

Entered December 27, 1977  
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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. 6067  
Order No. R-5599

NOMENCLATURE

APPLICATION OF TEXAS PACIFIC OIL  
CO., INC., FOR POOL CONTRACTION AND  
EXTENSION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of December, 1977, 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, Texas Pacific Oil Co., Inc., is the owner of an oil and gas lease covering the W/2 of Section 3, Township 22 South, Range 25 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) That Belco Petroleum Corporation is the operator, by farmout agreement, of an oil and gas lease covering the E/2 of Section 3, Township 22 South, Range 25 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(4) That in Case No. 6046, heard by the above-named examiner on September 28, 1977, Belco Petroleum Corporation seeks an order from the Commission pooling all mineral interests in the Morrow formation underlying all of Section 3, Township 22 South, Range 25 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 640-acre spacing and proration unit for said pool to be dedicated to a well Belco proposes to drill in the SW/4 of said Section 3.

(5) That in the instant case, Texas Pacific Oil Co., Inc., seeks an order from the Commission deleting all of the aforesaid Section 3 from the horizontal boundaries of the Catclaw Draw-Morrow Gas Pool and extending the horizontal boundaries of the Revelation-Morrow Gas Pool in Sections 4 and 9 of Township 22 South, Range 25 East, NMPM, Eddy County, New Mexico, to include said Section 3.

(6) That the Revelation-Morrow Gas Pool is spaced one well to each 320 acres, and Texas Pacific proposes to dedicate the W/2 of the aforesaid Section 3 to a Morrow gas well it proposes to drill in the SW/4 of said Section 3.

(7) That the records in Cases Nos. 6046 and 6067 were consolidated by the examiner but a separate order should be entered in each case.

(8) That the Catclaw Draw-Morrow Gas Pool was created and defined by Commission Order No. R-4157 dated June 21, 1971, which order also established 640-acre spacing for said pool on a temporary basis pending development of additional reservoir information.

(9) That the 640-acre spacing rules for said pool were extended for a period of one year by Commission Order No. R-4157-A dated September 13, 1973, and were extended indefinitely by Commission Order No. R-4157-B dated October 22, 1974, with the specific provision that the rules should apply only to wells within the defined limits of the pool and not, as is often the case in other pools, to the pool limits and to lands outside said limits but within one mile thereof.

(10) That the aforesaid limitation to the application of the pool rules was "...to avoid conflicts of spacing patterns and violation of correlative rights," inasmuch as the Catclaw Draw-Morrow Gas Pool was being developed on 640-acre spacing and "...the drilling of Pennsylvanian gas wells on the standard Southeast New Mexico spacing of 320 acres (was) occurring in lands offsetting the established limits of the...pool but outside the productive limits of the pool."

(11) That in an effort to protect correlative rights by finding the appropriate line of juxtaposition for the meeting of two different spacing patterns, i.e., 320-acre spacing and 640-acre spacing, the Commission entered Order No. R-4861 effective November 1, 1974, and Order No. R-4887, also effective November 1, 1974, extending the Catclaw Draw-Morrow Gas Pool in several places, including all of Section 3, Township 22 South, Range 25 East, NMPM.

(12) That some of the aforesaid extensions were predicated upon the completion of Morrow gas wells the characteristics of which indicated that they were in fact completed in the Catclaw Draw-Morrow Gas Pool, but others of said extensions were based

upon the Commission's interpretation of the best geological information available at the time.

(13) That the extension of the Catclaw Draw-Morrow Gas Pool to include the aforesaid Section 3 was based upon such geological information inasmuch as the nearest production from the Catclaw Draw Pool was from a well in the SE/4 SW/4 of Section 35, Township 21 South, Range 25 East, NMPM.

(14) That the geological information at hand when the pool was extended to include Section 3, Township 22 South, Range 25 East, NMPM, indicated a favorable looking Morrow structure extending from Sections 23, 26, and 35 of Township 21 South, Range 25 East, NMPM, where producing Morrow gas wells were located, into Sections 27 and 34 of Township 21 South, Range 25 East, NMPM, and Section 3, Township 22 South, Range 25 East, NMPM.

(15) That subsequent to the extension of the pool to include among other lands, the aforesaid Section 3, non-productive Morrow wells have been drilled in Sections 27 and 34, Township 21 South, Range 25 East, and in Section 2, Township 22 South, Range 25 East NMPM.

(16) That this subsequent development and the attendant additional geological information would appear to indicate that the favorable looking Morrow structure described in Finding No. (14) above is either non-existent, or of a different configuration than originally thought, or is non-productive of gas from the Catclaw Draw-Morrow Gas Pool.

(17) That a non-productive belt in the Morrow formation appears to run in a north-south direction through the east half of Sections 27 and 34, Township 21 South, Range 25 East, NMPM, thence southeasterly across Section 2, Township 22 South, Range 25 East, NMPM, thereby effectively separating Section 3 of Township 22 South, Range 25 East, NMPM, from the Catclaw Draw-Morrow Gas Pool.

(18) That the aforesaid non-productive belt constitutes a reasonable and logical line of juxtaposition for the meeting of two different spacing patterns, and in order to prevent waste and protect correlative rights, the Catclaw Draw-Morrow Gas Pool should be contracted by the deletion therefrom of all of Section 3, Township 22 South, Range 25 East, NMPM.

(19) That while there is another productive Morrow structure to the south and west of said Section 3, and the Commission has heretofore created and defined the Revelation-Morrow Gas Pool to include portions of said structure, and it appears that said structure extends north and east into said Section 3, it would be premature for the Commission to extend the Revelation-Morrow Gas Pool into said Section 3 at this time.

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(20) That the application of Texas Pacific Oil Co., Inc., for the extension of the Revelation-Morrow Gas Pool should be denied.

IT IS THEREFORE ORDERED:

(1) That the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described lands:

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


(2) That the application of Texas Pacific Oil Co., Inc., for the extension of the Revelation-Morrow Gas Pool is hereby denied.

(3) 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

PHIL R. LUCERO, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

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