

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

APPLICATION OF MEWBOURNE OIL COMPANY FOR
A NON-STANDARD GAS SPACING AND PRORATION
UNIT AND AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

Case No. 11723

APPLICATION OF FASKEN OIL AND RANCH, LTD.
FOR A NON-STANDARD GAS SPACING AND PRORATION
UNIT AND TWO ALTERNATE UNORTHODOX GAS WELL
LOCATIONS, EDDY COUNTY, NEW MEXICO.

Case No. 11755

Order No. R-10872

ORDER OF THE DIVISION

*See Also R-10872-A
R-10872-B
R-10872-C*

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 3, 1997 and on May 1, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of September, 1997, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The Catclaw Draw-Morrow Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Irregular Section 1:	All
Irregular 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.

(3) The Catclaw Draw-Morrow Gas Pool is governed by the "*General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool*", as promulgated by Division Order No. R-8170, as amended, which requires standard 640-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of a proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary.

(4) Although technically classified as a "Prorated Gas Pool", gas prorationing was suspended in the Catclaw Draw-Morrow Gas Pool by Division Order No. R-10328, issued by the New Mexico Oil Conservation Commission in Case No. 11211 on March 27, 1995, due to the fact that there were no "prorated wells" in the pool.

(5) The Catclaw Draw-Morrow Gas Pool is currently subject to the spacing and well location provisions of the "*Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool*", as described above, as well as Division General Rule 104.D(3), which restricts the number of producing wells within a single gas spacing unit within non-prorated pools to only one. Producing wells within said pool are allowed to produce at capacity.

(6) In Case No. 11723 the applicant, Mewbourne Oil Company ("Mewbourne"), seeks to establish a non-standard 297.88-acre gas spacing and proration unit for Catclaw Draw-Morrow Gas Pool production comprising Lots 29, 30, 31, and 32 and the SW/4 (S/2 equivalent) of Irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, which is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1.

(7) Similarly, in Case 11755, Fasken Oil and Ranch, Ltd. ("Fasken") also seeks to establish said non-standard 297.88-acre gas spacing and proration unit for Catclaw Draw-Morrow Gas Pool production which is to be dedicated to a well to be drilled at one of the following described locations:

(a) 2080 feet from the South line and 750 feet from the West line (Unit L) of said Section 1, or

(b) 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1.

(8) At the time of the hearing both Division Case Nos. 11723 and 11755 were consolidated for the purpose of presenting testimony. Since both cases involve the same acreage and subject matter, one order should be entered for both cases.

(9) Texaco Exploration and Production Inc. ("Texaco") appeared and presented evidence specifically in opposition to the proposed unorthodox location 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1. Texaco operates the standard 632.36-acre gas spacing and proration unit within the Catclaw Draw-Morrow Gas Pool immediately to the south of the proposed 297.88-acre unit which comprises all of Section 12, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, which is currently dedicated to the:

(a) E. J. Levers Federal "NCT-1" Well No. 1 (API No. 30-015-20683) located at a previously approved unorthodox gas well location [approved by Decretory Paragraph No. (6) of Division Order No. R-4157-D, dated June 21, 1971] 660 feet from the South line and 1980 feet from the West line (Lot 14/Unit N) of said Section 12; and,

(b) E. J. Levers Federal "NCT-1" Well No. 2 (API No. 30-015-28644) located at a standard gas well location 2448 feet from the North line and 1980 feet from the West line (Lot 6/Unit F) of said Section 12.

(10) Section 1 of Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico comprises a total area of 853.62 acres consisting of a row of six lots and/or quarter-quarter sections being a legal governmental subdivision therein [see Finding Paragraph No. (6) in Division Order No. R-10833, issued in Case Nos. 11716, 11717, 11739, 11740, 11741, and 11753 and dated May 22, 1997 for further reference on the subject of irregular sized and shaped sections]. A spacing and proration unit for either of the requested well locations that would be considered "standard" pursuant to the rules and regulations governing the Catclaw Draw-Morrow Gas Pool would need to incorporate the Lots 11, 12, 13, 14, 25, 26, 27, 28, 29, 30, 31, and 32 and the SW/4 of said Section 1. Even though this area comprises a total of 600.01 acres said area would satisfy the Division's requirements for the formation as near as possible of a standard sized and shaped drilling tract. Also, the oil and gas mineral rights underlying this 600.01-acre drilling tract is under the jurisdiction of the United States government. **HOWEVER**, the 302.13 acre area that comprises Lots 11, 12, 13, 14, 25, 26, 27, and 28 of said Section 1 is currently an unleased federal tract that is under additional wildlife restrictions that makes the leasing of this particular area from the U. S. Bureau of Land Management impossible at this time.

(11) From September, 1972 to February, 1993 the Barbara Fasken Avalon Federal Com. Well No. 1 (API No. 30-015-20306), located 3630 feet from the South line and 660 feet from the East line (Lot 28/Unit-P) of said Section 1 produced 322,803 MCF of gas and 211 barrels of condensate from the Catclaw Draw-Morrow Gas Pool which was attributed to the aforementioned 600.01-acre unit. This well was plugged and abandoned in April, 1993.

(12) The formation of this 297.88-acre non-standard gas spacing and proration unit is

a reasonable request in that:

(a) a full sized, as nearly as possible, standard shaped 640-acre spacing and proration unit cannot be formed within this irregularly shaped section since the needed acreage will not be offered by the U. S. Bureau of Land Management for mineral leasing;

(b) it is not the intent of the applicants in both cases to avoid the "one well" per 640-acre unit rule by placing a well on each one-half section;

(c) it serves to further deplete any remaining reserves within the Catclaw Draw-Morrow Gas Pool in the lower portion of said Irregular Section 1 not drained by the original above-described Avalon Federal Com. Well No. 1 in Unit "P" of said Section 1.

(13) The formation of the mutually requested 297.88-acre gas spacing and proration unit was not the subject of any opposition, is in the best interest of conservation, and will serve to prevent waste and should therefore be approved.

(14) Under an Operating Agreement dated April 1, 1970, both Fasken and Mewbourne have the right to develop the Morrow formation underlying the subject 297.88-acre tract.

(15) *At the April, 1997 hearing both Fasken and Mewbourne presented substantial geological evidence supporting their respective positions and opposing the other's position. Texaco's technical evidence was limited to opposing the drilling of the location in Lot 31/Unit W of said Section 1.*

FINDING: The technical evidence presented by all parties in this matter had merit and cumulatively supports the further development of the Catclaw Draw-Morrow Gas Pool within the subject 297.88-acre non-standard gas spacing and proration unit.

(16) No offset operator, mineral interest owner, or affected party to the west appeared at the hearing in opposition to Fasken's proposed well to be drilled to the Catclaw Draw-Morrow Gas Pool at an unorthodox location 2080 feet from the South line and 750 feet from the West line (Unit L) of said Section 1. Therefore, in order to assure the adequate protection of correlative rights, the prevention of waste, and in order to prevent the economic loss caused by the drilling of unnecessary wells, the well proposed by Fasken in Case No. 11755 to be drilled to the Catclaw Draw-Morrow Gas Pool at an unorthodox location 2080 feet from the South line and 750 feet from the West line (Unit L) of said Section 1 should be approved. Consequently, the proposed unorthodox gas well location to be drilled 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1 should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The request by both Fasken Oil and Ranch, Ltd. ("Fasken"), as the applicant in Case 11755, and Mewbourne Oil Company ("Mewbourne"), as the applicant in Case 11723, to establish a non-standard 297.88-acre gas spacing and proration unit for Catclaw Draw-Morrow Gas Pool production comprising Lots 29, 30, 31, and 32 and the SW/4 (S/2 equivalent) of Irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Said 297.88-acre unit is to be dedicated to a well to be drilled at an unorthodox gas well location 2080 feet from the South line and 750 feet from the West line (Unit L) of said Irregular Section 1.

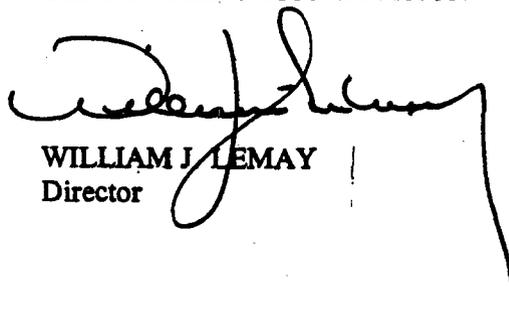
(3) Fasken Oil and Ranch, Ltd. is hereby designated the operator of the subject well and non-standard gas spacing and proration unit.

(4) The unorthodox Morrow gas well location for said 297.88-acre unit 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of said Section 1 is hereby denied.

