder what we are accomplishing if we extend the Pool Rules beyond the limits of the pool if we're going to hold the pool to its structure, you know?

A In that area I think that you could do that. I'm more concerned with the other area --

Q (Interrupting) To the west?

A To the southwest.

Q And to the southwest?

A Yes, sir, that's what I'm more concerned about.

Q Well, now, if we look at this pool on the west side, Mr. Hanagan, there is very little likelihood of any wells being drilled on the west side of the pool that were going to drain the pool because apparently the limits have been defined; you have a dry hole in the south part of section 3, you have a dry hole in section 14; you have a dry hole in section 22, your No. 3 Well?

A Yes, sir.

Q And, of course I realize that you have a good location according to your structure map in Section 27 and a very likely possible good location in Section 34.

A Yes, that's right.

Q Now, if this rule were made applicable only to the east boundary of the pool in Township 21, 26, what would your feeling be on that?

A I would prefer that.

Q And then have the normal pool prevail in the other direction?

A That's the way I prefer it. I don't know whether the Commission could come up with something on that order.

Q We can see where there is some doubt as to the productive limits here in the southwest, certainly.

A And it might not be that critical as you pointed out, so there are only a few other sections even outside of the -- I mean on to the southwest they were still being limited by dry holes as we can see in here. What I'm always afraid of is these trends, or pods as you call it, they have a tendency to sneak around on you too and you can sneak between two dry holes and it winds out again and you might be in the same dog gone reservoir as

you were before. That's what kind of concerns me.

Q Well, how would it be if we took a 15 minute recess and everybody think about it.

(Whereupon, a short recess was held.)

BY MR. NUTTER:

Q I think before the recess we were discussing possible limitation of the Pool Rules for the Catclaw Draw Pool and limiting those Pool Rules to the boundaries of the pool itself and not to 1 mile outside of the pool. Mr. Hanagan, do you have any comments on this proposition?

A Well, I think that in view of the situation we should probably, we would be favorably inclined to go along with a proposition of eliminating or amending the special field rules to exclude the 1-mile rule. In other words we would have a set boundary for the Catclaw Draw Field with no requirements of the well being drilled within a mile of the field outside of the boundary to be required to be under the field rules, and also, with this in mind, that we would, or the Commission would at some earliest date they could, to have a nomenclature hearing to extend the Catclaw Draw Field to include the undrilled

sections, Sections 27 and 34 of 21, 25, and Section 3 of 22, 25. These three sections to be included in the Catclaw Draw Field area. The other extension to the field would be Section 17 of 21, 26 which would be included in the Catclaw Draw Field.

Q I presume your extension to the pool to the southwest would include Sections 27 and 34 of Township 21 South, 25 East and Section 3 of 22 South, 25 East, would be based on your Exhibit No. 1 in this Case which shows the structural high covering those three sections, is that correct, Mr. Hanagan?

A Yes, sir, that's right, and also my Exhibit No. 3, the isopach map, would so indicate.

Q Would show that there is an isopach thickness of gas pay in that area?

A Yes, sir.

Q Do you have anything further to comment on, Mr. Hanagan?

A Not at this time.

MR. NUTTER: Does anyone have any questions of Mr. Hanagan. He may be excused.

MR. BUELL: I have nothing further, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish

to offer in Case No. 5311?

MR. WALKER: Mr. Examiner?

MR. NUTTER: Yes, sir.

MR. WALKER: I'm M. J. Walker and I am employed by Atlantic Richfield Company as an area landman and I would like to point out that aside of the geology, and things of this nature discussed tonight, the wells in Section 8 and 9, 16 and 21, were drilled on 640 acres anticipating that they would be placed into the Catclaw Draw Field. We have heard the statement by Coquina that they prefer to be placed in 320-acre spacing but Atlantic Richfield would like to point out that there is a land problem by having to realign these units plus in-fill drilling and then today's crisis with pipe shortages and rig availabilities we can't hardly do this on short notice. Now, speaking in particular of Section 9, where we have one State lease that is near expiration, in order to protect that lease we will have to immediately drill a well on it. I don't believe it is the intent of the Commission to cause us to lose any leases because of excluding us from the Catclaw Draw or eliminating us from the possibility of being in it, but we just merely point out that we do have this problem and we would like

for the Commission to consider an election that we might have to place ourselves within that field spacing in 9 and 16 and 21, or, in the alternative, to give the operators of these existing units six-months' time in which to comply with the new acreage dedications and thereby be able to protect its leases.

