

*Entered May 5, 1970
A.L.P.*

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. 4340
Order No. R-3955

APPLICATION OF TESORO PETROLEUM CORPORATION
FOR THREE WATERFLOOD PROJECTS AND UNORTHODOX
INJECTION WELL LOCATIONS, MCKINLEY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 29, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of May, 1970, 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, Tesoro Petroleum Corporation, seeks
permission to institute three waterflood projects in the South
Hospah Upper Sand Oil Pool by the injection of water into the
Hospah Upper Sand through nine injection wells to be drilled at
unorthodox locations in Sections 6 and 7, Township 17 North,
Range 8 West, and in Section 1, Township 17 North, Range 9 West,
NMPM, McKinley County, New Mexico.

(3) That the applicant further seeks the establishment of
an administrative procedure whereby the Secretary-Director of
the Commission may authorize additional injection wells and
producing wells at orthodox and unorthodox locations within said
waterflood project areas as may be necessary to complete efficient
injection and production patterns.

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

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

(6) That the subject application should be approved and the projects should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations; provided, however, that the showing of well response as required by Rule 701 E-5 should not be necessary before obtaining administrative approval for the conversion of additional wells to water injection, and provided further that said injection and producing wells would be drilled no closer than 5 feet to the outer boundary of the waterflood project areas nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tesoro Petroleum Corporation, is hereby authorized to institute the three following waterflood projects in the South Hospah Upper Sand Oil Pool by the injection of water into the Hospah Upper Sand through the following-described nine wells in McKinley County, New Mexico:

Tesoro South Hospah Upper Hanson Waterflood Project

Injection Wells:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM

Hanson Well No. 19 to be drilled 1335 feet from the South line and 1325 feet from the West line of Section 6;

Hanson Well No. 21 to be drilled 1335 feet from the South line and 2635 feet from the West line of Section 6;

Hanson Well No. 18 to be drilled 5 feet from the South line and 20 feet from the West line of Section 6; and

Hanson Well No. 20 to be drilled 5 feet from the South line and 2635 feet from the West line of Section 6.

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Tesoro South Hospah Upper Santa Fe Waterflood Project

Injection Wells:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM

Santa Fe Well No. 22 to be drilled 1200 feet from the North line and 651 feet from the West line of Section 7;

Santa Fe Well No. 23 to be drilled 5 feet from the North line and 1330 feet from the West line of Section 7;

Santa Fe Well No. 24 to be drilled 1335 feet from the North line and 1325 feet from the West line of Section 7; and

Santa Fe Well No. 25 to be drilled 1220 feet from the North line and 2600 feet from the West line of Section 7.

Tesoro South Hospah Upper Santa Fe "A" Waterflood Project

Injection Well:

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM

Santa Fe "A" Well No. 83 to be drilled 1335 feet from the South line and 5 feet from the East line of Section 1.

(2) That the subject waterflood projects shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional injection wells and producing wells at orthodox and unorthodox locations within said project areas as may be necessary to complete efficient injection and production patterns; provided said wells are drilled no closer than 5 feet to the outer boundary of said waterflood project areas nor closer than 5 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations and accompanied by evidence that the operator of any productive lease offsetting the proposed location has assented

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thereto. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection.

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

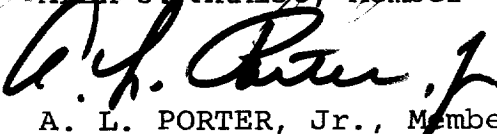
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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

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