(5) 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



WILLIAM J. LEMAY
Director

SEAL

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION AND A NON-STANDARD
GAS PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

CASE NO. 11723

APPLICATION OF FASKEN OIL AND
RANCH, LTD. FOR A NON-STANDARD
GAS PRORATION AND SPACING UNIT
AND TWO ALTERNATE UNORTHODOX
GAS WELL LOCATIONS, EDDY COUNTY,
NEW MEXICO.

CASE NO. 11755

Order No. R-10872-A

ORDER STAYING ORDER NO. R-10872

BY THE DIVISION:

*See Also Order No. R-10872
R-10872-B
R-10872-C*

This matter came before the Division upon the motion of Mewbourne Oil Company for a stay of Division Order No. R-10872.

NOW, on this 24th day of September, 1997, the Division Director, having considered the motion and being fully advised in the premises,

FINDS THAT:

(1) The above cases were consolidated for hearing, and were heard by the Division on April 3, 1997 and May 1, 1997. On September 12, 1997 the Division entered Order No. R-10872, granting the application of Fasken Oil and Ranch, Ltd. and denying the application of Mewbourne Oil Company.

(2) Mewbourne Oil Company filed an Application for Hearing De Novo with the Division on September 17, 1997.

(3) Mewbourne Oil Company has complied with Division Memorandum 3-85 and filed its motion for a stay on September 18, 1997.

(4) If a stay is not granted, Fasken Oil and Ranch, Ltd. may drill its proposed well. As a result, by the time this matter is decided by the Oil Conservation Commission, Mewbourne Oil Company's right to a de novo hearing will effectively be negated. As a result, a stay of Order No. R-10872 is proper.

Cases Nos. 11723 and 11755 .

Order No. R-10872-A

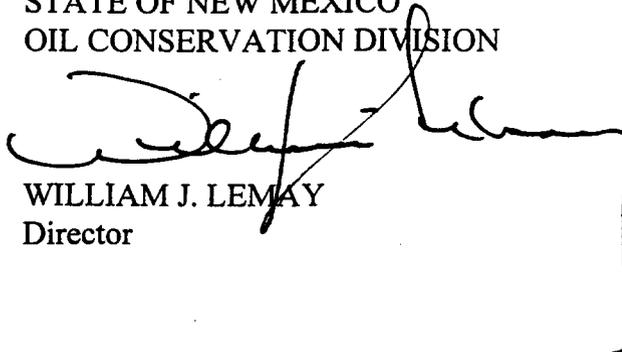
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IT IS THEREFORE ORDERED THAT:

- (1) Division Order No. R-10872 is hereby stayed in its entirety until the Oil Conservation Commission issues its order on the de novo application filed herein.
- (2) 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



WILLIAM J. LEMAY
Director

SEAL

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**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION AND A NON-
STANDARD GAS PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.**

**DE NOVO
CASE NO. 11723**

**APPLICATION OF FASKEN OIL AND
RANCH, LTD. FOR A NON-STANDARD
GAS PRORATION AND SPACING
UNIT AND AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.**

**DE NOVO
CASE NO. 11755**

**APPLICATION OF TEXACO EXPLOR-
ATION AND PRODUCTION INC. FOR
CLARIFICATION, OR IN THE ALTER-
NATIVE, AN EXCEPTION TO THE
SPECIAL POOL RULES AND REGULA-
TIONS FOR THE CATCLAW DRAW-
MORROW GAS POOL, EDDY COUNTY,
NEW MEXICO.**

CASE NO. 11868

*See Also Order Nos.
R-10872
R-10872-A
R-10872-C*

ORDER NO. R-10872-B

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1997 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of December, 1997, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

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

CASE NO. 11723 - De Novo

CASE NO. 11755 - De Novo

CASE NO. 11868

Order No. R-10872-B

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(2) In Case 11723, Mewbourne Oil Company ("Mewbourne") seeks approval of a non-standard 297.88 acre gas spacing and proration unit in the Catclaw Draw-Morrow Gas Pool comprised of Lots 29-32 and the SW/4 (S/2 equivalent) of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Unit W) of Section 1.

(3) In Case 11755, Fasken Oil and Ranch, Ltd. ("Fasken") seeks approval of the above-described non-standard gas spacing and proration unit, for a well to be drilled at an unorthodox gas well location 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1.

(4) In Case 11868, Texaco Exploration and Production Inc. ("Texaco") seeks clarification of the rules for the Catclaw Draw-Morrow Gas Pool regarding second wells on gas proration units in the Catclaw Draw-Morrow Gas Pool, or in the alternative, an exception to Division rules for its E. J. Levers "NCT-1" Well Nos. 1 and 2, located in Units N and F, respectively, of Section 12, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico to allow both wells to produce simultaneously.

(5) At the time of the hearing, Case Nos. 11723 (de novo); 11755 (de novo) and 11868 were consolidated for the purpose of presenting testimony. Since these cases involve the same acreage and subject matter, one order should be entered for all three.

(6) Sections 1 and 12 are within the Catclaw Draw-Morrow Gas Pool, a pool created in 1971 and prorated in 1974 by Order No. R-4707. The pool is governed by Special Pool Rules and Regulations adopted by Order No. R-4157 that requires 640 acre units, with wells to be no closer than 1650 feet to the unit's outer boundary and no closer than 330 feet to a quarter-quarter section line. Prorationing in the pool was suspended by Commission Order No. R-10328, dated March 27, 1995, and wells in the pool are allowed to produce at capacity.

(7) Order No. R-4157-D dated August 26, 1981, found that wells in the Catclaw Draw-Morrow Gas Pool were only capable of draining 320 acres, and the pool has been effectively developed on 320-acre spacing.

(8) In suspending prorationing in the Catclaw Draw-Morrow Gas Pool, the Commission only suspended the assignment of allowables to the wells. All other rules, regulations and policies governing this pool, including authorization for a second well on each 640-acre spacing unit in the Catclaw Draw-Morrow Gas Pool, remain in effect.

CASE NO. 11723 - De Novo

CASE NO. 11755 - De Novo

CASE NO. 11868

Order No. R-10872-B

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(9) Section 1 is comprised of 863.62 acres. The middle one-third of the section is federal land which is unleased due to a federal environmental wildlife study and cannot be included in the well unit. As a result, approval of the non-standard gas spacing and proration unit is proper and necessary to prevent waste, and should be approved.

(10) All working interest owners in the S/2 of Section 1 are subject to an A.A.P.L. Model Form Operating Agreement - 1956, dated April 1, 1970 ("Operating Agreement"). Mewbourne is the largest working interest owner in the S/2 of Section 1 containing 297.88 acres. Summary of unit ownership is as follows:

Mewbourne Oil Company	43.29470%
Fasken Land and Minerals, Ltd.	30.95951%
Matador Petroleum Corporation	17.93116%
Devon Energy Corporation	<u>7.81463%</u>
	100.00000%

(11) Mewbourne presented geologic and engineering evidence which showed that:

- (a) The primary objective of both the Fasken and Mewbourne proposed locations in Section 1 is the Morrow Zone.
- (b) The primary Morrow Zone is the Middle Morrow, the main producing zone in Texaco's Levers Well No. 2. A net isopach of the Middle Morrow pay sand trends in a north/northeast - south/southwest direction.
- (c) Mewbourne's proposed location is located within the same producing pod as the Texaco Levers Well No. 2.
- (d) Although there is evidence of faulting in the Morrow, it does not adversely affect Middle Morrow gas production.
- (e) Development of the pool occurred primarily in the early 1970's and early 1980's. The Texaco Levers Well No. 2, in Unit F of Section 12, was completed on January 13, 1996, and has produced 2.2 billion cubic feet of gas from the Middle Morrow at rates averaging 4 million cubic feet of gas per day.
- (f) There is no commercial Morrow production in the Catclaw Draw-Morrow Gas Pool north of Texaco's Levers Well No. 2.

CASE NO. 11723 - De Novo

CASE NO. 11755 - De Novo

CASE NO. 11868

Order No. R-10872-B

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(g) Drilling as close to commercial production as possible reduces dry holes risk and is the main reason for Mewbourne's request for a well location 660 feet from the South line of Section 1.

(h) The gas in place figures for Sections 1 and 12 are calculated as follows:

	<u>Section 1</u>	<u>Section 12</u>	<u>Total</u>
1/13/96	1.80 BCF	3.95 BCF	5.75 BCF
10/1/97	1.11 BCF	2.44 BCF	3.55 BCF

(i) Drainage is non-radial, along the trend of the Morrow reservoir. The Texaco Levers Well No. 2 is not draining from the south or southwest because of competing wells located in those directions. The Levers Well No. 2 is not draining reserves northwest of Section 12 because dry holes control limits the Middle Morrow productive limits in that direction.

