

**EXEMPTION FROM THE NATURAL GAS PRICING ACT
PURSUANT TO SECTION 62-7-5, NMSA 1978, AND
DIVISION ORDER NO. R-5436**

OPERATOR Tenneco Oil Company WELL NAME AND NO. Catclaw Draw Unit Well No. 17
LOCATION: UNIT B SEC. 14 TWP. 21-South RANG. 25 East COUNTY Eddy

THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
 - (a) The well was necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage; or that
 - (b) the well was necessary to replace a well producing at non-commercial rates; or that
 - (c) the drilling of the well commenced prior to January 18, 1977.
- (5) That pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
 - (a) the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that
 - (b) the well is necessary to protect the proration unit from uncompensated drainage or to protect correlative rights; or that
 - (c) the drilling of the well commenced prior to January 18, 1977.
- (6) That the applicant herein Tenneco Oil Co. has requested exemption from the provisions of the Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the above-named well.
- (7) That all the requirements of said Order No. R-5436 have been complied with, and that said well is justified for exemption from the provisions of the Natural Gas Pricing Act inasmuch as said well was not drilled for the purpose of avoiding the application of said act, but was in fact:
 - () A Replacement Well
 - () necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage.
 - () necessary to replace a well producing at non-commercial rates.
 - () a well the drilling of which commenced prior to January 18, 1977.
 - (X) An Infill Well
 - (X) drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in the pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool, said pool being the Catclaw Draw Morrow Pool and the order being Division Order No. R-4157-D.
 - () necessary to protect the proration unit from uncompensated drainage or to protect correlative rights.
 - () a well the drilling of which commenced prior to January 18, 1977.

IT IS THEREFORE ORDERED:

- (1) That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978).
- (2) That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.

DONE at Santa Fe, New Mexico on this 27th day of July, 19 83.


JOE D. RAMEY, Director

NEW MEXICO OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Received 2/17/83
ADMINISTRATIVE ORDER
NGPA- 34

EXEMPTION FROM THE NATURAL GAS PRICING ACT
PURSUANT TO SECTION 62-7-5, NMSA 1978, AND
DIVISION ORDER NO. R-5436

OPERATOR Tenneco Oil Company WELL NAME AND NO. Catchlaw Draw Unit Well No. 17
LOCATION: UNIT B SEC. 14 TWP. 21 South RNG. 25 East COUNTY Eddy

THE DIRECTOR OF THE DIVISION FINDS:

- (1) That Section 5 of the Natural Gas Pricing Act (being Secs. 62-7-1 to 62-7-10, NMSA 1978) provides that the Natural Gas Pricing Act shall not apply to the production and sale of natural gas in intrastate commerce from a well the drilling of or first intrastate sale of which commenced on or after January 1, 1975, provided however, that the Act shall apply to such a well if it is drilled within an established proration unit which was producing or capable of producing natural gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application to the Natural Gas Pricing Act.
- (2) That by Order No. R-5436, dated June 8, 1977, the Division established an administrative procedure whereby the Director of the Division is empowered to act for the Division and exempt gas wells from the provisions of Section 5 of the Natural Gas Pricing Act provided said wells were drilled on or after January 1, 1975, within established proration units which were producing or capable of producing natural gas from the same reservoir prior to January 1, 1975.
- (3) That to qualify for such exemption, under said Order No. R-5436, a gas well must be classified either as a replacement well or as an infill well.
- (4) That pursuant to Order No. R-5436, the Director of the Division may find that a replacement well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
 - (a) The well was necessary to replace a well lost due to economically irreparable down-hole mechanical failure or formation damage; or that
 - (b) the well was necessary to replace a well producing at non-commercial rates; or that
 - (c) the drilling of the well commenced prior to January 18, 1977.
- (5) That pursuant to Order No. R-5436, the Director of the Division may find that an infill well is justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act upon a showing by the operator that:
 - (a) the well was drilled in a pool where the Division, after notice and hearing, has issued an order finding that infill drilling in such pool will increase the recoverable reserves under the various proration units in such pool, will result in more efficient use of reservoir energy, and will tend to ensure greater ultimate recovery of gas from the pool; or that
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- (6) That the applicant herein Tenneco Oil Company has requested exemption from the provisions of the Natural Gas Pricing Act pursuant to Section 62-7-5, NMSA 1978, and Division Order No. R-5436 for the above-named well.
- (7) That all the requirements of said Order No. R-5436 have been complied with, and that said well is justified for exemption from the provisions of the Natural Gas Pricing Act inasmuch as said well was not drilled for the purpose of avoiding the application of said act, but was in fact:
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 - () necessary to protect the proration unit from uncompensated drainage or to protect correlative rights.
 - () a well the drilling of which commenced prior to January 18, 1977.

IT IS THEREFORE ORDERED:

- (1) That the above-named well is hereby exempted from Section 5 of the Natural Gas Pricing Act (Secs. 62-7-1 to 62-7-10, NMSA 1978).

