

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. 3660
Order No. B-3325

APPLICATION OF TENNECO OIL COMPANY
FOR A WATERFLOOD PROJECT AND FOR AN
EXCEPTION TO RULE 104 C I, MCKINLEY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 27, 1967,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of October, 1967, 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, Tenneco Oil Company, seeks an
exception to Rule 104 C I of the Commission Rules and Regulations
to permit the drilling of more than one well per 40-acre tract,
said wells being located closer than 660 feet to each other
and each 40-acre tract subject to a single 40-acre allowable.

(3) That the applicant requests the above-described
exception apply to both the South Hospah Upper Sand Oil Pool
and the South Hospah Lower Sand Oil Pool and be applicable to
Tenneco's leases comprising all of Section 12, Township 17 North,
Range 9 West, NMPM, McKinley County, New Mexico.

(4) That in order to allow Walker Brothers Oil Company and
Tesoro Petroleum Corporation, operators in the subject pools, the

opportunity to produce their just and equitable share of the oil in the aforesaid pools without damage to the reservoir through excessive water coning, Walker Brothers Oil Company and Tesoro Petroleum Corporation were authorized by Order No. R-3270 to develop the S/2 of Section 6, the N/2 and SW/4 of Section 7, both in Township 17 North, Range 8 West, and the SE/4 of Section 1, Township 17 North, Range 9 West, NMPM, South Hospah Lower Sand Oil Pool and South Hospah Upper Sand Oil Pool, McKinley County, New Mexico, to a density of more than one well per 40-acre tract.

(5) That in order to prevent waste and protect correlative rights, the applicant, Tenneco Oil Company, an operator in the subject pools, should be allowed the opportunity to develop its leases in the subject pools to the same density as the Walker Brothers Oil Company's and Tesoro Petroleum Corporation's leases.

(6) That the applicant also seeks permission to institute a waterflood project by the injection of water into the Upper Sand of the South Hospah Upper Sand Oil Pool on its Hospah and Hospah "A" Leases through five wells located in Units A, B, F, G, and H of Section 12, Township 17 North, Range 9 West, NMPM, McKinley County, New Mexico.

(7) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(8) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(9) That the subject waterflood project should be approved, and that the waterflood project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby authorized to develop its Hospah and Hospah "A" Leases comprising all of Section 12, Township 17 North, Range 9 West, NMPM, South Hospah Upper Sand Oil Pool and South Hospah Lower Sand Oil Pool, McKinley County, New Mexico, to a density of more than one well per 40-acre tract;

PROVIDED HOWEVER, that no well shall be drilled nearer than 330 feet to the outer boundary of said tract and no nearer than

CASE No. 3660
Order No. R-3325

200 feet to another well drilling to or capable of producing from the same pool;

PROVIDED FURTHER, that a 40-acre proration unit in the South Hospah Upper Sand Oil Pool or the South Hospah Lower Sand Oil Pool shall be subject to a 40-acre unit allowable for wells in the South Hospah Upper Sand Oil Pool or South Hospah Lower Sand Oil Pool, whichever is applicable, regardless of the number of wells on the unit.

(2) That the applicant is hereby authorized to institute a waterflood project in the South Hospah Upper Sand Oil Pool on its Hospah and Hospah "A" Leases by the injection of water into the Upper Sand through the following-described wells in Section 12, Township 17 North, Range 9 West, NMPM, McKinley County, New Mexico:

OPERATOR	LEASE	WELL NO.	LOCATION
Tenneco	Hospah	To be drilled	SW/4 NE/4 NE/4
Tenneco	Hospah	5	SW/4 NW/4 NE/4
Tenneco	Hospah	To be drilled	SW/4 SE/4 NW/4
Tenneco	Hospah	To be drilled	SW/4 SW/4 NE/4
Tenneco	Hospah	To be drilled	SW/4 SE/4 NE/4

(3) That the subject waterflood project is hereby designated the Tenneco South Upper Hospah Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(4) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(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

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

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