

Entered July 17, 1979
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6557
Order No. R-6050

APPLICATION OF GETTY OIL COMPANY
FOR POOL CREATION AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 29, 1979, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 17th day of July, 1979, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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(2) That the Division, by its Order No. R-5995 entered May 2, 1979, rescinded the Special Rules and Regulations for the Grama Ridge-Morrow Gas Pool, as promulgated by Division Order No. R-3006, and provided that said pool should henceforth be spaced, drilled, operated, and produced in accordance with Rule 104 of the Division Rules and Regulations and with such other Division rules and orders as may be applicable.

(3) That said Order No. R-5995 redefined the horizontal limits of the Grama Ridge-Morrow Gas Pool to include only the E/2 of Section 33 and the W/2 of Section 34, Township 21 South, Range 34 East, NMPM, and the W/2 of Section 3, all of Section 4, and the W/2 of Section 10, Township 22 South, Range 34 East, NMPM.

(4) That said Order No. R-5995 further defined a particular area, described as all of Section 26, the E/2 of Section 34, and all of Sections 35 and 36, Township 21 South,

Range 34 East, NMPM, and all of Sections 1 and 2, the E/2 of Section 3, the E/2 of Section 10, and all of Sections 11 and 12, Township 22 South, Range 34 East, NMPM, and prescribed that the Morrow formation underlying said area would be placed on temporary 640-acre well spacing and location requirements for a period of 30 days after the date of entry of said Order No. R-5995, or, provided that if Getty Oil Company had filed an application for creation of a new gas pool within the hereinabove-described lands and the promulgation of special rules for such new pool, including a provision for other than 320-acre spacing, then such temporary rules should remain in effect for so long thereafter as a hearing, or an order following a hearing, is pending.

(5) That Getty Oil Company did file an application with the Division on May 3, 1979, requesting such pool creation and special rules, and said application was docketed for hearing as the instant case.

(6) That as the applicant herein, Getty Oil Company seeks the creation of a new Morrow Gas Pool comprising all of Section 35, Township 21 South, Range 34 East, NMPM, and all of Section 2, Township 22 South, Range 34 East, NMPM, and the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units, and well locations no closer than 1650 feet to the outer boundary of the unit and no closer than 330 feet to any quarter-quarter section line.

(7) That the applicant is the operator of its Getty "35" State Well No. 1 located in Unit K of the aforesaid Section 35, and its Getty "2" State Well No. 1 located in Unit F of the aforesaid Section 2.

(8) That said wells are located approximately 4290 feet apart, or less than one mile, but the main producing zone in each of the two wells does not appear to be of major significance in the other well.

(9) That Getty presented evidence attempting to establish that the Morrow producing interval in both the Grama Ridge-Morrow Gas Pool and in the lands immediately East thereof, i.e., the lands under consideration in this case, is of deltaic marine nature, and therefore should extend laterally for considerable distance and exhibit good continuity of permeability throughout the reservoir, thus being conducive to 640-acre spacing; however, the preponderance of the evidence presented at the hearing establishes that said Morrow producing interval does not constitute a broad continuous producing body but instead is composed of numerous separate and isolated sand bodies.

(10) That from the evidence submitted at the hearing, there is no reason to believe that the drainage characteristics in the Morrow formation in the area under consideration (Section 35, Township 21 South, Range 34 East, NMPM, and Section 2, Township 22 South, Range 34 East, NMPM) are any different than the drainage characteristics of the Morrow formation in the Grama Ridge-Morrow Gas Pool immediately to the West.

(11) That the Division found, in Case No. 6496, from which Order No. R-5995 issued, that the drainage characteristics of the Morrow formation in the Grama Ridge-Morrow Gas Pool are not such as to support 640-acre spacing, and that 320-acre spacing was more appropriate for said pool.

(12) That the applicant has failed to establish that one well will effectively and efficiently drain 640 acres in the Morrow formation underlying Section 35, Township 21 South, Range 34 East, NMPM, and Section 2, Township 22 South, Range 34 East, NMPM.

(13) That after considering the evidence presented in this case and the economic loss caused by the drilling of unnecessary wells, the protection of correlative rights, including those of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and the prevention of reduced recovery which might result from the drilling of too few wells, the Commission can only conclude that the application for 640-acre spacing in the subject area should be denied, and that said lands should be developed on 320-acre spacing and proration units.

(14) That a new pool should be created and defined for applicant's wells in the subject area, and that said pool should be designated the East Grama Ridge-Morrow Gas Pool with vertical limits comprising the Morrow formation and horizontal limits comprising the S/2 of Section 35, Township 21 South, Range 34 East, NMPM, and the N/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(15) That said East Grama Ridge-Morrow Gas Pool should be spaced, drilled, operated and produced in accordance with Rule 104 of the Division Rules and Regulations and with such other Division rules and orders as may be applicable, including 320-acre spacing and proration units and well location requirements.

(16) That the provisions of Order No. (3) on Pages 4 and 5 of Division Order No. R-5995 should be rescinded.

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Case No. 6557

Order No. R-6050

IT IS THEREFORE ORDERED:

(1) That the application of Getty Oil Company for the creation of a new gas pool in Lea County, New Mexico, for the production of gas from the Morrow formation is approved, and there is hereby created the East Grama Ridge-Morrow Gas Pool, with vertical limits comprising the Morrow formation and horizontal limits comprising the following described area:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 35: S/2

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 2: N/2

(2) That said East Grama Ridge-Morrow Gas Pool shall be spaced, drilled, operated, and produced in accordance with Rule 104 of the Division Rules and Regulations and with such other Division rules and orders as may be applicable to 320-acre spacing and proration units and well location requirements.

(3) That the application of Getty Oil Company for 640-acre spacing and well location requirements is hereby denied.

(4) That the provisions of Order No. (3) on Pages 4 and 5 of Division Order No. R-5995 are hereby rescinded.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in, or for which drilling permits have been approved for, the East Grama Ridge-Morrow Gas Pool or the Morrow formation within one mile thereof, are hereby approved.

(2) That existing wells in the East Grama Ridge-Morrow Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing, and the operator thereof shall file Forms C-102 dedicating 320 acres to such wells within 60 days after entry of this order.

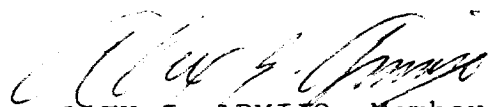
Failure to file new Forms C-102 with the Division dedicating 320 acres to a well within 60 days from the date of this order shall subject the well to cancellation of allowable.


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

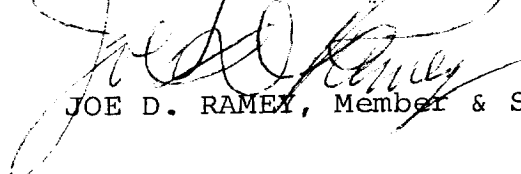
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Case No. 6557
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


ALEX J. ARMIÑO, Member


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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