

CASE NO. 5355: Appli. of TESORO  
PET. CORP. for pool contraction  
and expansion, McKinley County

Cont to Nov. 12

CASE No.

5355

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 13, 1974

EXAMINER HEARING

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IN THE MATTER OF: )  
 )

Application of Tesoro Petroleum )  
Corporation for pool contraction )  
and expansion, McKinley County, )  
New Mexico. )  
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CASE 5355

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	William F. Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For the Applicant:	Tom Kellahin, Esq. KELLAHIN & FOX 500 Don Gaspar Santa Fe, New Mexico
For Burr & Cooley:	William J. Cooley, Esq. BURR & COOLEY Farmington, New Mexico

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I N D E X

GEORGE READY

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MR. STAMETS: We will call the next Case, 5355.

MR. CARR: Case 5355, continued from the October 30th, 1974, Examiner Hearing. Application of Tesoro Petroleum Corporation for pool contraction and expansion, McKinley County, New Mexico.

MR. STAMETS: Call for appearances in this Case.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant, Tesoro Petroleum Corporation and I have one witness to be sworn.

MR. COOLEY: William J. Cooley of Burr and Cooley, appearing on behalf of the owners of the oil and gas leasehold interest in the east half of the northwest quarter of Section 8 which is the subject of this Application.

MR. STAMETS: Any other appearances? If all of the prospective witnesses will please stand and be sworn?

MR. COOLEY: We have two witnesses.

(Whereupon, the witnesses were duly sworn.)

MR. COOLEY: I have two or three preliminary motions I would like to make.

MR. STAMETS: You may.

MR. COOLEY: First, I would submit to the Examiner and the Commission legal staff that the previous establishment

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of the Lone Pine-Dakota "D" Field, and the nomenclature orders that subsequently were entered by the Commission, including the acreage that is presently encompassing that field are in essence final orders of the Commission, and that those orders are in effect res judicata in that they, when the matters came up before the Commission, the question as to whether these lands were or were not in the Lone Pine-Dakota "D" Field, were adjudicated by the Commission, and as adjudications became final that Tesoro was a party to those proceedings, and inasmuch as they owned acreage in the Field at the time those orders were entered, and were aware of the entrance of those orders, a corollary of the legal theory of res judicata is called collateral estoppel, which in essence simply states, goes to the fact that any subsequent proceeding trying the same issue that has already come before the Commission, i.e., in this case, whether the east half of the northwest quarter of 8 is or is not known as Lone Pine-Dakota "D" Field, was determined by Commission Order No. R-4260, entered by the Commission February 22nd, 1972. That Order became final pursuant to Statute and undefeatable, there was no contest on it. In essence this proceeding is a subsequent collateral attack on that Order, which is prohibited by the theory of collateral estoppel.

These are rather complicated and detailed research is necessary to make rulings on this and I do not call upon the Examiner and the legal staff to rule at this time, but I do want to preserve the point, because either of these points can be waived, if an objection is not timely made.

The second motion I would make is that this Case should be dismissed by reason of the fact that Tesoro has no standing to move any type of Commission action with respect to the east half of the northwest of Section 8 by reason of the fact that they own no interest whatsoever in that acreage. This is another legal point that can be waived and we want to preserve our objection.

Now, with respect to the position of the owners of the east half of the northwest of 8, they in good faith acted in reliance upon Commission Order 4260 which placed that acreage in the Lone Pine-Dakota "D" Field, and without objection on any party we drilled a well on that acreage, and we feel that this amounts to action and reliance on the Commission's Order, that it is not now timely for anyone to come forth and object to what is already a fact of complete.

I have no further motions at this time.

MR. STAMETS: Mr. Kellahin, would you wish to

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respond to either of these motions?

MR. KELLAHIN: Yes, if the Examiner please, I think both motions are responsive motions to be consolidated in a brief statement to the effect that the Applicant, Tesoro Petroleum Corporation is never precluded by the Rules of this Commission or any other rules, either by court or Statute in coming before the Commission to show that they were suffering either waste or the impairment of their correlative rights by the interest of an offsetting operator, and that is the situation in this Case. Tesoro is alleging that they are in an unfair position with regards to the Burr and Cooley well completed in Section 8 and designated as Well No. 2, the Coleman Well No. 2. The fact that the previous Order set up an outline of the pool limits does not preclude this Commission from at a later time coming in, based upon new and additional evidence, and re-delineating or re-determining the boundaries for any pool, including this one.

MR. STAMETS: Mr. Cooley suggested -- I don't believe I will take any action on either of these motions at the present time and will go ahead and hear the case. I would like to point out that the Commission very often hears cases concerning the contraction of existing pools, the

addition of existing pools, the division of existing pools into two pools, based on new evidence or re-interpretation of existing evidence.

Mr. Kellahin, you may proceed.

(Whereupon, a discussion was held off the record.)

GEORGE READY

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are employed and in what capacity?

A My name is George Ready, and I'm employed by Tesoro Petroleum as a geologist.

Q Mr. Ready, have you previously testified before this Commission?

A No, I have not.

Q When and where did you obtain your degree in geology?

A At the University of New Mexico in 1961.

Q Since 1961 have you actively pursued a career in geology?

A Yes, I have.

Q Have you made a study of and are you familiar with the facts surrounding this application by Tesoro?

A Yes, I have.

Q Did that study include the study of the Lone Pine-Dakota Oil Pool and the South Hospah Pool in McKinley County, New Mexico?

A Yes, it has.

MR. KELLAHIN: If the Examiner please, are the witness' qualifications acceptable?

MR. STAMETS: Mr. Ready, your experience has been as a petroleum geologist?

MR. READY: It has been, yes, sir.

MR. STAMETS: Yes, the witness' qualifications are acceptable.

BY MR. KELLAHIN:

Q Would you please refer to what has been marked as Applicant Exhibit No. 1, identify it and explain briefly what Tesoro is seeking in this application?

A This exhibit is to show the outline of the Lone Pine-Dakota "D" Unit and the 80-acre unit in question in Section 8. That includes the Burr-Cooley Well No. 2 Coleman that was added to the Lone Pine-Dakota "D" Pool

by this Commission's Order R-4260 in February of 1972.

Q Am I correct in stating that the Applicant is seeking the contraction of the Lone Pine-Dakota "D" Pool by elimination of the east half of the northwest quarter of Section 8 and the inclusion of that acreage in the South Hospah Pool?