(12) Fasken presented geologic and engineering evidence which showed that:

(a) 3-D seismic data shows a major north/south Morrow cutting fault which separates the Fasken location and Texaco wells on the west side of this fault from the Mewbourne location on the east side of this fault. Mewbourne's location is on the down thrown side of this fault.

(b) No Morrow sands will communicate or drain across this fault.

(c) The Mewbourne location is at a structural disadvantage in the Morrow because both the Upper and Lower Morrow sands become wet in lower structural positions.

(d) Lower Morrow channel sands trend north-northwest to south-southwest, have a very good permeability, drain long distances, and become wet down dip.

(e) Middle Morrow marine influenced sands trend east-northeast to west-southwest, range from very good to very poor permeability, do not correlate in a north-south direction and did not drain effectively in a north-south direction one half mile distance between the Texaco's Levers #1 and #2 wells in Section 12.

CASE NO. 11723 - De Novo

CASE NO. 11755 - De Novo

CASE NO. 11868

Order No. R-10872-B

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- (f) The Fasken location will be higher and closer to the Conoco Levers #2 well in Section 2 which had a good gas show (I.P. 2.90 million cubic feet of gas per day) but watered out in the Upper Morrow "A" Sand.
- (g) The Cisco has productive potential at the Fasken location because the 3-D seismic shows a time structure with closure, an isochron thin from the 3rd Bone Springs sand to the top of the Cisco and an isochron thick from the top of the Cisco to the Middle Morrow Shale. However, the chances of success in the Cisco are 10% at best.
- (h) In order to minimize the risk involved, it is necessary to drill a well at a location in this spacing unit which can test for both Cisco and Morrow gas production.

(13) Texaco presented geological interpretations based exclusively on subsurface geology which demonstrated that:

- (a) using the same data used by Mewbourne, Texaco contended that the "green" (Middle Morrow) sand being produced in the Texaco Levers Well No. 2 was oriented such that the Fasken location was substantially better than the Mewbourne location.
- (b) if the Mewbourne location was approved, then a substantial penalty was necessary in order to keep the Mewbourne well from draining gas reserves to which it was not entitled.
- (c) Texaco recommended that the Mewbourne location be denied, but if approved, that it be subject to a 81.4% production penalty.

(14) The Mewbourne location has a higher probability of success in the Middle Morrow because of its close proximity to the Texaco Levers Well No. 2 and the north-south interpretation of the Middle Morrow Sand trend has a higher geologic probability than the alternative interpretations. Also, the proposed Fasken location has less of an opportunity to produce from the Middle Morrow than the proposed Mewbourne location and only a 10% chance of producing from Cisco formation.

(15) The Commission favors the Mewbourne proposal because in addition to the higher probability of commercial success in the Middle Morrow, Mewbourne has the largest interest in the proration unit and was the moving force in proposing a well in the S/2 of Section 1.

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CASE NO. 11755 - De Novo

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(16) The Mewbourne location should be penalized, however, so as not to gain an unfair competitive advantage in the reservoir. Said penalty should ignore acreage considerations because the Catclaw Draw-Morrow Gas Pool has effectively been developed on 320 acres. Said penalty should be based upon a variance from the standard pool rules set back being:

$$\frac{\text{North-South Variance}}{\text{North-South Standard}} = \text{Variance Factor}$$

$$\text{Variance Factor} = \frac{1650 - 660}{1650} = 0.60 = 60\%$$

The allowable should therefore be 40% of the productive capability of the well as measured by semiannual tests into the pipeline. Said allowable should not be less than 1 million cubic feet of gas per day, which is herein defined as the economic limit imposed on said well.

(17) In the event Mewbourne does not drill its location, Fasken should be given the opportunity to drill its location.

(18) The Commission finds that it is not necessary to grant Texaco's request for an exception to the Catclaw Draw-Morrow Gas Pool Rules, because Texaco is not in violation of those rules for the following reasons:

- (a) The Commission has the authority to adopt rules and regulations and to issue orders and to interpret those orders and rules. In addition, the Commission has continuing jurisdiction over all of its orders and rules.
- (b) On August 26, 1981, the Division issued Order No. R-4157-D which rescinded Orders R-4157, R-4157-A, R-4157-B and R-4157-C and adopted rules for this pool including:

Rule 5(A): 640-acre gas spacing units.

Rule 2(A): Initial well to be drilled not closer than 1650 feet to an outer boundary.

Rule 2(B): Authorizing the drilling of a second well in a 640-acre spacing unit provided that well also was not closer than 1650 feet to the outer boundary. (an "Infill well").

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- (c) Although gas prorationing was suspended in the Catclaw Draw-Morrow Gas Pool by Division Order No. R-10328, issued by the Commission in Case No. 11211 on March 27, 1995, that order did not rescind Order No. R-4157-D.
- (d) Rule 2(B) of the special pool rules for Catclaw Draw-Morrow Gas Pool is still in full force and effect and has been since made effective on September 1, 1981.
- (e) Texaco's E. J. Levers Federal "NCT-1" Well No. 2 was drilled in compliance with Division rules, therefore it is not necessary to (a) grant simultaneous dedication for wells in this pool, or (b) grant an exception from these rules for its E. J. Levers Federal "NCT-1" Wells No. 1 and 2 located in Section 12, Township 21 South, Range 25 East, Eddy County, New Mexico.
- (f) It is not necessary to grant an exception from these rules for its E. J. Levers Federal "NCT-1" Wells No. 1 and 2 located in Section 12, Township 21 South, Range 25 East, Eddy County, New Mexico.

(19) Mewbourne's request for a declaration that all gas production from Texaco's E. J. Levers Federal "NCT-1" Well No. 2 be declared "illegal gas" should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The requests of both Fasken Land and Minerals, Ltd. and Fasken Oil and Ranch, Ltd. ("Fasken"), as the applicant in Case No. 11755 and Mewbourne Oil Company ("Mewbourne"), as the applicant in Case 11723, to establish a non-standard 297.88-acre gas spacing and proration unit for the Catclaw Draw-Morrow Gas Pool comprised of Lots 29, 30, 31 and 32 and the SW/4 (S/2 equivalent) of Irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, is hereby approved.

(2) Mewbourne's proposed unorthodox Morrow gas well location for said 297.88-acre unit being 660 feet from the South line and 2310 feet from East line (Lot 31/Unit W) of said Irregular Section 1 is hereby approved with a 60% penalty factor (40% allowable) assessed against the well's ability to produce into a pipeline and measured and adjusted semi annually and witnessed by OCD District personnel and representatives of Texaco. Said allowable shall have a lower limit of 1 million cubic feet of gas per day.

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(3) In the event Mewbourne does not begin drilling the well approved in paragraph 2, by April 1, 1998, Mewbourne's application is denied and Fasken's application for an unorthodox Morrow and Cisco gas well location for said 297.88-acre unit being 2080 feet from the South line and 750 feet from the West line (Unit L) of Irregular Section 1 is hereby approved without penalty. In the event the Mewbourne well is drilled, the Fasken application is hereby denied.

(4) In suspending prorationing in the Catclaw Draw-Morrow Gas Pool, the Commission only suspended the assignment of allowables to the wells. Therefore, all other rules, regulations and policies governing the pool, including authorization for a second well on each spacing or proration unit in the Catclaw Draw-Morrow Gas Pool, remain in effect. Accordingly, the application of Texaco Exploration and Production Inc. for an exception to the Special Pool Rules and Regulations for the Catclaw Draw-Morrow Gas Pool to permit it to continuously and concurrently produce its E. J. Levers Federal "NCT-1" Wells Nos. 1 and 2 on standard 632.36 acre gas spacing unit comprised on Section 12, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico is dismissed for no exception to the current rules is needed.

(5) Mewbourne's request for a declaration that all gas production from Texaco Exploration and Production, Inc. ("Texaco") E. J. Levers Federal "NCT-1" Well No. 2 be declared "illegal gas" is hereby denied.