That jurisdiction of this cause is hereby retained, and that this exemption is subject to rescission upon failure to comply with the provisions of Rule 6(d) or Rule 7(c) of Division Order No. R-5436 or for other good cause shown.

at Santa Fe, New Mexico on this _____ day of _____, 19____.

JOE D. RAMEY, Director

Tenneco Oil
Exploration and Production
A Tenneco Company

Tenneco Building
P.O. Box 2511
Houston, Texas 77001
(713) 757-2131



February 10, 1983

Department of Energy and Minerals
State of New Mexico
State Land Office Building, Room 205
Santa Fe, New Mexico 87501

Attn: Oil Conservation Division
Office of the Director


RE: Application for Exception Under the
New Mexico Natural Gas Pricing Act of 1978
Well: Catclaw Draw #17
Location: Eddy County, New Mexico
API No.: 30-015-23922

Gentlemen:

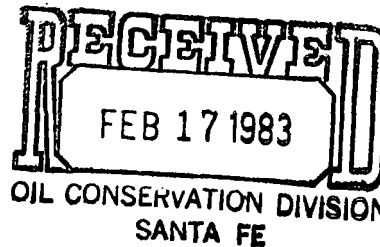
Pursuant to Order No. R-5436, Tenneco Oil Company is applying for exemption for justified infill gas wells from the provisions of Section 6, Rule 7 of the Natural Gas Pricing Act.

Very truly yours,

TENNECO OIL COMPANY


Fred E. Lindemann
Supervisor, Gas Compliance

FEL:JO:0223F



Tenneco Oil
Exploration and Production
A Tenneco Company

Tenneco Building
P.O. Box 2511
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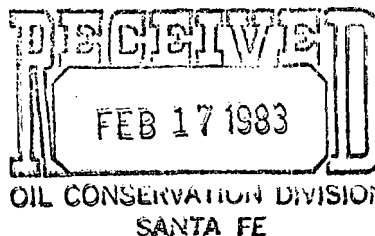
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Very truly yours,

TENNECO OIL COMPANY


Fred E. Lindemann
Supervisor, Gas Compliance

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Exploration and Production
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P.O. Box 2511
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February 10, 1983

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State of New Mexico
State Land Office Building, Room 205
Santa Fe, New Mexico 87501

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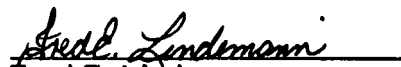
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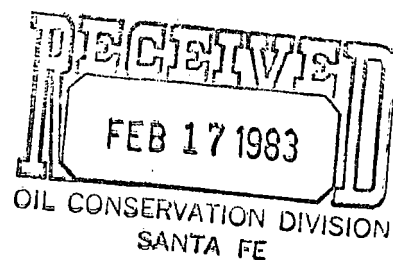
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Very truly yours,

TENNECO OIL COMPANY


Fred E. Lindemann
Supervisor, Gas Compliance

FEL:JO:0223F



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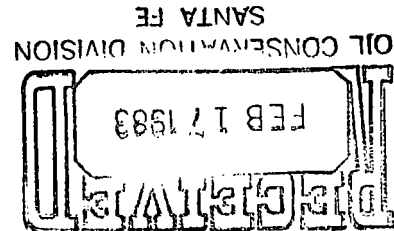


February 7, 1983

Department of Energy and Minerals
State of New Mexico
State Land Office Building, Room 205
Santa Fe, New Mexico 87501

Attn: Mr. Michael Stogner
NGPA Section

RE: Application for Category Determination
Catclaw Draw Unit No. 17
Catclaw Draw Morrow Field
Eddy County, New Mexico




Dear Mr. Stogner:

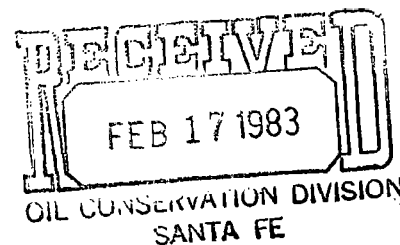
Per our telephone conversation on Friday, February 4, 1983, enclosed please find the referenced application along with a new affidavit referencing the applicable infill order as well as a copy of the order.

Very truly yours,

TENNECO OIL COMPANY


Fred E. Lindemann
Supervisor, Gas Compliance

FEL:JO:0222F



AFFIDAVIT

Fred E. Lindemann, Supervisor, Gas Compliance of Tenneco Oil Company, affirms that:

(1) this affidavit is made in conformance with Section 274.208 and Section 271.304 of the Commission's Regulations.

(2) the surface drilling of the Catclaw Draw Unit No. 17 well was begun on or after February 19, 1977; and,

(3) the well satisfies any applicable Federal or State well-spacing requirements; and,

(4) pursuant to Section 274.208, the above-reference well is the second well within the existing proration unit and is authorized by New Mexico Order Number R-4157-C, ratified on August 26, 1981; and,

(5) to the best of my knowledge, information, and belief, the natural gas for which a determination is hereby sought is produced from a New Onshore Production Well, such information having been obtained from our company records; and,

(6) I have no knowledge of any other information not described herein which is inconsistent with the conclusions stated herein.