A Yes, we are.

Q In that connection would you now refer to what has been marked as Exhibit No. 2 and identify it?

A This is a completion map showing the nearby wells and their respective completions. The Lone Pine-Dakota "D" is shown in red, the well in question marked by an arrow, the Hospah-Dakota completion is shown in green dots, and the Upper Hospah and Lower Hospah is shown in yellow and brown, respectively.

Q Now, subsequent to the preparation of this exhibit Tesoro has a new well that offsets the Burr and Cooley No. 2 Well indicated by the red arrow, is that correct?

A That's correct.

Q Would you locate that well, please?

A That well is 330 from the south line and 990 from the west line of Section 5.

Q All right, sir.

MR. STAMETS: Do you want to identify it as the SFB 38?

MR. READY: Yes, sir, that's right.

BY MR. KELLAHIN:

Q Please refer to what has been marked as Exhibit No. 3 and identify it?

A This is a structure map of the eastern portion of the Hospah feature. It is mapped on the Dakota "D" sand, completions of the Dakota "D" are shown in red, those have been assigned to the Dakota "D" Pool. The yellow completions are the Hospah-Dakota completions.

Q For the benefit of the Examiner would you, in the subsequent exhibits to be introduced, would you locate on this plat the wells that will be designated on the cross section A-A'?

A The No. 2 -- I'm sorry I can't give you the name of that well. It's the Tenneco Well No. 2 in Section 7, southeast quarter, it's a gas-injection well shown with that symbol on the east side.

Q Okay.

A The next well is Tesoro's No. 28 in the northeast quarter of Section 7. The third well is No. 2 Acoma, and

the fourth well on that section is our No. 30 Santa Fe in Section 5.

Q Would you locate now for us the wells that will appear on the cross section B-B'?

A Tesoro's No. 23 Hansen in Section 6, southeast quarter, the Burr and Cooley No. 2, and the Burr and Cooley No. 1 Coleman.

Q All right. Now, using this exhibit, Mr. Ready, would you locate for us the oil-water contact as you have indicated it on the far-right margin of the plat; how did you determine that oil-water contact?

A By DST of the sand in our No. 30 Santa Fe Well, in Section 5 that is on the end of the A-A' section, and by the lower occurrence of oil in the Burr and Cooley Well No. 2. Between these we have estimated the oil-water contact.

Q All right, now, sir, will you locate for us the oil-water contact on the left margin of the plat and determine for us how you estimated that oil-water contact?

A Well, again, in our No. 28 Well the DST recovered water so we know we have high-proven water to about 4190 in this graben area between faults A and B, and by production in this area we estimated an oil-water contact to

4218 in this graben area.

Q Now, Mr. Ready, would you refer to what has been designated as fault A on this exhibit and explain to the Examiner how you determined the location of fault A?

A Fault A is the fault that strikes northeasterly and falls just south of the well in question. We have a number of well cuts that establish this fault. In our No. 17 Well to the north of it there is 150-foot fault at 6300. In the 25 Well there is a 95-foot fault at 6284. In the Burr and Cooley Well No. 2 it's indicated as a 60-foot fault, but I would say that's a 50-foot fault cut at 4993.

Q Would you make a correction on your exhibit then to indicate that is a 50 -- you are estimating a 50-foot instead of a 60-foot?

A All right, sir.

Q Are there any other controls that you used for determining Fault Line A?

A There are other faults that are not as well developed; I've shown only those that I feel are conclusive, but in No. 29 there is a 30-foot fault at about 6200 feet which would fit this fault line, but it's not quite as clear cut as these others.

Q All right, sir, would you refer now to what you've

designated as Fault Line B and indicate for us there what your controls are?

A Well, there are a number of cuts in that; the well that's on the end of that line, that No. 2 Well by Tenneco is a 60-foot fault at 4650. The Beard Well has one at 5215, and going to the northeast the No. 22 Well has a 50-foot fault at 4615, and the Burr and Cooley No. 1 Coleman has a 40-foot fault at 4645; and out to the east of that Tenneco-Pilly No. 1 has a 30-foot fault at 4575.

Q Was your basis or part of your basis for preparation of this exhibit determined to any degree by a previous study made by Tenneco?

A Yes, it was.

Q Explain briefly what that study was.

A Well, the results of it were an interpretation very similar to what we have here. They had this fault that we have designated Fault B in about the same position as we have it here, and Fault A was also about in the same position through the control they had at that time. The drilling of our No. 25 Well and this Burr and Cooley Well No. 2 Coleman had established the location of that fault farther to the east and was presently known at that time.

Q The two wells you just alluded to were drilled

subsequent to the information supplied by Tenneco?

A That is true.

Q The Tenneco information indicates Fault Line B, on your plat they designated that as Fault Line C, have they not?

A That is correct.

MR. KELLAHIN: If the Examiner please at this time we would request that the Examiner take administrative notice of the exhibits and testimony contained in the following two cases: One is Tenneco's application in Oil Commission Case 4457 which was a de novo hearing, February 23rd, 1971; that was the creation of the Lone Pine Pool. The exhibits in that case are the ones we are alluding to here. In addition their discussion of this fault line appears in Kennedy's Case, that's Oil Commission Case 4869, dated November 29th, 1972, and I believe that the discussion of the fault line will appear in the transcripts beginning on Page 69. We would request that the Examiner take notice of the previous hearings of those two cases with regards to this fault line.

BY MR. KELLAHIN:

Q Mr. Ready, now would you continue with regards to this exhibit and explain to me what your examination and

exhibits show with regards to the potential productivity of the Burr and Cooley Unit?

A Well, we have been referring to these faults, the one to the north, Fault A, is dipping to the south, it's a normal fault, the throw is decreasing to the northeast, but at the Burr and Cooley Well there is about 50 feet of fault, of throw, which would offset this sand in question, the Dakota "D".

Fault B is a north-dipping normal fault that is also decreasing in throw to the east, having at the location within the unit in question, the 80-acre unit, approximately 40 feet of throw. This is resulting in the formation of this graben area across this area, and it brings the top of this sand to an elevation that would fall below the oil-water contact.

Q In your opinion, what would you estimate to be the productive acreage underlying the Burr and Cooley Coleman Well No. 2?