MR. NUTTER: Mr. Walker, I believe you stated that, for instance, in Section 9 a well was drilled on 640-acre spacing, and that well more than --

MR. WALKER: (Interrupting) In each of these wells we attempted to file them in Catclaw Draw because we felt that that was the thing for us to do, but the applications were held up on all of our changed undesignated fields and there they are standing today, so, we were acting in good faith when we did that; we just had no other way to go. As I mentioned, it was a good-faith effort.

But, we are faced -- I'm not arguing pro or con for the statements or testimony that was given here today --

I'm just saying that as a result of this that we will have some very serious problems which will cause us to lose some leases immediate drilling.

MR. NUTTER: Are there other statements in the Case?

MR. GRAHAM: Yes, Mr. Examiner, I'm Ray Graham, Director of the Oil and Gas Division for the State Land Office. I really just wanted to reiterate what Mr. Walker had said, that there is a possibility of some lease problems in the area if it is changed. Again, we're not for or against any of the 320 or 640 in any way but I think there is a problem that can be worked out if we have time on these communitization agreements that have tied this acreage together with 640, and if it's reduced to 320, if we just have a short time to rectify those and all on leases held beyond the ten-year expiration date by commitment to a communitization agreement it probably can be worked out.

MR. NUTTER: Thank you, Mr. Graham.

MR. STEVENS: Mr. Examiner, Morris R Antweil concurs with the recommendation as set out by the Commission and approved by Hanagan and Hanagan that the fields, in effect, be divided along the lines as noted in previous

testimony with the provision that the 640-acre spacing do not extend beyond the present eastern boundary of the Catclaw Draw and including the new section Section 17 which would be added to it.

MR. NUTTER: Thank you Mr. Stevens.

The Commission, unless there is objection, will incorporate the record of Case No. 5311 in the record of Case No. 4548, which is the Pool Rules Case for the Catclaw Draw-Morrow Gas Pool which was heard earlier today. The Commission will docket a case to consider the extension of the Catclaw Draw-Morrow Gas Pool in the sections previously mentioned, being Sections 27, 34, of Township 21, 25, and Section 3 of Township 22, 25. We will also docket a case to consider the creation of a new Morrow gas pool comprising Sections 3, 4, 5, 8, 9, 16, and 21 of Township 21 South, Range 26 East. Now, if someone wants to make an application for some special pool rules for that pool, the pool will be there and they can make the application then. If it is at all legally possible, the Pool Rules for the Catclaw Draw-Morrow Gas Pool, if they are retained on 640-acre spacing, it will be the recommendation of the Examiner, if it is legally possible, to restrict the applicability of those

pool rules to the pool itself and not to one mile outside the pool. It may be that this is going to have to be a matter that will have to be advertised and considered separately, in which case certainly the record in this Case can be incorporated later, plus other comments, I guess.

Does anyone have anything further to offer in Case 5311? If not, we will take the Case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5311, heard by me on 9-4, 19 74.


Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 22, 1974

Re: CASE NO. 5311 and 4548

Mr. Sumner Buell
Montgomery, Federici, Andrews, Hannahs & Buell
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

ORDER NO. R-4887 and R-4157-B

Applicant:

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____ x
Aztec OCC _____

Other Mr. Tom Kellahan, Mr. Don Stevens, Mr. James Walker

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 5311
Order No. R-4887

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION ON
ITS OWN MOTION TO CONSIDER EXTENSION
OF THE CATCLAW DRAW-MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That this cause was called by the Commission on its own motion to consider whether the Catclaw Draw-Morrow Gas Pool in Township 21 South, Ranges 25 and 26 East, NMPM, Eddy County, New Mexico, should be extended Eastward, farther into Township 21 South, Range 26 East, and if so, to what extent.