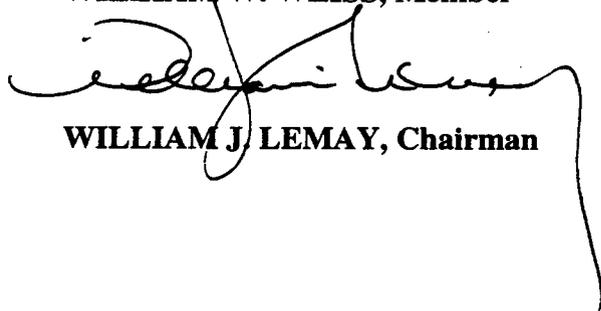
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**


JAMI BAILEY, Member


WILLIAM W. WEISS, Member


WILLIAM J. LEMAY, Chairman

S E A L

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

See Also Orders Nos.
R-10872
R-10872-A
R-10872-B

**APPLICATION OF MATADOR PETROLEUM CORPORATION
FOR APPROVAL OF AN UNORTHODOX GAS WELL LOCATION
AND TO AMEND DIVISION ORDER NO. R-10872-B TO APPROVE
A STANDARD 600.01-ACRE GAS SPACING AND PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.**

Case No. 12034

**APPLICATION OF TEXACO EXPLORATION AND PRODUCTION
INC. FOR COMPULSORY POOLING, AN UNORTHODOX GAS
WELL LOCATION, AND NON-STANDARD GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.**

Case No. 12051

**APPLICATION OF TEXACO EXPLORATION AND PRODUCTION
INC. FOR COMPULSORY POOLING, AN UNORTHODOX GAS
WELL LOCATION, AND NON-STANDARD GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.**

Case No. 12105

Order No. R-10872-C

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on December 3 and 17, 1998 and on January 7, 1999, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this *2nd* day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of these cases and their subject matter.

(2) In Case No. 12034, the applicant, Matador Petroleum Corporation ("Matador"), seeks to amend Division Order No. R-10872-B, issued by the New Mexico Oil Conservation Commission in consolidated Cases No. 11723 (De Novo), 11755 (De Novo), and 11868 and dated December 11, 1997, by establishing a standard 600.01-acre gas spacing and proration unit comprising Lots 11 through 14, 25 through 32, and the SW/4 (lower two-thirds equivalent) of irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico in the Catclaw Draw-Morrow Gas Pool. This unit is to be simultaneously dedicated to the existing Catclaw Draw "1" Federal Well No. 1 (API No. 30-015-30123), which is currently operated by Mewbourne Oil Company ("Mewbourne"), located at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Unit V) of Section 1 and to the proposed Avalon Federal Well No. 2 (API No. 30-015-29730) to be drilled at an unorthodox infill gas well location 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1. Matador further seeks approval of the proposed Avalon Federal Well No. 2 as an unorthodox gas well location within a 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (bottom one-third equivalent) of Section 1 for any and all formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool.

(3) In Case No. 12051, the applicant, Texaco Exploration and Production Inc. ("Texaco"), seeks an order pooling all mineral interests within the Upper Pennsylvanian and Morrow intervals underlying the following described acreage in Section 1, in the following manner:

- (a) Lots 11 through 14 and 17 through 28 (upper two-thirds equivalent) to form a 555.74-acre gas spacing and proration unit for any pool developed on 640-acre spacing within that vertical extent, which presently includes only the Catclaw Draw-Morrow Gas Pool; and
- (b) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool.

Both units are to be dedicated to Texaco's proposed Rocky Arroyo Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 3200 feet from the North line and 660 feet from the West line (Lot 13/Unit M) of Section 1.

(4) In Case No. 12105 Texaco seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the following described acreage in Section 1, in the following manner:

- (a) all of Section 1 to form a non-standard 853.62-acre gas spacing and proration unit for any pool developed on 640-acre spacing within that vertical extent, which presently includes only the Catclaw Draw-Morrow Gas Pool; and
- (b) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool.

Both units are to be dedicated to Texaco's proposed Rocky Arroyo Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 3200 feet from the North line and 660 feet from the West line (Lot 13/Unit M) of Section 1.

(5) These three cases were consolidated for the purpose of presenting testimony and, since all three involve the same acreage and subject matter, one order should be entered.

(6) Matador, Texaco, Mewbourne, and Penwell Energy, Inc. ("Penwell") all entered appearances at the hearings in these cases.

(7) The Catclaw Draw-Morrow Gas Pool currently comprises the following described area in Eddy County, New Mexico:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Irregular Section 1:	All
Irregular 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

Section 19:	All.
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(8) The Catclaw Draw-Morrow Gas Pool is governed by the "*General Rules and Regulations for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool*," as set forth in Division Order No. R-8170, as amended, which requires standard 640-acre gas spacing and proration units with wells to be located no

closer than 1650 feet from the outer boundary of a proration unit nor closer than 330 feet from any governmental quarter-quarter section or subdivision inner boundary. However, Division Order No. R-10328, issued in Case No. 11211 and dated March 27, 1995, suspended prorationing (the assignment of gas allowables) in the Catclaw Draw-Morrow Gas Pool. All other rules, regulations, and policies governing this pool, including the authorization for infill wells, remained in effect [see Ordering Paragraph No. (4) of Division Order No. R-10872-B].

(9) All other gas bearing intervals from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool, which include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated McMillan-Cisco Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool, are subject to either Division Rule 104.B(1)(a) or 104.C(2)(b).

(10) Section 1 comprises a total area of 853.62 acres consisting of six rows each containing four lots and/or quarter-quarter sections, being legal governmental subdivisions, therein [See Finding Paragraph No. (6) in Division Order No. R-10833, issued in Case Nos. 11716, 11717, 11739, 11740, 11741, and 11753, dated May 22, 1997, on the subject of irregular sized and shaped sections]. For the purpose of this order the proposed 600.01-acre unit sought by Matador and the 555.74-acre unit sought by Texaco will be considered "standard" sized units for the Catclaw Draw-Morrow Gas Pool since both are confined to a single section, "consist of contiguous surface acreage," are configured "substantially in the form of a square," and, as nearly as possible, contain the appropriate amount of acreage (640) [see Rule 2(a)2 of Division Order No. R-8170]. Also, the proposed 297.88-acre lay-down unit sought by Matador and the 288.19-acre stand-up unit sought by Texaco can be considered standard pursuant to Division Rules 104.B(1)(a) and 104.C(2)(b) since both are confined to a single section, are rectangular in shape, comprise two contiguous quarter sections, or equivalents, and, as nearly as possible, contain the appropriate amount of acreage (320).

(11) On April 3 and May 1, 1997, the Division heard:

- (a) Case No. 11723 in which Mewbourne sought approval of a non-standard 297.88-acre gas spacing and proration unit (bottom one-third equivalent) for Catclaw Draw-Morrow Gas Pool production comprising Lots 29, 30, 31, and 32 and the SW/4 (S/2 equivalent) of Section 1 for its well to be drilled at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Lot 31/Unit W) of Section 1; and
- (b) Case 11755 in which Fasken Oil and Ranch, Ltd. ("Fasken") sought approval of the same non-standard 297.88-acre gas spacing and proration unit for Catclaw Draw-Morrow Gas Pool production for its

well proposed to be drilled at an unorthodox gas well location 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1.

(12) On September 12, 1997, the Division entered Order R-10872, which approved the Fasken application, denied the Mewbourne location and approved the formation of the above-described 297.88 acre non-standard gas spacing and proration unit because a full sized, as nearly as possible, standard shaped 640-acre spacing and proration unit cannot be formed within this irregularly shaped section since the needed acreage will not be offered by the U.S. Bureau of Land Management for mineral leasing."

(13) In addition, Order R-10872 included the following finding:

"(10) Section 1 of Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico comprises a total area of 853.62 acres consisting of a row of six lots and/or quarter-quarter sections being a legal governmental subdivision therein....A spacing and proration unit for either of the requested well locations that would be considered "standard" pursuant to the rules and regulations governing the Catclaw Draw-Morrow Gas Pool would need to incorporate the Lots 11, 12, 13, 14, 25, 26, 27, 28, 29, 30, 31 and 32 and the SW/4 of said Section 1. Even though this area comprises a total of 600.01 acres said area would satisfy the Division's requirements for the formation as near as possible of a standard sized and shaped drilling tract. Also, the oil and gas mineral rights underlying this 600.01 acre drilling tract is under the jurisdiction of the United States government. HOWEVER, the 302.13 acre area that comprises Lots 11,12,13,14,15,16,17 and 28 of said Section 1 is currently an unleased federal tract that is under additional wildlife restrictions that makes the leasing of this particular area from the U.S. Bureau of Land Management impossible at this time."

(14) Immediately to the south of Section 1, Texaco operates a standard 632.36-acre gas spacing and proration unit within the Catclaw Draw-Morrow Gas Pool, which comprises all of Section 12, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, and is currently dedicated to its:

- (a) E. J. Levers Federal "NCT-1" Well No. 1 (API No. 30-015-20683) located at a previously approved unorthodox gas well location [approved by Ordering Paragraph No. (6) of Division Order No. R-

4157-D, dated June 21, 1971] 660 feet from the South line and 1980 feet from the West line (Lot 14/Unit N) of Section 12; and,

- (b) E. J. Levers Federal "NCT-1" Well No. 2 (API No. 30-015-28644) located at a standard gas well location 2448 feet from the North line and 1980 feet from the West line (Lot 6/Unit F) of Section 12.

