

*Entered June 6, 1968
C.L.P.*

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:

CASE No. 3727
Order No. R-3428
NOMENCLATURE

APPLICATION OF MONSANTO COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
A NON-STANDARD PRORATION UNIT, A DUAL
COMPLETION, CREATION OF TWO GAS POOLS,
AND TEMPORARY SPECIAL POOL RULES,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of June, 1968, 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 the applicant, Monsanto Company, seeks approval
for the unorthodox gas well location of its Rock Tank Unit Well
No. 1, located 660 feet from the North line and 920 feet from
the West line of Section 7, Township 23 South, Range 25 East,
NMPM, Eddy County, New Mexico, said well to be dedicated to the
proposed non-standard proration unit comprising the W/2 of said
Section 7 and the E/2 of Section 12, Township 23 South, Range
24 East.

(3) That the applicant also seeks authority to complete
the subject well as a dual completion (conventional) to produce

-2-

CASE No. 3727

Order No. R-3428

gas from the Upper Morrow formation through the casing-tubing annulus and from the Lower Morrow formation through 2 7/8-inch tubing, with separation of zones by a packer set at approximately 10,200 feet.

(4) That the applicant further seeks the creation of Upper Morrow and Lower Morrow gas pools for said well and the promulgation of temporary special rules therefor, including provisions for 640-acre spacing.

(5) That the subject well was drilled as a wildcat oil well at a standard location to test the Devonian formation and was subsequently plugged back and completed in the Upper and Lower zones of the Morrow formation.

(6) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(7) That the said Monsanto Company Rock Tank Unit Well No. 1 has discovered a separate common source of supply which should be designated the Rock Tank-Upper Morrow Gas Pool; that the vertical limits of said pool should be that portion of the Morrow formation above the marker found at 10,155 feet in said discovery well; and that the horizontal limits of said pool should be all of the aforesaid Section 7.

(8) That the said Monsanto Company Rock Tank Unit Well No. 1 has discovered a separate common source of supply which should be designated the Rock Tank-Lower Morrow Gas Pool; that the vertical limits of said pool should be that portion of the Morrow formation from the marker found at 10,155 feet in said discovery well to the base of the Morrow formation; and that the horizontal limits of said pool should be all of the aforesaid Section 7.

(9) That approval of the unorthodox location, dual completion, and promulgation of temporary special rules and regulations providing for 640-acre spacing units for each of the proposed new gas pools will afford the applicant the opportunity to produce its just and equitable share of the gas in the pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) That the special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in either or both of said pools; that during this temporary period all operators in the subject pools should gather all available information relative to drainage and recoverable reserves.

(12) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in either or both of said pools, at which time the operators in the subject pools should appear and show cause why the Rock Tank-Upper Morrow and/or the Rock Tank-Lower Morrow Gas Pools should not be developed on 320-acre spacing units.

(13) That the first operator to obtain a pipeline connection for a well in either or both of said pools should notify the Commission in writing of such fact, whereupon the Commission should notify the operator of the time for reopening this case.

(14) That the establishment of the proposed non-standard unit is unnecessary and would disrupt systematic and orderly development of the properties in the area of the pools and should, therefore, be denied.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Morrow production, is hereby created and designated the Rock Tank-Upper Morrow Gas Pool, with vertical limits comprising that portion of the Morrow formation above the marker found at 10,155 feet in the Monsanto Company Rock Tank Unit Well No. 1, located 660 feet from the North line and 920 feet from the West line of Section 7, Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising all of said Section 7.

(2) That a new pool in Eddy County, New Mexico, classified as a gas pool for Lower Morrow production, is hereby created and designated the Rock Tank-Lower Morrow Gas Pool, with vertical limits comprising that portion of the Morrow formation from the

-4-

CASE No. 3727

Order No. R-3428

aforesaid marker to the base of the Morrow formation, and horizontal limits comprising all of said Section 7.

(3) That temporary Special Rules and Regulations for the Rock Tank-Upper Morrow Gas Pool and for the Rock Tank-Lower Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
ROCK TANK-UPPER MORROW GAS POOL
AND THE
ROCK TANK-LOWER MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Upper Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

Each well completed or recompleted in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Lower Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

-5-
CASE No. 3727
Order No. R-3428

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof and any well presently drilling to or completed in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall

-6-

CASE No. 3727

Order No. R-3428

notify the Artesia District Office of the Commission in writing of the name and location of the well on or before June 30, 1968.

(2) That each well presently drilling to or completed in the Rock Tank-Upper Morrow Gas Pool or in the Upper Morrow formation within one mile thereof and any well presently drilling to or completed in the Rock Tank-Lower Morrow Gas Pool or in the Lower Morrow formation within one mile thereof shall not have more than 320 acres dedicated thereto until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in either or both of said pools, at which time the operators in the subject pools may appear and show cause why the Rock Tank-Upper Morrow and/or the Rock Tank-Lower Morrow Gas Pools should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in either or both of said pools shall notify the Commission in writing of such fact, whereupon the Commission shall notify the operator of the time for reopening the case.

(5) That the applicant, Monsanto Company, is hereby authorized to complete its aforesaid Rock Tank Unit Well No. 1 as a dual completion (conventional) to produce gas from the Rock Tank-Upper Morrow Gas Pool through the casing-tubing annulus and from the Rock Tank-Lower Morrow Gas Pool through 2 7/8-inch tubing, with separation of zones by a packer set at approximately 10,200 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-in Pressure Test Period for the Rock Tank-Lower Morrow Gas Pool.

(6) That the applicant's request to dedicate a non-standard proration unit comprising the W/2 of Section 7, Township 23 South,

-7-

CASE No. 3727

Order No. R-3428

Range 25 East, and the E/2 of Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby denied.

(7) That 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



DAVID F. CARGO, Chairman



GUYTON B. HAYS, Member



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

S E A L

esr/