(3) That the question of where the proper boundary on the East side of the Catclaw Draw-Morrow Gas Pool should be located is of unique importance inasmuch as said pool has been and is being developed on 540-acre spacing pursuant to the provisions of Orders Nos. R-4157, R-4157-A, and R-1670-O, whereas certain other lands East of the pool are being developed on the standard 320-acre spacing pattern for Pennsylvanian gas wells in Southeast New Mexico.

(4) That the limits of the Catclaw Draw-Morrow Gas Pool as presently defined include the following-described lands:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All
Sections 11 through 14: All
Sections 23 through 26: All
Sections 35 and 36: All

-2-

Case No. 5311
Order No. R-4887

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Sections 18, 19, and 20: All
Section 30: All

(5) That by Order No. R-4861, dated October 9, 1974, the Catclaw Draw-Morrow Gas Pool as described above, was extended to include, effective November 1, 1974, the following-described lands:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 27: All
Section 34: All

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: All

(6) That the testimony and the evidence adduced in the instant case indicates that the Morrow gas well in Section 17, Township 21 South, Range 26 East, NMPM, is productive of gas from the same common source of supply as the Morrow gas wells in the Catclaw Draw-Morrow Gas Pool, and that the boundaries of said pool should be extended to include said Section 17.

(7) That the testimony and the evidence adduced in the instant case further indicates that the Morrow gas wells in Township 21 South, Range 26 East, other than those in Sections 17, 18, 19, 20, and 30, are producing from some other common source or sources of supply than the Morrow gas wells in the Catclaw Draw-Morrow Gas Pool, and should not be included within the boundaries of said pool.

(8) That in order to prevent waste and to protect correlative rights, the boundary of the Catclaw Draw-Morrow Gas Pool should be extended eastward to include Section 17, Township 21 South, Range 26 East, NMPM.

IT IS THEREFORE ORDERED:

(1) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described is hereby extended, effective November 1, 1974, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 17: All

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-

Case No. 5311

Order No. R-4887

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman



A. J. Armijs
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

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Santa Fe

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MORGAN HALL STATE LAND OFFICE BLDG
SANTA FE NM
EXAMINER CASE NUMBER (5311) COQUINA OIL CORP, AS OPERATOR IN
SECTION 8, T21S, R26E, EDDY COUNTY NEW MEXICO PREFERS TO BE
EXCLUDED FROM THE EASTWARD EXTENSION CATCLAW DRAW - MORROW GAS
POOL AND INSTEAD WOULD PREFER TO BE UNDER STATEWIDE RULES
TRACY CLARK COQUINA OIL CORP

1038 EDT

IPMFKA SANA

Dockets Nos. 27-74 and 29-74 are tentatively set for hearing on September 18 and October 2. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 4, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5038: (Reopened)

In the matter of Case No. 5038 being reopened pursuant to the provisions of Order No. R-4620, which order authorized the temporary disposal of produced water in unlined surface pits in the Twin Lakes Field, Chaves County, New Mexico, for a period of one year. All interested parties may appear and show cause why Commission Order No. R-3221 should not apply to this area.

CASE 5304: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5305: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SE/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5306: Application of Franklin, Aston & Fair for directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Lightcap Well No. 2, the surface location of which is 660 feet from the North line and 1980 feet from the East line of Section 25, Township 17 South, Range 29 East, Chaves County, New Mexico, by setting a whipstock at approximately 5800 feet and bottoming in the Siluro-Devonian formation within a 50-foot radius of a point 361 feet south of the surface location.

CASE 5307: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Eunice Monument Grayburg-San Andres Pool in the wellbore of its Reed "B" Well No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East, Lea County, New Mexico.