A Within their acreage I would estimate it to be about 20.

Q Twenty acres?

A Right.

Q According to your exhibit, Mr. Ready, have you

reached an opinion as to what pool the Burr and Cooley Coleman Well No. 2 is in?

A Yes, it is in the Hospah-Dakota Pool.

Q And with regards to the Burr and Cooley, what has been termed the Kennedy Well No. 1, I think it is the BSK Edna here, do you have an opinion as to what pool that well is in?

A It would more in line be with the Lone Pine-Dakota "D" because it occurs, falls south of that fault, Fault B.

Q With regards to Fault Line A, now, Mr. Ready, how sure are you of its location south of this Coleman Well No. 2?

A Well, it would require another fault to place it, to place this well south of it, because we have enough control back here to indicate we have a southeast dipping fault plane, and the cut that occurs in this well, the fault cut that occurs in this well fits that fault line.

Q Would you please refer to what has been marked as Exhibit No. 4 and identify this for us?

A This is a type log of the section we have been talking about showing the Dakota "D" sand, and it is from Tesoro's Well No. 5 that offsets the well in question to the west.

MR. KELLAHIN: It might be easier, Mr. Ready, if we tacked these two cross sections up here so everybody can look at them. Just a minute here, we will put them up.

BY MR. KELLAHIN:

Q All right, sir, would you refer to what has been marked as Exhibit No. 5, your cross section A-A' and show us what information it contains?

A Okay. It is on the south end of the section which is down here in Section 7, the Tenneco Well. The next wells I mention here is No. 28, Tesoro's Santa Fe No. 28 which lies in that graben between the faults. The next one would be the Burr and Cooley Coleman No. 2 and Cessani (sic) No. 30 and the section shows on the side, production in the Lone Pine-Dakota Pool and this Tenneco Well. The situation is a graben where we made a DST at the top of the sand there recovering water and the production in the Burr and Cooley Well, the DST recovered water in testing the well. On the A' end of the section we established our oil-water contact in the pool.

Q What conclusions did you reach from the cross section?

A Well, the strong point here, I think, is the fact we did test water in the graben area and at the well

locations toward the crest of the structure, and with respect to the Burr and Cooley acreage which would mean that it more than likely updips.

Q Please refer to Exhibit No. 6 and identify it?

A It is B-B', being on the northwest end of the section and it is the Tesoro-Hansen No. 20 Well in the Hospah-Dakota. It is presently a depleted oil well, it having gas-oil contact in the well. Again, the Burr and Cooley well has production in the same sand across the graben area and all set off sufficient to show this in the oil-water leg of the pool of the sand across to the Tenneco, I mean to the Lone Pine-Dakota "D" pool on the south side of the section, again, the Burr and Cooley No. 1 Coleman.

Q What conclusion did you draw from this cross section?

A Based upon information that we have from the wells and from the unit in question and the acreage in question, and it would be sufficient to put water in the leg of the sand.

Q Would you please refer to what has been marked as Exhibit No. 7, that's the log of Well No. 38. Please identify what has been marked as Exhibit No. 7?

A It's Tesoro's Santa Fe No. 38 B, drilled and

logged last weekend, and it was drilled as an offset to the Burr and Cooley No. 2 Coleman for completion in the Hospah-Dakota sand.

Q The Santa Fe Well No. 32 is the diagonal offset for the Burr and Cooley Well and both wells are completed in the Dakota formation?

A The No. 32, yes.

Q And the No. 25 Hansen is the direct offset to the Burr and Cooley No. 2 Coleman?

A Yes.

Q What effect has there been upon the Tesoro wells by the No. 2 Coleman?

A Well, Tesoro is suffering drainage as a result of the discrepancies, the differences in the allowables.

Q In your opinion then, Mr. Ready, if Tesoro's application is not granted, then it's your opinion that Tesoro's correlative rights will be impaired by the drainage suffered as a consequence of the higher allowable assigned to Burr and Cooley Coleman Well No. 2?

A Yes.

Q In your opinion, will approval of this application be in the best interests of conservation, prevention of waste, and the protection of correlative rights of others?

A Yes.

Q Were Exhibits 1 through 7 either prepared by you directly or under your direction and supervision?

A Yes.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits 1 through 7.

MR. STAMETS: Is there any objection to the admission of these Exhibits? They will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 through 7 were admitted into evidence.)

MR. KELLAHIN: That concludes our direct examination.

MR. COOLEY: Yes, I have an objection to Exhibit 1.

MR. STAMETS: You have an objection to Exhibit No. 1?

MR. COOLEY: This and any other exhibits that purport to show the pool limits because as drawn this exhibit excludes the northwest quarter of the northwest quarter of Section 8 in the Lone Pine-Dakota "D" Field. At present the northwest of the northwest is in the Lone Pine-Dakota "D" Field as established by Order No. R-4690

which took in the entire west half of the northwest of Section 8. That Order was in Case No. 5125 and was issued by the Commission on December 6, 1973. If the Examiner please, the exhibit is just simply in error.

MR. KELLAHIN: Well, I'm not sure it is, Mr. Cooley, the designation here of the red line would indicate the present limits of the Lone Pine-Dakota Pool and it has encircled your acreage.

MR. COOLEY: is the present limits --

MR. KELLAHIN: (Interrupting) Yes, on the red line.

MR. COOLEY: Refer to your black line here right now.

MR. KELLAHIN: This is the unit; this is the pool.

MR. COOLEY: The problem is that the unit does not conform to the pool.

MR. KELLAHIN: I understand that.

MR. COOLEY: But the pool was what we are talking about here, not the unit; it encompasses the entire northwest quarter of Section 8.

MR. KELLAHIN: I have no argument with that. Subject to that correction or interpretation by Mr. Cooley we tender the exhibit.

MR. STAMETS: Noting Mr. Cooley's comments the exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Ready, how much acreage is currently assigned to the Burr and Cooley C. C. Kennedy Well; what does that acreage consist of, what's the description of it?

MR. COOLEY: The well is plugged and abandoned.

MR. STAMETS: It is? So there is no assignment there.

BY MR. STAMETS:

Q One thing I was not clear on, the Burr and Cooley Coleman Well is currently being prorated under the Lone Pine-Dakota "D" Pool Rules with 80-acre spacing proration units. Your wells, No. 25 and the new well, No. 38, being prorated on 40-acre units?