(15) In December, 1997, the New Mexico Oil Conservation Commission entered Order R-10872-B which: (i) clarified that two wells were allowed in a standard 640-acre unit in this pool; (ii) authorized Mewbourne to drill the Catclaw Draw "1" Federal Well No. 1 at its proposed unorthodox gas well location; (iii) set a 40% allowable [60% penalty factor] on Catclaw Draw-Morrow Gas Pool production for this well's productive capability into a pipeline as measured semi-annually; (iv) provided a minimum of one million cubic feet of gas per day as the lower or economic limit to be imposed on this well; (v) denied the Fasken location if the Mewbourne well was actually drilled; and (vi) confirmed the Division's approval of this 297.88 acre non-standard gas spacing and proration unit (bottom one-third equivalent) in Section 1 for the Catclaw Draw-Morrow Gas Pool.

(16) In accordance with Order R-10872-B, Mewbourne drilled and completed the Catclaw Draw "1" Federal Well No. 1 and is the current Division-designated operator for this 297.88-acre non-standard gas spacing and proration unit in the Catclaw Draw-Morrow Gas Pool. Further, this unit is currently subject to a Joint Operating Agreement, AAPL-1956 Model Form, dated April 1, 1970 which includes Fasken, Matador, and Devon Energy Corporation ("Devon") as non-operators.

(17) Catclaw Draw-Morrow gas production from the Catclaw Draw "1" Federal Well No. 1 is marginal that has been subject to the lower limit provision of Order No. R-10872-B.

(18) In July, 1998, the U. S. Bureau of Land Management changed its practice concerning the leasing of the 302.13-acre area comprising Lots 11 through 14 and 25 through 28 (middle one-third equivalent) of Section 1 and approved this tract for sale by listing it in the competitive oil and gas lease sale.

(19) Fasken was the successful bidder for this lease with the working interest therein now shared among Fasken, Devon, and Matador.

(20) By letter dated July 30, 1998, Texaco proposed its Rocky Arroyo Federal Com Well No. 1 as a Morrow gas test to be dedicated to a non-standard 555.74-acre gas spacing and proration unit consisting of Lots 11 through 14 and 17 through 28 (upper two-thirds equivalent) of Section 1.

(21) On August 12, 1998, Matador filed its application in Case 12034 seeking an amendment to Order R-10872-B so that the Fasken location that was the subject of Case No. 11755 (proposed Avalon Federal Well No. 2) could now be drilled and to combine the middle one-third and the bottom one-third of Section 1 to form a standard spacing and proration unit pursuant to the rules governing the Catclaw Draw-Morrow Gas Pool.

(22) The Application for Permit to Drill ("APD") for the proposed Avalon Federal Well No. 2 has been approved and extended to June 25, 1999.

(23) On August 25, 1998, Texaco filed its compulsory pooling application for the upper two-thirds of Section 1 based upon its July 30, 1998 well location and the application was docketed as Case 12051.

(24) On August 26, 1998, Texaco asked the Division to consolidate its case with the Matador case and asked that the consolidated cases be heard on September 17, 1998.

(25) On September 1, 1998, Matador concurred in the consolidation and, by agreement of counsel, these cases were continued to October 8, 1998.

(26) On September 9, 1998, at the request of Melbourne's attorney and with the concurrence of counsel, these two cases were continued to November 5, 1998. Both cases were further continued at the November 5, 1998 hearing until finally these cases were set for hearing on December 3, 1998.

(27) On Tuesday, November 25, 1998, counsel for Texaco and counsel for Matador exchanged data in preparation for the hearing on December 3, 1998.

(28) On Wednesday, November 25, 1998, Texaco's counsel delivered to Matador's counsel Texaco's amended application which sought to continue Texaco's case to December 17, 1998 and to include its request that the Division enter a compulsory pooling for all of Irregular Section 1 for a well to be drilled by Texaco. This amendment was mistakenly docketed as a separate case (No. 12105).

(29) By letter agreement dated December 1, 1998, all of the working interest owners reached a voluntary agreement for the consolidation of the lower two-thirds of this section and for the drilling of the Fasken location.

(30) On December 3, 1998, Matador presented its evidence and witnesses and the case was continued to the hearing scheduled for January 7, 1999 at which Texaco was to present its evidence and witnesses.

(31) On January 7, 1999, Texaco declined to present any evidence or witnesses and requested that the case be taken under advisement based upon the evidence presented on December 3, 1998.

(32) Penwell advised that it would waive objection to the unorthodox well locations.

(33) The geological and engineering testimony presented by Matador indicates that the proposed location of the Avalon Federal Well No. 2 will intersect the Morrow gas-bearing interval at a more favorable geologic position than a standard location, thereby increasing the likelihood of obtaining commercial gas production within the proposed 600.01-acre unit. Further, Matador presented production and engineering data which demonstrate that the existing Catclaw Draw "1" Federal Well No. 1 is draining Morrow gas reserves from a limited area within the SW/4 of Section 1. Therefore, the proposed Avalon Federal Well No. 2 in Unit "T" is necessary to produce the recoverable reserves in the Morrow formation underlying the lower two-thirds of Section 1 thereby preventing waste.

(34) The formation of this 600.01-acre standard gas spacing and proration unit is a reasonable request because:

- (a) a full sized, as nearly as possible, standard shaped 640-acre spacing and proration unit can now be formed within this irregularly shaped section because the needed acreage has been offered by the U. S. Bureau of Land Management for mineral leasing;
- (b) the formation of the requested 600.01-acre standard gas spacing and proration unit is in the best interest of conservation, will serve to prevent waste, and should therefore be approved; and
- (c) the formation of a spacing unit comprising the southern two-thirds of this section best conforms to the potentially productive reservoir in the Morrow formation.

(35) The simultaneous dedication of the proposed 600.01-acre unit to the (i) existing Catclaw Draw "1" Federal Well No. 1 and (ii) proposed Avalon Federal Well No. 2 should result in the recovery of hydrocarbons that otherwise will be wasted.

(36) Approval of an unorthodox gas well location within the Catclaw Draw-Morrow Gas Pool for the proposed Avalon Federal Well No. 2 and the simultaneous dedication of the proposed 600.01-acre unit comprising the lower two-thirds of Section 1 to these two wells will afford all mineral interest owners the opportunity to produce the recoverable reserves under this unit thereby protecting correlative rights.

(37) At the December 3, 1998 hearing, Matador, with the mutual consent of all working interests, requested that Fasken be designated operator of the: (i) proposed 600.01-acre unit within the Catclaw Draw-Morrow Gas Pool; (ii) existing Catclaw Draw "1" Federal Well No. 1; and (iii) proposed Avalon Federal Well No. 2.

(38) Matador's application in Case No. 12034 is in the best interest of conservation and should therefore be approved.

(39) In accordance with the provisions of Division Rule 104.F(2), the unorthodox gas well location for the proposed Avalon Federal Well No. 2 for any formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool, is hereby approved. A standard 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (lower one-third equivalent) of Section 1 for this production is to be dedicated to this well.

(40) Without evidence and testimony to support Texaco's requests in Cases No. 12051 and 12105, both applications should be denied.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Matador Petroleum Corporation ("Matador") in Case No. 12034, Division Order No. R-10872-B is hereby amended as follows:

- (a) a standard 600.01-acre gas spacing and proration unit is hereby established for the Catclaw Draw-Morrow Gas Pool comprising Lots 11 through 14, 25 through 32, and the SW/4 (lower two-thirds equivalent) of irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico; and
- (b) gas production from this pool is to be simultaneously dedicated to the:
 - (i) existing Catclaw Draw "1" Federal Well No. 1 (API No. 30-015-30123), located at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Unit V) of Section 1; and
 - (ii) proposed Avalon Federal Well No. 2 (API No. 30-015-29730) to be drilled at an unorthodox infill gas well location, hereby approved, 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1.

(2) Also, the Avalon Federal Well No. 2 location is hereby approved for the production of gas from any formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool. Gas production from this vertical interval is to be dedicated to a standard 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (lower one-third equivalent) of Section 1.

(3) Fasken Oil and Ranch, Ltd. ("Fasken") is hereby designated the operator of the subject wells and units.

(4) All provisions of Division Order No. R-10872-B, including the production penalty assessed Morrow gas production from the Catclaw Draw "1" Federal Well No. 1, not in conflict with this order shall remain in full force and effect until further notice.