TENNECO OIL COMPANY

By Fred E. Lindemann
Fred E. Lindemann
Supervisor, Gas Compliance

SUBSCRIBED AND SWORN TO BEFORE ME by the said Fred E. Lindemann,
this 14 day of February, 1983.

Dianne Redmond

DIANNE REDMOND
My Commission Expires
July 19, 1986

AUG 31 1981

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

O. C. D.
ARTESIA, OFFICE

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.

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,

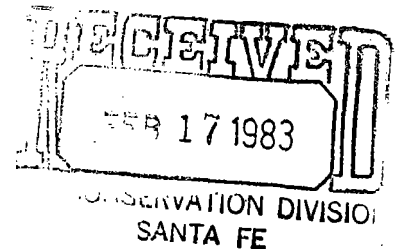
FINDS:

(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.

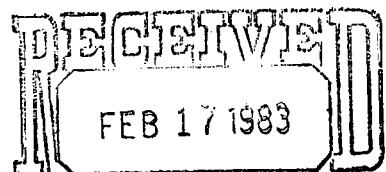
(9) That the net result of the conditions outlined in Finding No. (8) above would be to deprive owners of their correlative rights within said pool.

(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.



OIL CONSERVATION DIVISION
SANTA FE

(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 pro-rated in accordance with the Special Rules for the Catclaw Draw-Morrow Gas Pool as set forth herein."

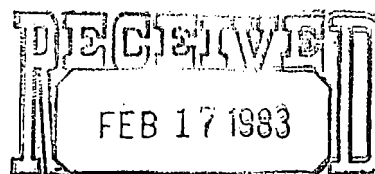
(3) That Rule 2 of the Special Rules and Regulations for the Catclaw Draw-Morrow Gas Pool as promulgated by Division Order No. R-1670-0 is hereby amended to read in its entirety as follows:

"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



OIL CONSERVATION DIVISION
SANTA FE

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."

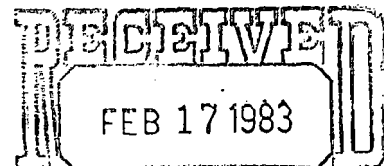
(5) That Rule 9(A) of the aforesaid special rules is hereby amended to read in its entirety as follows:

"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.



LAND DIVISION
SANTA FE

(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

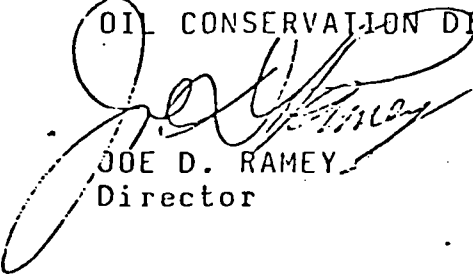
(10) That Division Orders Nos. R-4157, R-4157-A, R-4157-B, and R-4157-C are hereby rescinded.

(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.

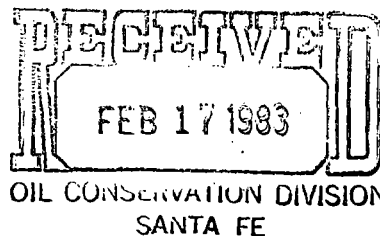
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

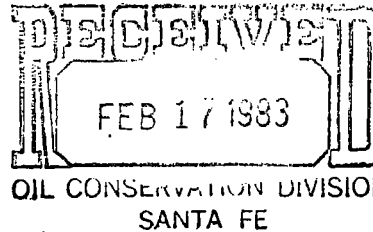




STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

TENNECO OIL CO.
P.O. BOX 2501
Houston, Texas 77001
Attention: Fred E. Lindemann



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Withdrawn & Return

Re: Well head price ceiling
determination, NGPA of
1978

Gentlemen:

The New Mexico Oil Conservation Division has received your application for a wellhead price ceiling category determination under the sections(s) of the Natural Gas Policy Act of 1978 indicated below if your application is incomplete, forms are attached hereto, indicating the documents and further information which must be filed before your application can be considered. If your application is complete, it will be acted upon administratively unless written objection is received within 15 days of its filing.

WELL NAME AND LOCATION Catclaw Draw Unit #17-B 14-21S-25E

SECTION(S) APPLIED FOR 103

DATE APPLICATION RECEIVED November 15, 1982

APPLICATION INCOMPLETE *For your letter dated November 4, 1982, this well was drilled within the 640 acre production unit dedicated to Tenneco's Catclaw Draw Unit Well No. 17 which was spudded on 10/8/72 and sold to El Paso Inc. and Gas Co. of N.M.*

Sincerely, *Michael E. Stogner*

both of which are interstate purchasers. Therefore this well is covered under the New Mexico

DATE: January 26, 1983 *Natural Gas Pricing Act of 1978. For an exemption of this well please make an application pursuant to N.M.C.L.R. Order No. R-5436. If*

NOTE: *you have any questions concerning this, please contact me.*

THIS FORM LETTER MUST ACCOMPANY TWO COPIES OF THE SUPPLEMENTARY INFORMATION.