A That's correct.

Q Essentially your allowable then is half of what the allowable is on the Burr and Cooley well?

A That's right.

MR. STAMETS: Are there other questions of this witness? Mr. Cooley?

CROSS EXAMINATION

BY MR. COOLEY:

Q On the question just asked by the Examiner, here Tesoro No. 22 Well in the southwest of the northwest, is presently being prorated under the Lone Pine-Dakota "D" Field Rules, is that correct?

A Yes, it is.

Q And it is receiving a 40-acre allowable, is that correct?

A No, 80-acre allowables.

Q You're getting an 80-acre allowable in the Lone Pine-Dakota "D" Field for the 22 well, is that correct?

MR. ARNOLD: I could shed a little light on that question, I think.

MR. STAMETS: Mr. Arnold, if you would please?

MR. ARNOLD: It was originally receiving an 80-acre allowable in the Lone Pine Field, but that situation has now been corrected; it's receiving a 40-acre allowable. Actually it's not capable of making a 40-acre allowable.

BY MR. COOLEY:

Q Your No. 25 well in the northwest, northwest of Section 8 is receiving a 40-acre allowable, is that correct?

A Right, in the Hospah-Dakota Field.

Q All right.

MR. COOLEY: Can you shed some light on this, please, Mr. Arnold? Is it true that that is an error, that --

MR. ARNOLD: (Interrupting) It is presently an error under the Rules and Regulations as they exist today, that the No. 25 Well is being prorated in the Hospah-Dakota Field. I think that correction has also been made at the moment. You are correct to begin with. The operator filed that well as being in the Hospah-Dakota Pool, and the Commission in error actually granted an allowable in the Hospah-Dakota Pool even though the Pool Rules at that time showed that the well should be in the Lone Pine-Dakota "D" Pool. However, that error has now been corrected, I believe, and both of these wells are being assigned an allowable, a 40-acre allowable, in the Lone Pine-Dakota "D" Field.

MR. COOLEY: Excuse me, let me ask Mr. Arnold. You mean Well No. 25?

MR. ARNOLD: No. 22 in the Lone Pine.

MR. COOLEY: It is in the Lone Pine?

MR. ARNOLD: Right. We made that correction when we discovered that we were actually prorating that

well in the wrong pool.

BY MR. COOLEY:

Q So at the present, Mr. Ready, the west half of the northwest quarter of Section 8 is receiving an 80-acre allowable in the Lone Pine-Dakota "D" Field, is that correct? Combined, taking the two wells together, you are getting an 80-acre allowable for the west half of the northwest quarter of 8?

A It is my understanding that 25 is Hospah-Dakota.

Q Do you contradict Mr. Arnold, and the records of the Commission speak for themselves, but both wells are presently being prorated in the Lone Pine-Dakota "D" Field?

A Well, if that is Commission records, that's Commission records.

Q Assuming that to be the case, the two wells were taken together and are receiving an 80-acre allowable, right?

A Right.

Q Or 160 barrels as it is today, is that correct?

A It's 160, yes.

Q All right. The east half of the northwest quarter of 8 is also receiving an 80-acre allowable, is that correct,

in the Lone Pine-Dakota "D" Field?

A Yes.

Q So there is no discrepancy in allowables whatsoever, is there, between the east half and the west half of the northwest quarter of 8? They are each receiving the same amount of allowable?

A If you take the blocks, yes, that is true.

Q Then there isn't any discrepancy; one half is not receiving a greater allowable than the other half?

A No.

Q Now there is no question at all in this Case of any waste being involved is there; it's a question of correlative rights is really why you are here, isn't it? Whether your correlative rights are or are not being violated is the sole issue in this case , is it not, Mr. Ready?

A It is my understanding, again, that there is a question of reservoir damage with this greater allowable.

Q Have you testified to this?

A No, I have not.

Q And, you are not a reservoir engineer?

A I am not.

Q Have you made any comparative pressure data studies

with respect to the wells that you have depicted on your various exhibits?

A Yes, we have.

Q How did you find those pressures and correlate?

A Well, we didn't find any definite correlation across these three fault segments, there was no pattern.

Q Well, was there a pressure differential across your fault lines?

A Nothing significant.

Q Have you not testified as to whether the faults you depicted are ceiling faults?

A No, I have not.

Q Do you have an opinion as to whether there is pressure communication across these faults?

A I don't know.

Q Are you aware of what the initial pressure was in the Lone Pine-Dakota "D" Field?

A No, sir, not offhand.

Q Tesoro has made no application for a higher allowable to be allocated to its No. 25 Well than it is presently receiving, has it?

A Not to my --

Q (Interrupting) Do you understand my question?

A Yes, sir, I understand it.

Q You are aware that there are avenues available to operators in New Mexico under Commission Rules and Regulations to receive higher allowables than are specified on proration orders?

A No, sir, I don't believe so; I don't know whether they have or not.

Q Now, even if it be assumed that the Burr and Cooley No. 2 Well, the Tesoro No. 25 Well, and the Tesoro No. 38 Well were in the same pool, just those three wells in one pool, Tesoro would have two straws in the soda, so to speak, and Burr and Cooley one, is that correct?

A Yes, sir, it would seem so.

Q Don't you feel that the existence and the location of your new well, 38, as well as the existence of your old well, the 25, effectively prevent drainage across lease lines, if it is not compensated for by counter-drainage?

A They won't effectively prevent the drainage that may have occurred already, because we had the two wells here, and I really couldn't say whether the two wells will effectively prevent the drainage in the future.

Q Theoretically the drilling of the 38, that is why you drilled it, is it not, to prevent --

A (Interrupting) And, it was a regular location.

Q And, you are free to drill that well at any time, are you not?

A Yes, sir.

Q The fact that you didn't drill until this week was nobody's fault but Tesoro's?

A Right.

Q You testified from your Exhibit 3 as to how many productive acres you felt that Burr and Cooley had in the east half of the northwest quarter?

A Yes.

Q In what you delineated as the Hospah-Dakota. How many productive acres does Tesoro have in the Hospah-Dakota as depicted by your exhibit? In what you delineated -- well, we will say north of Fault A, right?

A North of Fault A, to the next fault you mean?

Q In the northwest of the northwest of Section 8?

A Thirty, thirty-two acres, perhaps.