(5) The application of Texaco Exploration and Production Inc. ("Texaco") in Case No. 12051, to drill its proposed Rocky Arroyo Federal Com. Well No. 1 at an unorthodox gas well location 3200 feet from the South line and 660 feet from the West line (Lot 13/Unit M) of Section 1 and for an order pooling all mineral interests underlying: (i) Lots 11 through 14 and 17 through 28 (upper two-thirds equivalent) in order to form a 555.74-acre gas spacing and proration unit for the Catclaw Draw-Morrow Gas Pool; and (ii) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within the upper Pennsylvanian zones, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool, is hereby denied.

(6) The application of Texaco in Case No. 12105 to drill the above-described Rocky Arroyo Federal Com. Well No. 1 and for an order pooling all mineral interests underlying: (i) all of Section 1 to form a non-standard 853.62-acre gas spacing and proration unit for the Catclaw Draw-Morrow Gas Pool; and (b) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the top of the Morrow formation, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool, is hereby denied.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

Case No. 12034/12051/12105
Order No. R-10872-C
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

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. 4548
Order No. R-4157

NOMENCLATURE

APPLICATION OF HANAGAN
PETROLEUM CORPORATION FOR
A NEW GAS POOL AND FOR
SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:30 a.m. on June 16, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of June, 1971, 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, Hanagan Petroleum Corporation, seeks the creation of a new gas pool for Morrow production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the Hanagan Petroleum Corporation Catclaw Draw Unit Well No. 1-Y, located in Unit F of Section 26, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, having its top perforations at 10,202 feet, has discovered a separate common source of supply which should be designated the Catclaw

revised
~~R-4157-C~~
R-4157-D

Also see
R-4157-A *made by R-4157-D*
and
R-4157-B
also R-4157-C
and
R-4157-D

Draw-Morrow Gas Pool; that the vertical limits of said pool should be the Morrow formation as found in the interval from 10,186 feet to 10,570 feet on the log of the aforesaid Catclaw Draw Unit Well No. 1-Y; and that the horizontal limits of said pool should be all of said Section 26.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Catclaw Draw-Morrow Gas Pool.

(5) 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.

(6) That 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 the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) 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 the Catclaw Draw-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Catclaw Draw-Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Catclaw Draw-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Catclaw Draw-Morrow Gas Pool, with vertical limits comprising the Morrow formation as found in the interval from

10,186 feet to 10,570 feet on the log of the Hanagan Petroleum Corporation Catclaw Draw Well No. 1-Y, located in Unit F of Section 26, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 26: All

(2) That temporary Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
CATCLAW DRAW-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated 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.

- (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 proration unit 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 proration unit 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 the locations of all wells presently drilling to or completed in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before July 15, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Catclaw Draw-Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(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 the Catclaw Draw-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Catclaw Draw-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Catclaw Draw-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) 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

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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:

revised
R-4157-c
R-4157-D

CASE NO. 4548
Order No. R-4157-A

IN THE MATTER OF CASE NO. 4548 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4157, WHICH ORDER ESTABLISHED
SPECIAL RULES AND REGULATIONS FOR THE
CATCLAW DRAW-MORROW GAS POOL, EDDY
COUNTY, NEW MEXICO, INCLUDING A PROVI-
SION FOR 640-ACRE PRORATION UNITS.

also see
R-4157-B
R-4157-C

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 22, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 13th day of September, 1973, 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 by Order No. R-4157, dated June 21, 1971, special rules and regulations were promulgated for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, establishing 640-acre spacing units.
- (3) That pursuant to the provisions of Order No. R-4157, this cause was reopened to allow the operators in the subject pool to appear and show cause why the Catclaw Draw-Morrow Gas Pool should not be developed on 320-acre spacing units.
- (4) That the Catclaw Draw-Morrow Gas Pool is not now fully developed and defined.
- (5) That at least two separate zones in the Morrow formation are productive from wells completed in said pool.
- (6) That shut-in pressures tend to show communication between the majority of the wells in the pool but some pressures do not show such communication.

Case No. 4548
Order No. R-4157-A

(7) That the special pool rules for the Catclaw Draw-Morrow Gas Pool should not be made permanent at this time but should be continued on a temporary basis for an additional period of one year.

(8) That this case should be reopened at an examiner hearing in September, 1974, at which time the operators in the subject pool should appear and show cause why the Catclaw Draw-Morrow Gas Pool should not be developed on 320-acre spacing.

IT IS THEREFORE ORDERED:

(1) That the temporary special pool rules for the Catclaw Draw-Morrow Gas Pool are hereby continued in full force and effect.

(2) That this case shall be reopened at an examiner hearing in September, 1974, at which time the operators in the subject pool may appear and present additional testimony to show cause why the Catclaw Draw-Morrow Gas Pool should not be developed on 320-acre spacing units.

(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

s/ I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

recinded
~~R-4157-C~~

R-4157-D

CASE NO. 4548
Order No. R-4157-B

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 SPECIAL RULES AND
REGULATIONS FOR THE CATCLAW DRAW-MORROW
GAS POOL, EDDY COUNTY, NEW MEXICO

Also see
R-4157-C

AND:

IN THE MATTER OF CASE NO. 4548 BEING
REOPENED ON THE MOTION OF THE OIL
CONSERVATION COMMISSION TO CONSIDER THE
AMENDMENT OF THE SPECIAL POOL RULES FOR
THE CATCLAW DRAW-MORROW GAS POOL, EDDY
COUNTY, NEW MEXICO, TO LIMIT THE APPLI-
CABILITY OF SAID SPECIAL RULES TO THE
CONFINES OF THE POOL'S HORIZONTAL LIMITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

These causes came on for hearing at 9 a.m. on September 4, 1974, and at 9 a.m. on October 2, 1974, respectively, 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 records, 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 these causes and the subject matter thereof.

(2) That by Order No. R-4157, dated June 21, 1971, temporary special rules and regulations were established for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, establishing 640-acre spacing units.

(3) That by Order No. R-4157-A, dated September 13, 1973, said temporary special rules and regulations were extended for a period of one year.

(4) That by Order No. R-1670-O, dated January 15, 1974, the Special Pool Rules for the Catclaw Draw-Morrow Gas Pool were amended to provide for the prorationing of gas in said pool, and Special Rules 1, 2, 8(A), 8(B), 9, 25, and 26 were promulgated, the pool also being subject to the General Rules for Prorated Gas Pools in Southeast New Mexico, as promulgated by Order No. R-1670.

(5) That pursuant to the provisions of Order No. R-4157-A, this cause was reopened to allow the operators in the Catclaw Draw-Morrow Gas Pool to appear and show cause why said pool should not be developed on 320-acre spacing.

(6) That the available pressure and reservoir information tends to support the conclusion that effective drainage is occurring within the sand lenses of the Morrow formation on 640-acre spacing in the Catclaw Draw-Morrow Gas Pool, and that to prevent waste and protect correlative rights, 640-acre spacing and proration units should be continued for said pool, at least in the foreseeable future.

(7) That the engineering and geological information available indicates that the productive limits of the Catclaw Draw-Morrow Gas Pool have been effectively defined in practically all directions, with the possible exception being to the Southwest.

(8) That the drilling of Pennsylvanian gas wells on the standard Southeast New Mexico spacing of 320 acres is occurring in lands offsetting the established limits of the Catclaw Draw-Morrow Gas Pool but outside the productive limits of said pool.

(9) That to avoid conflicts of spacing patterns and violation of correlative rights, the pool rules for the Catclaw Draw-Morrow Gas Pool, including 640-acre spacing units and prorationing of gas, should be limited to the established productive 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 Rule 1 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool, as promulgated by Order No. R-4157, and as amended by Order No. R-1670-O, should be 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 Commission, shall be spaced, drilled, operated, and prorated in accordance with the rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Catclaw Draw-Morrow Gas Pool, as promulgated by Order No. R-4157, and as amended by Order No. R-1670-0, are hereby continued in full force and effect until further order of the Commission, provided however, that Rule 1 of said Special Rules 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 Commission, shall be spaced, drilled, operated, and prorated in accordance with the rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

(2) That jurisdiction of this cause is hereby 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

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

S E A L

dr/

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. 6754
Order No. R-4157-C

APPLICATION OF TENNECO OIL
COMPANY FOR THE RESCISSION
OF SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1980, 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 the applicant in the instant case, Tenneco Oil Company, seeks the rescission of the special pool rules for the spacing and location of wells in the Catclaw Draw-Morrow Gas Pool, and seeks to have said pool governed by the provisions of Rule 104 C II(a) of the Division Rules and Regulations for gas pools of Pennsylvanian age.

