

*Entered May 21, 1974
R.F.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. 5226
Order No. R-4788

APPLICATION OF INEXCO OIL COMPANY
FOR POOL CREATION AND 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 April 25, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of May, 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 David Fasken has drilled and completed his El Paso 3 Federal Well No. 1, located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, as a dual completion capable of gas production from the Strawn and Morrow formations.

(3) That the applicant, Inexco Oil Company, has an approximate 5.73 percent working interest in said El Paso 3 Federal Well No. 1.

(4) That the applicant seeks the creation of a new Morrow gas pool for said El Paso 3 Federal Well No. 1 which, as amended, would include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 1 through 7: All
Section 9 through 12: All

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 6 and 7: All

(5) That the applicant further seeks the adoption of temporary special pool rules for said proposed Morrow gas pool including provisions for 640-acre spacing, certain 480-acre non-standard spacing units, and special well location requirements.

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(6) That the evidence presently available does not establish that the El Paso 3 Federal Well can efficiently and economically drain 640 acres or 480 acres.

(7) That the evidence presented indicates that, though the Morrow formation should be considered as a single unit geologically for the creation of pools for Morrow production, the Morrow formation is composed vertically of a number of zones which exhibit substantial differences in depositional environment with resulting differences between zones in porosity and permeability both as to relative values and geographical trends.

(8) That the productive sands in the Morrow formation and zones of the Morrow formation are made up of many separate stringers which vary greatly in areal extent and in porosity, permeability and thickness both within individual stringers and between stringers.

(9) That the character of some Morrow sands may be such as to permit the drainage of a 640-acre tract by a well but that there may be other Morrow sands producible in the same wellbore which will drain much less than a 640-acre tract.

(10) That closer well spacing in the Morrow formation permits better evaluation of geological, geophysical, and engineering information aiding in the determination of Morrow sand trends which should result in the drilling of fewer dry holes and the recovery of a greater volume of gas from such sands.

(11) That a number of other formations including the Wolfcamp, Upper Pennsylvanian, Strawn, and Atoka overlie the Morrow formation.

(12) That the formation set out in finding No. 11 produce significant quantities of gas in Eddy County, New Mexico, and are often produced dually or multiply with the Morrow formation in the same wellbore.

(13) That pools found in the Wolfcamp, Upper Pennsylvanian, Strawn, and Atoka formations in Eddy County, New Mexico are often small or narrow areally and would be subject to remaining undiscovered in areas with wide Morrow spacing patterns.

(14) That the operator of the El Paso 3 Federal Well No. 1, David Fasken, opposes the creation of the proposed Morrow gas pool and the adoption of the proposed special pool rules.

(15) That in order to prevent the reduced recovery occasioned by the drilling of an insufficient number of wells, and to otherwise prevent waste and protect correlative rights, the subject application should be denied.

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IT IS THEREFORE ORDERED:

(1) That the application of Inexco Oil Company in the subject case is hereby denied.

(2) 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



Y. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member



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

S E A L

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