Q More productive acres you feel, does that appear to be from looking at it?

A Yes.

Q Going then to the southeast of the southwest quarter of Section 5, if I understand your exhibit, not all

of that 40-acre tract is productive of oil in the Dakota,  
is it?

A No, it would not be.

Q Approximately half of it?

A No. 30 would limit the productive area in there.

Q Would you say approximately half?

A Of the southeast of the southwest, I get a little  
more than half. Fifty-five percent of that quarter section,  
of that 40-acre tract.

(Whereupon, a discussion was held  
off the record.)

MR. STAMETS: You may proceed, Mr. Cooley.

BY MR. COOLEY:

Q Fault A, if it does extend on to the southwest,  
does it not, through the Lone Pine-Dakota "D" Field?

A No, sir, it extends -- oh, yes, I take that  
back.

Q What you have depicted is just the eastern edge,  
the northeastern edge of the Lone Pine-Dakota "D" Field on  
your exhibit?

A On three?

Q Exhibits 2 and 3, and on Exhibit 3 you have  
depicted it as Fault A, is that correct?

A That's right.

Q It does traverse off the left-hand side of your exhibit, back down across the Lone Pine-Dakota "D" Field proper, does it not?

A Across the Hospah feature, I believe it marks the north.

Q The question I want to ask you is: Are there any wells presently in and producing from the Lone Pine-Dakota "D" Field that are north of Fault A?

A No.

Q There are not?

A Well, I don't know of them. Perhaps across the structure, across the crest of it, I don't know.

MR. STAMETS: Mr. Cooley, I would like a little bit of clarification. What you asked essentially was: Are there any other wells besides the two wells here in question, Burr and Cooley No. 2 and Tesoro No. 25 Well?

MR. COOLEY: Three wells in question, Mr. Examiner, just recently completed was No. 38.

MR. STAMETS: I'm talking about wells that are classified as Lone Pine-Dakota "D" which may or may not be in the Hospah-Dakota, that's the question, are there any other wells?

BY MR. COOLEY:

Q Are there any wells north of Fault A besides 25, Tesoro 25 and the Burr and Cooley No. 2 that are classified as Lone Pine-Dakota "D" Wells, that are north of the fault?

A I know of none.

Q Well, how does it traverse down across to the southwest?

A More or less it maintains the same strike.

Q It keeps the same strike?

(Whereupon, a discussion was held off the record.)

MR. STAMETS: Now, back on the record.

BY MR. COOLEY:

Q The intensity or the throw of both Fault A and B, I believe you testified as decreasing as it proceeds from southwest to northeast, is that correct?

A That is correct, it is evident.

Q As the intensity or the throw of a fault decreases, the effectiveness, any sealing effect that it might have, decreases proportionately, doesn't it?

A I would say in most cases --

Q (Interrupting) When it is phased out it has no sealing effect?

A Well, I wouldn't say that is the case in every situation. The fault plane itself may form a sealing in some instances. I would grant that it probably would lose its sealing effect in this situation.

MR. COOLEY: I have no further questions. Thank you.

MR. KELLAHIN: No questions.

MR. STAMETS: One thing I would like to clarify, Mr. Cooley is referring to the northwest quarter of Section 8 and Tesoro having two straws in it and Burr and Cooley only having one. As depicted on your Exhibit No. 3 with the faults running through there, and assuming those are sealing faults, Tesoro's straws would be in two different pools, would that not be correct?

MR. READY: The number 22 and 25?

MR. STAMETS: Yes.

MR. READY: Yes.

MR. STAMETS: Would Tesoro amend its application at this hearing to also include the northwest quarter of the northwest quarter of Section 8?

MR. COOLEY: I object, I don't believe it is possible to do so because of the advertisement in this case.

MR. KELLAHIN: I believe Mr. Cooley is right,

Mr. Examiner, we are precluded from doing it.

MR. COOLEY: If you have any question about it, I have the advertisement on it. I anticipated that this might be brought up.

MR. STAMETS: Okay. In that case let me ask if Tesoro is considering the filing of an application to remove the northwest quarter of the northwest quarter of this Section 8 from the Lone Pine-Dakota Pool?

(Whereupon, a discussion was held off the record.)

MR. KELLAHIN: If the Examiner please, it is Tesoro's position that the separation between the south Hospah and the Lone Pine Pools is designated by Fault Line A, and, therefore, they would prefer that all wells north of Fault Line A, including their own wells, be designated in the South Hospah. I know that is beyond the subject of the application here, but we would take appropriate actions to accomplish that in the future.

MR. COOLEY: At this time, Mr. Examiner, I would like to make a motion that the application be dismissed by reason of the fact that the relief sought cannot be granted by reason of the fact that the applicant made a mistake as to present designation of the northwest, north-

west of 8, and it would certainly be anomalous for them to be able to kick our well out of the Lone Pine-Dakota "D" Field, and their own well remain there, and that's all the Examiner can consider at this particular time, what Tesoro might apply for at a later date.

(Whereupon, a discussion was held  
off the record.)

MR. KELLAHIN: The Applicant has no objection  
to the motion.

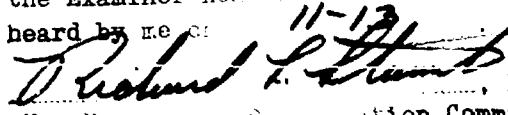
MR. STAMETS: In that event, Case No. 5355 will  
be dismissed.

STATE OF NEW MEXICO )  
 )  
 COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify  
 that the foregoing and attached transcript of Hearing  
 before the New Mexico Oil Conservation Commission was  
 reported by me, and the same is a true and correct record  
 of the said proceedings, to best of my knowledge, skill  
 and ability.

  
 Richard L. Nye, Court Reporter

I do hereby certify that the foregoing is  
 a complete record of the hearing in  
 the Examiner hearing No. 5355  
 heard by me on 11-13-74.

  
 Richard L. Nye, Examiner  
 New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
 STATE-WIDE DEPOSITION NOTARIES  
 225 JOHNSON STREET  
 SANTA FE, NEW MEXICO 87501  
 TEL. (505) 982-0386

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 30, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Tesoro Petroleum  
Corporation for pool contraction  
and expansion, McKinley County,  
New Mexico.

CASE 5355

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 962-0386

MR. NUTTER: We will call Case No. 5355.