*rescinded
by
R-4157-D*

*also see
R-4157
R-4157-A
R-4157-B
all
rescinded
by this
Order*

*R-5893
R-1670-0*

(5) That the evidence in this case indicates that the wells in the Catclaw Draw-Morrow Gas Pool are not draining 640 acres as it had been thought that they would, but that they are in fact draining somewhere between 281 acres and 353 acres.

(6) That production from the Morrow formation in the subject pool is from many separate pay stringers which vary greatly in areal extent and in permeability, porosity, and thickness, both within individual stringers and between stringers.

(7) That due to the variation in the areal extent and in permeability, porosity, and thickness of the stringers, there is considerable variation in the amount of original gas in place tapped by the various wells completed in the subject pool, and also in the percent of such original gas in place under each well which may be expected to be recovered by the well.

(8) That due to the variation in the areal extent and in permeability, porosity, and thickness of the stringers in the Morrow formation in the subject pool, the existing wells (drilled on 640-acre spacing and proration units) are not believed to have encountered many of the smaller stringers in the reservoir, nor are they expected in all cases to effectively and efficiently drain the stringers which they have tapped.

(9) That to reduce the size of the spacing and proration units in the subject pool from 640 acres to 320 acres would result in numerous additional wells being drilled in the pool, and would greatly enhance the chances of tapping all of the productive stringers in the reservoir, and could also improve the drainage of gas from stringers previously tapped by existing wells.

(10) That the wells presently completed in the Catclaw Draw-Morrow Gas Pool are not effectively and efficiently draining the 640-acre spacing and proration units assigned to them, but if 320-acre spacing and proration units are adopted for said pool, the wells in the pool should effectively and efficiently drain the 320-acre spacing and proration units assigned to them.

(11) That according to the evidence submitted in this case, approximately 2 billion cubic feet of additional gas may be expected to be recovered by each additional well drilled as the result of rescinding the existing pool rules and developing the Catclaw Draw-Morrow Gas Pool on 320-acre well spacing and proration units.

Case No. 6751
Order No. R-4157-C

(12) That the rescission of the Special Pool Rules for the Catclaw Draw-Morrow Gas Pool as promulgated by Division Orders Nos. R-4157, R-4157-A, and R-4157-B is in the public interest and will not cause but will prevent waste, and will not impair but will protect correlative rights.

(13) That such rescission should take effect on March 1, 1980, and after that date the Catclaw Draw-Morrow Gas Pool should be governed by the provisions of Rule 104 C II(a) of the Division Rules and Regulations.

(14) That the location of any well completed in or drilling to the Catclaw Draw-Morrow Gas Pool on or before January 9, 1980, which location is not in compliance with the aforesaid Rule 104 C II(a) should be approved, and that each operator in the pool should have 30 days after January 9, 1980, in which to file new plats for each of his wells, showing the location of the well and dedicating thereto 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section.

(15) That the Texas Oil & Gas Corporation Catclaw Draw State Com Well No. 1, located 660 feet from the South line and 660 feet from the West line of Section 18, Township 21 South, Range 26 East, NMPM, approved as an unorthodox location and subject to an allowable factor of 0.35 for 640-acre spacing should receive an allowable factor of 0.70, if the W/2 of said Section 18 is dedicated to the well under the herein-approved 320-acre spacing. Any challenge to an allowable factor of 0.70 for said well should be the subject matter of a separate case and should not be considered as part of Case No. 6751 nor as an attack on any part of this Order No. R-4157-C except that part of this order that relates to such allowable factor. *(By Order No. R-5893)*

(16) That Rule 1 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool as promulgated by Division Order No. R-1670-O, and as amended by Order No. R-4157-B, should be amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted or recompleted in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Morrow formation shall be spaced, drilled, operated, and prorated in accordance with the rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

Case No. 6751
Order No. R-4157-C

(17) 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 should be amended to read in its entirety as follows:

"RULE 2. Each well shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary."

(18) That Rule 9 of the aforesaid special rules should be amended to read in its entirety as follows:

"RULE 9. A standard unit consisting of 320 acres shall be assigned an acreage factor of 1.00, provided however, the acreage tolerances provided in Rule 5(A) shall apply."

(19) That Division Orders Nos. R-4157, R-4157-A, and R-4157-B should be rescinded.

IT IS THEREFORE ORDERED:

(1) 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

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

(3) That the Catclaw Draw-Morrow Gas Pool shall hereinafter be governed by the provisions of Rule 104 C II(a) of the Division's Rules and Regulations.

(4) That Rule 1 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool as promulgated by Division Order No. R-1670-0 and amended by Division Order No. ~~R-4571-B~~

R-4157-B

is hereby amended to read in its entirety as follows:

"RULE 1. Each well completed or recompleted or recompleted in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Morrow formation shall be spaced, drilled, operated, and prorated in accordance with the rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

(5) 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. Each well shall be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary."

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

"RULE 9. A standard unit consisting of 320 acres shall be assigned an acreage factor of 1.00, provided however, the acreage tolerances provided in Rule 5(A) shall apply."

(7) That the locations of all wells drilled and completed in the Catclaw Draw-Morrow Gas Pool are hereby approved.

(8) That the operator of each well in the Catclaw Draw-Morrow Gas Pool shall have until February 9, 1980, 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.

(9) 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 0.70 effective March 1, 1980, provided Forms C-102 have been filed for said well dedicating thereto the W/2 of said Section 18.

-6-

Case No. 6751
Order No. R-4157-C

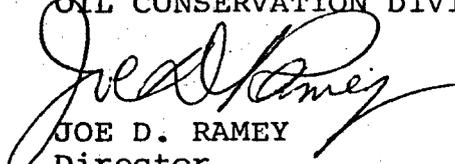
(10) That any challenge to the aforesaid allowable factor of 0.70 for said Catclaw Draw State Com Well No. 1 shall be considered as a separate case by the Division and not as an attack on any part of Division Order No. R-4157-C except Order No. ~~(8)~~ above relating to the allowable factor.

⁽⁹⁾
(11) That this order shall become effective at 7:00 o'clock a.m. March 1, 1980.

(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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

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.

*R-4157, R4157-A
R-4157-B, and R-4157-C
all rescinded by
this order*

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.

(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

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-1670-0 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

20 26
E/2 33
S/2 34

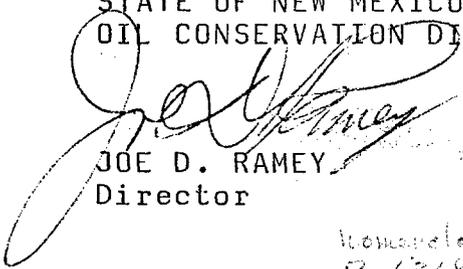
(10) That Division Orders Nos. R-4157, R-4157-A, R-4157-B, and R-4157-C are hereby rescinded.

(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

Nonparellels on
R-6368 made the
extension of phrase
in favor of same.

S E A L

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Exhibit B - Special Rules for Individual
Prorated Gas Pools

Case 8749 Order No. R-8170

3-28-1986

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the South
Carlsbad-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
CATCLAW DRAW-MORROW GAS POOL

The Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico was
created June 21, 1971 and gas proration in this pool became
effective April 1, 1974.

A. DEFINITIONS

THE VERTICAL LIMITS of the Catclaw Draw-Morrow Gas Pool
shall be the Morrow formation.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a). A standard GPU in the Catclaw Draw-Morrow Gas
pool shall be 640 acres.

RULE 2(b). Each well completed or recompleted in the
Catclaw Draw-Morrow Gas Pool shall be located no closer
than 1650 feet to the outer boundary of the proration unit
nor closer than 330 feet to any governmental
quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the
Catclaw Draw-Morrow Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
CROSBY-DEVONIAN GAS POOL

The Crosby-Devonian Gas Pool, Lea County, New Mexico was
created May 27, 1955 and gas proration became effective April
1, 1957.

A. DEFINITIONS

THE VERTICAL LIMITS of the Crosby-Devonian Gas Pool shall
include all the formations that can reasonably be
considered to be of Devonian age.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RE:
R-4157-D
R-10328
R-10872-B
(4)

(40) That the adoption of a 100 percent surface acreage formula for allocating the allowable production in the subject pool will insofar as is presently practicable allow each operator the opportunity to produce his property ratably with all other operators in the pool.

(41) That the subject pool should be governed by the general rules and regulations for the prorated gas pools of southeastern New Mexico promulgated by Order No. R-1670 as amended insofar as such general rules and regulations are not inconsistent with this order or the special rules and regulations for the subject pool promulgated by this order.

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 to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 35: All

(2) That the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico is hereby prorated effective April 1, 1974.