CASE 5308: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Lynn B-25 Wells Nos. 1 and 2 located in Units J and M, respectively, of Section 25, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the S/2 of said Section 25, said unit having been previously been approved by Commission Order No. R-2088.

CASE 5309: Application of C. & K. Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the SW/4 SE/4 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, to be dedicated to a wildcat oil well to be drilled to the Strawn, and possibly the Devonian formation, at an orthodox location for said proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5310: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.

CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157-A, which order continued in effect for one year the special temporary rules and regulations for the Catclaw-Draw Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said gas pool should not be developed on 320-acre spacing.

CASE 5311: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extension of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and present geological and engineering data to show whether the boundaries of the Catclaw Draw-Morrow Gas Pool should be extended to the East in Township 21 South, Range 26 East, Eddy County, New Mexico, and if so, to what extent.

CASE 5303: Southeastern nomenclature case calling for the extension of certain pools in Lea, Eddy and Chaves Counties, New Mexico.

(Case 5303 continued from Page 2)

- (a) Extend the North Benson-Queen Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 33: NE/4 NW/4

- (b) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 13: S/2
Section 24: N/2

- (c) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 6: All

- (d) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 21: All

- (e) Extend the East Empire Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 28: SE/4 SE/4

- (f) Extend the Field Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 38 EAST, NMPM
Section 34: S/2 and NE/4

- (g) Extend the West Jal-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 20: E/2

- (h) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4

Examiner Hearing - Wednesday - September 4, 1974

Docket No. 26-74

-4-

(Case 5303 continued from Page 3)

(i) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SW/4

(j) Extend the Winchester-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: E/2

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

~~IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:~~

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION
TO CONSIDER EXTENSION OF THE
CATCLAW DRAW-MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO

CASE NO. 5311

Order No. R-4887

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 4, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of October, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That this cause was called by the Commission
on its own motion to consider whether the Catclaw
Draw-Morrow Gas Pool in Township 21 South, Ranges
25 and 26 East, NMPM, Eddy County, New Mexico,
should be extended Eastward, farther into Town-
ship 21 South, Range 26 East, and if so, to what
extent.

(3) That the question of where the proper
boundary on the East side of the Catclaw
Draw-Morrow Gas Pool should be
located is of unique importance inasmuch as said

pursuant to the provisions of Orders Nos. R-710, R-4157-A, and R-1670-0,

pool has been and is being developed on 640-acre spacing, whereas certain other lands East of the pool are being developed on the standard 320-acre spacing pattern for Pennsylvanian gas wells in Southeast New Mexico.

(4) That the limits of the Catclaw Draw-Morrow Gas Pool as presently defined include the following-described lands:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 1: All

Sections 11 through 14: All

Sections 23 through 26: All

Sections 35 and 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Sections 18, 19, and 20: All

Section 30: All

(5) That by Order No. R-4861, dated October 9, 1974, the Catclaw Draw-Morrow Gas Pool, as described above, was extended to include, effective November 1, 1974, the following-described lands:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 27: All

Section 34: All

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 3: All

(6) That the testimony and the evidence adduced in the instant case indicates that ^{the Morrow gas well in} Section 17, Township 21 South, Range 26 East, NMPM, is productive of gas from the same common source of supply as the Morrow gas wells in the Catclaw Draw-Morrow Gas Pool, and that the boundaries of said pool should be extended to include said Section 17.

(7) That the testimony and the evidence adduced in the instant case further indicates that the Morrow gas wells in Township 21 South, Range 26 East, other than ^{those} in Sections 17, 18, 19, 20, and 30, are producing from some other common source or sources of supply than the ^{Morrow gas} wells in the Catclaw Draw-Morrow Gas Pool, and should not be included within the boundaries of said pool.

(8) That in order to prevent waste and to protect correlative rights, the boundary of the Catclaw Draw-Morrow Gas Pool should be extended eastward to include Section 17, Township 21 South, Range 26 East, NMPM.

IT IS THEREFORE ORDERED

(1) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described is hereby extended, effective November 1, 1974, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 17: All

(2) That jurisdiction, etc.