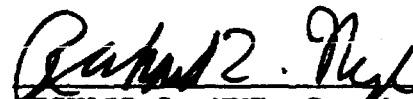
MR. CARR: Case 5355, application of Tesoro  
Petroleum Corporation for pool contraction and expansion,  
McKinley County, New Mexico.

Mr. Examiner, we have received a request that this Case  
be continued to the November 13 Examiner Hearing.

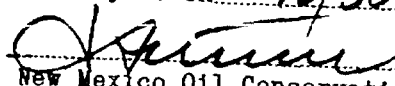
MR. NUTTER: Case 5355 will be continued to the  
Examiner Hearing scheduled to be held at this same place at  
9 o'clock A.M., November 13, 1974.

STATE OF NEW MEXICO )  
                                  ) SS.  
COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5355, heard by me on 10/30, 1974.

  
Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMUJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

November 19, 1974

Mr. Tom Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5355  
ORDER NO. R-4917  
Applicant:  
Tesoro Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC         
Aztec OCC X

Other Mr. Jack Cooley

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. 5355  
Order No. R-4917

APPLICATION OF TESORO PETROLEUM  
CORPORATION FOR POOL CONTRACTION  
AND EXPANSION, MCKINLEY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 13,  
1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of November, 1974, the Commission,  
a quorum being present, having considered the record and the  
recommendations of the Examiner, and being fully advised in  
the premises,

FINDS:

That the protestant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:


That Case No. 5355 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

  
S E A L

dr/

Exhibits for Lone-Pine Dakota "D" Hearing  
before NMOCC scheduled for November 13, 1974

1. Outline of Lone Pine Dakota "D" Pool
2. Completion Map, Hospah Area
3. Structure of Dakota "D" Sand
4. Type Log - Hanson No. 25
5. Cross Section A-A'
6. Cross Section B-B'

0557107

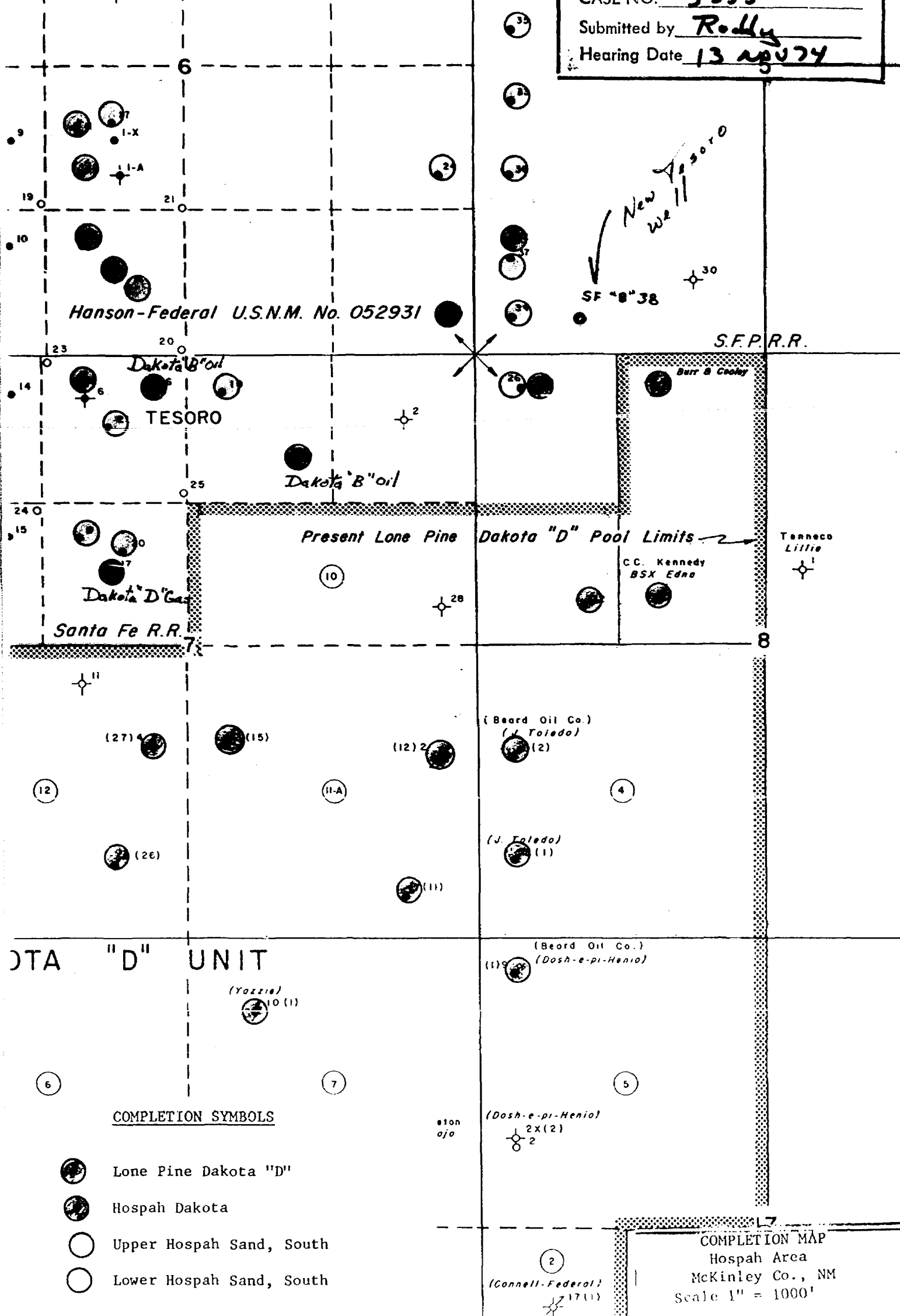
BEFORE EXAMINER STATES  
OIL CONSERVATION COMMISSION.

Tesote EXHIBIT NO. 2

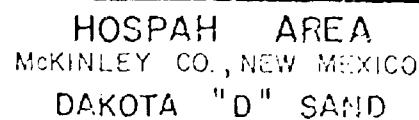
CASE NO. 5355

Submitted by R. L. H.