(3) That the subject pool shall be governed by the general rules and regulations for the prorated gas pools of southeastern New Mexico promulgated by Order No. R-1670 as amended insofar as such general rules and regulations are not inconsistent with this order or the special rules and regulations for the subject pool as hereinafter set forth in which event the special rules shall apply.

SPECIAL RULES AND REGULATIONS
FOR THE
CATCLAW DRAW-MORROW GAS POOL

WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Each well completed or recompleted in the Catclaw Draw-Morrow Gas Pool or in the Morrow formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Morrow formation shall be spaced, drilled, operated and prorated in accordance with the rules for the Catclaw Draw-Morrow Gas Pool as set forth herein.

RULE 2. Each well shall be located no nearer than 1650 feet to the outer boundary of the section nor nearer than 330 feet to any governmental quarter-quarter section line.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8. (A) The total allowable to be allocated to gas wells in the pool regulated by this order each month shall be equal to the sum of the "preliminary" or "supplemental" nominations (whichever is applicable) together with any adjustments which the Commission deems advisable. The allowable remaining each month after deducting the total

amended by R-4157-B to read differently
R-4157C
amended this rule to read as it does here
amended by R-4157-C

allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal gas wells in the pool.

RULE 8. (B) Allowables to newly completed gas wells shall commence the day of connection to a gas transportation facility as determined from an affidavit furnished to the Commission (Drawer DD, Artesia, New Mexico 88210) by the purchaser or the date of filing of Form C-104 and a plat (Form C-102) whichever data is the latter.

amended by R-4157-C 320
RULE 9. (A) A standard unit consisting of ~~640~~ acres shall be assigned an acreage factor of 1.00, provided however, the acreage tolerance provided in Rule 5 (A) shall apply.

C. GENERAL

RULE 25. The vertical limits of the Catclaw Draw-Morrow Gas Pool shall be the Morrow formation.

RULE 26. The first proration period for the Catclaw Draw-Morrow Gas Pool shall commence on April 1, 1974.

IT IS FURTHER ORDERED:

(1) 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

I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

*CASE NO. 11211
ORDER NO. R-10328*

**GAS ALLOWABLES FOR THE PRORATED GAS POOLS IN NEW MEXICO FOR
APRIL THROUGH SEPTEMBER, 1995.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9:00 a.m. on February 23, 1995, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of March, 1995, the Commission, a quorum being present and having considered the testimony, the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) This hearing was called for the purpose of accepting nominations and other evidence and information to assist in determining April through September, 1995 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico, and the other four prorated gas pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico.

(3) Amendments to the Gas Proration Rules approved by the Commission Order No. R-8170-H in December, 1990 provide for allowables to be established for six month allocation periods beginning in April and October of each year.

(4) Average monthly allowables for April through September, 1995 for each pool should be based on the monthly average individual pool production for April through September, 1994, with administrative adjustments where appropriate.

(5) Production information for 1994 was not available because of delays in getting C-115 production information into the new system. Estimates based on 1993 data were therefore used as a basis for preliminary allowables. Producers, purchasers, and transporters of gas were asked to review these preliminary allowables and to participate in the February 23, 1995 hearing by providing information which would assist in arriving at the final allowable assignments.

(6) Chevron and Conoco presented evidence at the hearing to support the OCD recommended allowables for the prorated pools in Southeast New Mexico. Exxon and Oryx entered statements supporting the proposed allowables.

(7) Amoco submitted testimony at the hearing to support increased allowables for the Northwest New Mexico Pools. They requested the following monthly increases:

Basin Dakota - 10,000 MCF; Blanco Mesaverde - 535,491 MCF; Blanco P.C. South - 9,540 MCF; and Tapacito Pictured Cliffs - 2,509 MCF. Phillips entered a statement requesting essentially these same allowables for the Basin Dakota and Blanco Mesaverde Pools. Meridian submitted a statement supporting the OCD allowables but indicating no objection to increases proposed by others. The increases proposed by Amoco are in addition to the adjustments proposed by OCD.

(8) Testimony by OCD indicates that gas production in New Mexico continues at record levels in spite of low prices. Production was 1.4 TCF in 1994 and an estimated 1.55 TCF in 1995. This indicates there is sufficient demand for New Mexico gas to accommodate the proposed allowables.

(9) The allowable increases proposed by Amoco for the Northwest New Mexico Pools should be approved.

(10) OCD Exhibit No. 1 shows that there are currently no prorated wells in the Burton Flat Strawn; Carlsbad Morrow, South; Catclaw Draw Morrow; and Monument McKee Ellenburger Pools. This condition has existed for the last several years. Proration in these pools should therefore be suspended until such time as production data or other information indicates that the pools should be prorated.

IT IS THEREFORE ORDERED THAT:

(1) Exhibits "A" and "B" attached to and incorporated herein, including the increased allowables requested in Finding Paragraph No. (7) are adopted for the purpose of making allowable assignments for the prorated gas pools in New Mexico for the months of April through September, 1995.

(2) The Oil Conservation Division is hereby directed to prepare proration schedules for the April through September, 1995 allocation period in accordance with this order and other Division Rules, Regulations and Orders. Copies of this order shall be included in each proration schedule.

(3) Proration is hereby suspended in the Burton Flat Strawn; Carlsbad Morrow, South; Catclaw Draw Morrow; and Monument McKee Ellenburger Pools until such time as production data or other information indicates the pools should again be prorated.

(4) 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.

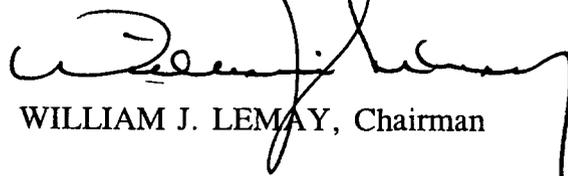
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



GARY CARLSON, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman

SEAL

CASE NO. 11211

ORDER NO. R-10328

EXHIBIT "1"

OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PROKARYED GAS POOLS OF NORTHWEST NEW MEXICO
 FOR APRIL 1995 THROUGH SEPTEMBER 1995

POOL NAME	AVG MONTHLY POOL SALES APR93-SEP93	POOL ADJ	MONTHLY POOL ALLOWABLE APR-95-SEP95	MONTHLY MARGINAL POOL ALLOW- ABLE APR95-SEP95	MONTHLY NON- MARGINAL POOL ALLOW- ABLE APR95-SEP95	NUMBER OF NON- MARGINAL ACR. FACTORS	NUMBER OF NON-MARGINAL ACR.*DLY.	MONTHLY ACREAGE ALLOC. FACTOR	MONTHLY ACR.*DLY. FACTOR
Basin Dakota	9,548,540	108,958	9,657,498	9,377,498	280,000	15.05	7,978	11,163	14.04
Blanco Mesaverde	16,495,592	535,491	17,031,083	14,049,750	2,981,333	129.16	85,529	5,771	26.14
Blanco P.C. South	1,216,638	39,353	1,255,991	1,106,658	149,333	84.80	3,974	440	28.18
Tapacito Pictured Cliffs	326,656	2,509	329,165	314,232	14,933	8.00	566	467	19.79

**All Gas Volumes Shown in MCF

OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS OF NORTHWEST NEW MEXICO
 FOR APRIL 1995 THROUGH SEPTEMBER 1995

L. NAME	AVG MONTHLY POOL SALES APR93-SEP93	POOL ADJUSTMENTS	MONTHLY POOL ALLOWABLE APR95-SEP95	MONTHLY MARGINAL POOL ALLOWABLE APR95-SEP95	MONTHLY NON-MARGINAL POOL ALLOWABLE APR95-SEP95	NUMBER OF NON-MARGINAL ACR. FACTORS	MONTHLY ACREAGE ALLOC. FACTOR
ka Penn	106,172	930	107,102	59,102	48,000	2.00	24,000
ebry Oil and Gas	564,643	13,880	578,523	450,873	127,650	3.00	42,550
falo Valley Penn	293,780	188	293,968	260,968	33,000	1.00	33,000
mont Yates 7 Rivers Qn	2,563,744	451,241	3,014,985	2,156,185	858,800	22.60	38,000
an Basin Morrow	62,700	531	63,231	47,231	16,000	1.00	16,000
an Basin Upper Penn	3,722,866	183,172	3,906,038	2,934,038	972,000	4.86	200,000
nat Tansill YT 7 Rivers	1,029,426	22,196	1,051,622	973,847	77,775	4.25	18,300
is Glorieta	48,401	51,631	100,032	26,832	73,200	4.00	18,300
b Oil and Gas	293,367	28,378	321,745	203,620	118,125	8.75	13,500

Oil Gas Volumes Shown in MCF