

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. 6751
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.

(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.

(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.

(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."

(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-O 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-O and amended by Division Order No. R-4571-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.

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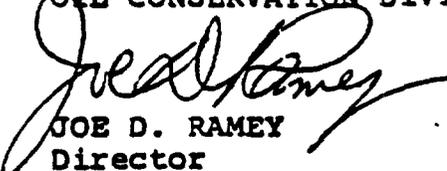
(10) That any challenge to the aforesaid allowable factor of 0.70 for said Catclaw Draw State Com Well No. 1 shall be considered as a separate case by the Division and not as an attack on any part of Division Order No. R-4157-C except Order No. (8) above relating to the allowable factor.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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