Hearing Date 13 Apr 74



\* Hearing Date 13 Nov 74



DAKOTA "A"

DAKOTA "B"

DAKOTA "D"

2600

2700

BEFORE EXAMINED STATEMENTS  
OIL CONSERVATION COMMISSION  
TESORO EX. NO. 4  
CASE NO. 5355  
Submitted by Reddy  
Hearing Date 13 Nov 54

Pf. 2673-78' & 2683-93'  
OIL

Type Log  
Hospah Dakota  
Mckinley Co., New Mexico

IND FR

SPONTANEOUS-POTENTIAL

—  $\frac{10}{MV}$  + MILLIVOLTS

DEPTH

6 FF40  
INDUCTION

CONDUCTIVITY

MILLIMHOS/M =  $\frac{1000}{OHMS \cdot F}$

400

200

500

COMPANY TESORO PETROLEUM CORPORATION

WELL HANSON NO. 25

FIELD HOSPAH

COUNTY MCKINLEY

STATE NEW MEXICO

SCHL. FR 2743

SCHL. TD 2744

DRLR TD 2750

Elev:

KB 6929

DF 6918

GI 6918

Dockets Nos. 32-74 and 1-75 are tentatively set for hearing on November 26, 1974, and January 8, 1975. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 13, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for December, 1974;
  - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for December, 1974.

CASE 5081: (Reopened)

In the matter of Case 5081 being reopened pursuant to the provisions of Order No. R-4657, which order established temporary special rules and regulations for the North Shoe Bar-Wolfcamp Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing and proration units.

CASE 5082: (Reopened)

In the matter of Case No. 5082 being reopened pursuant to the provisions of Order No. R-4658, which order established temporary special pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing and proration units.

CASE 5367: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Hornbaker BA Well No. 1, located in Unit G of Section 25, Township 18 South, Range 25 East, Penasco Draw Yeso-San Andres Pool, Eddy County, New Mexico, to dispose of produced salt water into the Yeso and San Andres formations through the perforated intervals from 1400 to 2480 feet. Applicant further seeks an administrative procedure for approval of additional salt water disposal into the Yeso and San Andres formations in the subject pool without notice and hearing.

- CASE 5362: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell Lake-Morrow Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 5363: Application of Union Oil Company of California for a non-standard oil proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Lovington-Devonian Pool Rules, the formation of a non-standard proration unit comprising the NE/4 SW/4 and NW/4 SE/4 of Section 12, Township 17 South, Range 36 East, Lea County, New Mexico, to be dedicated to applicant's Midway State Unit Well No. 5, proposed to be drilled at an unorthodox location 2310 feet from the South line and 2310 feet from the West line of said Section 12.
- CASE 5364: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying Lots 1,2,7,8,9,10,15, and 16 of Section 4, Township 21 South, Range 26 East, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to applicant's Western Reserves Federal Well No. 2, to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.
- CASE 5365: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations down to and including the Devonian formation underlying the E/2 of Section 34, Township 16 South, Range 37 East, Lea County, New Mexico, or such part thereof as may constitute an approved proration unit for the type of well completed, to be dedicated to a well to be drilled at an unorthodox location for said 320-acre unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5366: Application of Robert N. Enfield for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cottonwood Draw Unit Area comprising 3,813.48 acres, more or less, of Federal and fee lands in Township 25 South, Range 27 East, Eddy County, New Mexico.

(c) EXTEND the Burton Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

SECTION 11: E/2

SECTION 14: All

SECTIONS 22 and 23: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

SECTION 12: N/2

(d) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

SECTION 13: S/2

SECTION 24: All

SECTION 25: N/2

SECTION 34: W/2

SECTION 36: E/2

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

SECTION 19: N/2

SECTION 29: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

SECTION 1: E/2

SECTION 3: N/2

SECTIONS 13 and 14: All

SECTION 21: E/2

SECTION 22: S/2

SECTIONS 23 and 24: All

SECTIONS 26 and 27: All

SECTION 35: All

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

SECTION 3: W/2

SECTIONS 4 and 5: All

SECTION 8: W/2

SECTION 17: All

SECTION 19: N/2

SECTION 20: N/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

SECTION 2: All

SECTION 3: E/2

SECTION 10: E/2

(e) EXTEND the Crosby-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

SECTION 33: S/2

CASE 5352: (Continued from the October 30th, 1974, Examiner Hearing)

Application of David Fasken for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 2, Township 18 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South line and 1650 feet from the East line of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 5355: (Continued from the October 30th, 1974, Examiner Hearing)

Application of Tesoro Petroleum Corporation for pool contraction and expansion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Lone Pine-Dakota "D" Oil Pool by the deletion of the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, McKinley County, New Mexico, and the expansion of the Hospah-Dakota Oil Pool by the addition of such lands.

CASE 5361: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation of a new pool in Lea County, New Mexico, and the extension of certain existing pools in Chaves, Lea, and Roosevelt Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such creations and extensions should not be made.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Seven Rivers production and designated as the Leaco-Seven Rivers Pool. Further to assign approximately 18,920 barrels of oil discovery allowable to the discovery well, the Viersen and Cochran Laney Well No. 4, located in Unit O of Section 30, Township 18 South, Range 39 East, NMPM. Said well was completed September 9, 1974. The top of the perforations is at 3784 feet. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM  
SECTION 30: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for McKee production and designated as the Crosby-McKee Gas Pool. The discovery well is Union Texas Petroleum Corporation, Crosby Deep Well No. 3 located in Unit J of Section 33, Township 25 South, Range 37 East, NMPM. Said pool described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
SECTION 33: All

(f) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM  
SECTION 16: W/2  
SECTION 21: NW/4

(g) EXTEND the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 23: SE/4

(h) EXTEND the Northwest Todd-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM  
SECTION 16: NW/4  
SECTION 17: N/2

(i) EXTEND the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM  
SECTION 16: NE/4

CASE 5354: Application of Mark Production Company for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the S/2 of Section 9, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 9. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as the operator of the well and a charge for risk involved in drilling said well.

CASE 5355: Application of Tesoro Petroleum Corporation for pool contraction and expansion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Lone Pine-Dakota "D" Oil Pool by the deletion of the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, McKinley County, New Mexico, and the expansion of the Hospah-Dakota Oil Pool by the addition of such lands.

CASE 5356: Application of Anadarko Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Artesia State Unit Area comprising 440 acres, more or less, of State lands in Township 18 South, Range 27 East, Eddy County, New Mexico.

