

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

AM. EXP. CO.
HANSON # 24
E-06-17N-8W

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

CASE NO. 6726
Order No. R-6227

APPLICATION OF TESORO PETROLEUM
CORPORATION FOR A WATERFLOOD
PROJECT, MCKINLEY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 14, 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 the applicant, Tesoro Petroleum Corporation, seeks authority to institute a waterflood project on its Hanson Federal and Santa Fe Pacific Railroad Leases, South Hospah-Upper Sand Oil Pool, by the injection of water into the Upper Hospah Sand formation through three injection wells in Units E and M of Section 5 and Unit I of Section 8, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico.
- (3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.
- (4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(6) That the injection wells or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to 1000 psi, but the Division Director should have authority to increase said pressure limitation, should circumstances warrant.

(7) That there are two wells in the vicinity of the proposed waterflood project that may require remedial work prior to commencement of injection operations, those wells being the Tesoro SFPRR "B" Well No. 32 located in Unit P of Section 5 and the Burr and Cooley Coleman Well No. 2 located in Unit C of Section 8, both in Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico.

(8) That subject to the above conditions, the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tesoro Petroleum Corporation, is hereby authorized to institute a waterflood project on its Hanson Federal and Santa Fe Pacific Railroad Leases, South Hospah-Upper Sand Oil Pool, by the injection of water into the Upper Hospah Sand formation through the following-described wells in Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico:

<u>Lease</u>	<u>Well No.</u>	<u>Unit Letter</u>	<u>Section</u>
Santa Fe Pacific Railroad	35	E	5
Santa Fe Pacific Railroad	38	M	5
Hanson Federal	8 24	I	6

(2) That injection into each of said wells shall be through tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; that the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) That the injection wells herein authorized or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 1000 psi, provided however, that the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such pressure will not result in fracturing of the confining strata.

(4) That the operator shall immediately notify the supervisor of the Division's Aztec district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) That the subject waterflood project is hereby designated the Tesoro Santa Fe Hanson Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Division Rules and Regulations.

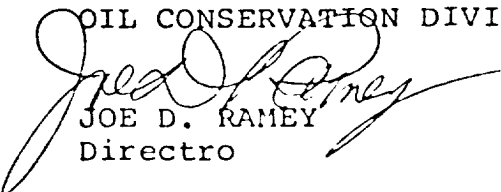
(6) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 704 and 1120 of the Division Rules and Regulations.

(7) That prior to commencement of water injection into the herein authorized wells, applicant shall consult with the supervisor of the Aztec District Office of the Division, and shall take such remedial action as the District Supervisor shall require on the Tesoro Santa Fe Pacific Railroad "B" Well No. 32 located in Unit P of Section 5 and the Burr and Cooley Coleman Well No. 2 located in Unit C of Section 8, both in Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico.

(8) 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/