

Entered August 26, 1981
JHR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7326
Order No. R-4157-D

APPLICATION OF TENNECO OIL COMPANY
FOR AMENDMENT OF DIVISION ORDER
NO. R-4157-C, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-4157, entered June 21, 1971, in Case No. 4548, the Division created and defined the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, and promulgated special pool rules therefor, which included a provision for 640-acre well spacing and proration units and specified well locations.

(3) That by Order No. R-4157-A, entered September 13, 1973, the Division extended said special pool rules, and by Order No. R-4157-B, entered October 22, 1974, continued said special pool rules in full force and effect until further order of the Division.

(4) That by Order No. R-4157-C, entered January 9, 1980, the Division rescinded the aforesaid 640-acre special rules and provided for 320-acre spacing and proration units in the Catclaw Draw-Morrow Gas Pool, finding, among other things, that one well

would not drain 640 acres and that 320-acre spacing would prevent waste by permitting the recovery of gas which would otherwise remain unrecoverable.

(5) That the rescission of said special pool rules resulted from testimony and evidence in said case that the existing wells in said pool were not effectively and efficiently draining the 640-acre proration units dedicated to them.

(6) That such evidence is reflected in Findings Nos. (5), (6), (7), (8), (9), (10), and (11) of said Order No. R-4157-C, which are hereby incorporated herein by reference.

(7) That the applicant in the instant case, Tenneco Oil Company, seeks the amendment of the special pool rules for the Catclaw Draw-Morrow Gas Pool to rescind the previous 320-acre spacing order and revert back to 640-acre spacing, but to also provide for the infill drilling of a second well on the 640-acre tract.

(8) That subsequent to the entry of said Order No. R-4157-C it was determined that the change in spacing unit size would result in loss of some leases formerly dedicated to communitized 640-acre proration units and other disturbances of historical equities under the preexisting proration units within said Catclaw Draw-Morrow Gas Pool.

(9) That the net result of the conditions outlined in Finding No. (8) above would be to deprive owners of their correlative rights within said pool.

(10) That the correlative rights of the owners within said pool may be protected and effective and efficient drainage therefrom may be provided by permitting the infill drilling of additional wells on each 640-acre proration unit.

(11) That no more than two wells should be permitted to produce from any 640-acre proration unit within said pool.

(12) That the special pool rules for the Catclaw Draw-Morrow Gas Pool should apply only within the boundaries of said pool.

(13) That the location of any well drilling or approved to be drilled within the Catclaw Draw-Morrow Gas Pool which location corresponds to that provided by the special pool rules promulgated by Order No. R-4157-C should be approved.

-3-

Case No. 7326

Order No. R-4157-D

(14) That approval of the proposed rescission of Order No. R-4157-C, provision for infill drilling, and limitation of special pool rules will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That these rules shall be applicable only to lands within the boundaries of the Catclaw Draw-Morrow Gas Pool as now defined or as hereafter contracted or extended by order of the Division.

(2) That Rule 1 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, as promulgated by Division Order No. R-1670-0 is hereby amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted in the Catclaw Draw-Morrow Gas Pool, as defined by the Division, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

(3) That Rule 2 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool as promulgated by Division Order No. R-1670-0 is hereby amended to read in its entirety as follows:

"RULE 2(A). The initial well drilled on a proration unit shall be located no nearer than 1650 feet to the outer boundary of the section nor closer than 330 feet to any governmental quarter-quarter section line.

The initial well to be drilled on a proration unit may be drilled in any quarter section of the unit.

"RULE 2(B). The second well drilled on a proration unit shall be located on a quarter section not containing the first well and shall be located no nearer than 1650 feet to the outer boundary of the section, nor closer than 330 feet to any governmental quarter-quarter section line, nor closer than 990 feet to any existing Morrow well on the same proration unit.

The plats (OCD Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or Federal

-4-

Case No. 7326

Order No. R-4157-D

Form 9-331-C) for the second well on a proration unit shall have outlined thereon the boundaries of the unit and shall show the location of the first well on the unit as well as the second well.

"RULE 2(C). In the event a second well is drilled on any proration unit, each well shall be produced for so long as it is economically feasible to do so."

(4) That the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool as promulgated by Order No. R-1670-D are hereby amended by the addition of Special Rule 5(A) reading in its entirety as follows:

"RULE 5(A). A standard gas proration unit in the Catclaw Draw-Morrow Gas Pool shall be 640 acres."

(5) That Rule 9(A) of the aforesaid special rules is hereby amended to read in its entirety as follows:

"RULE 9(A). A standard unit consisting of 640 acres shall be assigned an acreage factor of 1.00, provided however, the acreage tolerances provided in General Rule 5(A) shall apply."

(6) That the locations of all wells drilled to and completed in the Catclaw Draw-Morrow Gas Pool, or which were drilling to said pool, or for which valid drilling permits had been issued, or for which the location had been approved by order of the Division as of August 12, 1981, are hereby approved.

(7) That the operator of each well in the Catclaw Draw-Morrow Gas Pool shall have until September 15, 1981, to file with the Artesia District Office of the Division new Forms C-102, Well Location and Acreage Dedication Plat, for each of his wells, showing thereon the location of the well and the acreage dedicated thereto pursuant to this order. Failure to so file such plats will subject the well to cancellation of allowable.

(8) That the Texas Oil and Gas Corporation Catclaw Draw State Com Well No. 1, located 660 feet from the South line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, shall receive an allowable factor of 0.35 effective October 1, 1981.

-5-

Case No. 7326

Order No. R-4157-D

(9) That the Catclaw Draw-Morrow Gas Pool is hereby defined as comprising the Morrow formation underlying the following described lands in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 1: All

Section 2: Lots 9 through 16 and S/2

Sections 11 through 14: All

Sections 23 through 28: All

Sections 34 through 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Sections 17 through 20: All

Section 30: All

(10) That Division Orders Nos. R-4157, R-4157-A, R-4157-B, and R-4157-C are hereby rescinded.

(11) That the effective date of this Order shall be September 1, 1981.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/