CASE 5357: Application of Anadarko Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Artesia State Unit, Artesia Pool, by the injection of water into the Grayburg and San Andres formations at the following six unorthodox locations in Township 18 South, Range 27 East, Eddy County, New Mexico: Section 13, 1330 feet from the South line and 1310 feet from the West line, and 10 feet from the South and West lines; Section 14, 2630 feet from the South line and 10 feet from the East line and 1310 feet from the South and East lines; Section 23, 1310 feet from the North and East lines and 10 feet from the North line and 2630 feet from the East line. Further to drill two producing wells at unorthodox locations 10 feet from the North line and 1310 feet from the East line of Section 23 and 1330 feet from the South line and 10 feet from the East line of Section 14. Applicant further seeks an administrative procedure whereby the project may be expanded by the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.

CASE 5358: Application of Continental Oil Company for simultaneous dedication and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of a standard 640-acre gas proration unit comprising all of Section 26, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to four wells, being the Lynn B-1 Well No. 1, in Unit J and Lynn B-1 Wells Nos. 3, 4, and 16, at unorthodox locations in Units C, M, and A, respectively, of said Section 26.

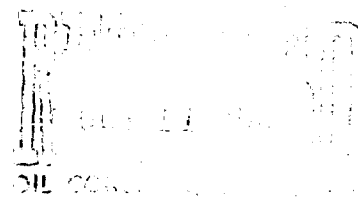
CASE 5359: Application of Continental Oil Company for simultaneous dedication and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a 320-acre non-standard gas proration unit comprising the N/2 of Section 1, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its Vaughn B-1 Wells Nos. 1 and 6, located at unorthodox locations in Units H and E, respectively, of said Section 1.

CASE 5360: Application of Continental Oil Company for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the two following non-standard gas proration units in the irregular Section 4, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico:

A 480-acre unit comprising all of Lots 1, 2 and 3, 6 through 11, and 14, 15, and 16 of said Section 4 to be dedicated to the Meyer B-4 Well No. 14, located in Unit G;

A 240-acre unit comprising the SE/4 and E/2 SW/4 of said Section 4 to be dedicated to the Meyer B-4 Well No. 4, located in Unit S.

**BURR & COOLEY**  
ATTORNEYS AND COUNSELORS AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO  
87401



JOEL B. BURR, JR.  
WM. J. COOLEY

TELEPHONE 325-1702  
AREA CODE 505

October 10, 1974

Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, NM 87501

Gentlemen:

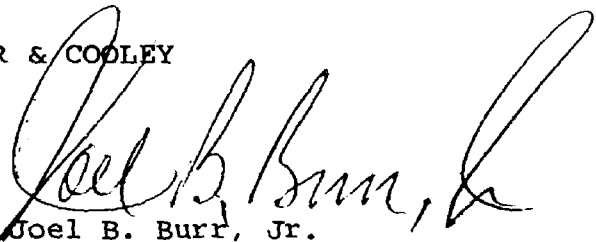
Re: The Application of Tesoro Petroleum Corporation  
for Pool Delineation and Redelineation, McKinley  
County, New Mexico

Please be advised that the undersigned intends to oppose  
the above-referenced Application. Accordingly, we would  
appreciate your advising us when the same is set for hear-  
ing so that we may prepare for and participate in the same.

Very truly yours,

BURR & COOLEY

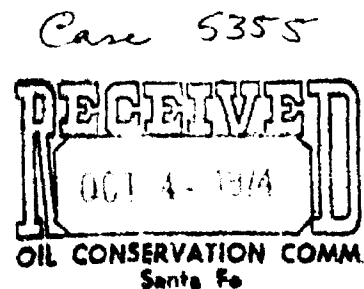
BY

  
Joel B. Burr, Jr.

JBB:kb

*Notified*  
*10/22/74*

Date 11/1/15  
 Dear young lady I was glad to hear  
 of your home. No matter how  
 far you are from home I shall  
 be with you. I am  
 your mother  
 Mrs. J. C. Smith  
 11/1/15



BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF TESORO PETROLEUM CORPORATION  
FOR POOL DELINEATION AND REDELIN-  
EATION, MCKINLEY COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW TESORO PETROLEUM CORPORATION and applies to the Oil Conservation Commission of New Mexico for re-delineation of the boundaries of the Lone Pine-Dakota "D" Pool, McKinley County, New Mexico, to eliminate therefrom the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, N.M.P.M., and in support thereof would show the Commission:

1. Burr and Cooley have completed their No. 2 Coleman well in the NE/4 NW/4 of said Section 8, and, pursuant to the pool rules of the Lone Pine-Dakota "D" Pool, have dedicated to said well the E/2 NW/4 of Section 8, resulting in the assignment of an 80-acre allowable to the well.
2. Applicant is the owner and operator of the Hanson No. 25, in the NW/4 NW/4 of Section 8, the Hanson No. 23, in the SE/4 SE/4 of Section 6, and the Santa Fe No. 32 in the SW/4 SW/4 of Section 5, all in Township 17 North,

Range 8 West. Applicant's wells are located within the exterior boundaries of the Hospah Dakota Pool, and assigned 40-acre spacing and proration units, with 40-acre allowables. The No. 25 Hanson, is a direct offset to the Burr & Cooley No. 2 Coleman, and the Santa Fe No. 32 a diagonal offset to the well.

3. All of the wells are completed in the same interval in the Dakota formation, and because of the higher allowable assigned to the No. 2 Coleman, applicant is suffering drainage.

4. Applicant would show the Commission that the Coleman No. 2 well is located on the North side of a fault line that divides the Hospah Dakota and the Lone Pine-Dakota Pools, has probably no more than twenty productive acres assigned to it, and should properly be classified as a Hospah-Dakota well, rather than a Lone Pine-Dakota well.

5. Continued production of the No. 2 Coleman at the higher rates permitted by the pool rules for the Lone Pine-Dakota "D" Pool will cause reservoir damage to the Hospah-Dakota, cause drainage of applicant's property not offset by counter-drainage, and will result in waste and impairment of correlative rights.

6. Because of the sensitivity of this reservoir to higher rates of production, waste will occur unless production is equalized and immediate action is required to prevent this waste.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner at the earliest practicable date, and that after notice and hearing as required by law the Commission enter its order redetermining the limits of the Lone Pine-Dakota "D" pool, to exclude therefrom the E/2 NW/4 of Section 8, Township 17 North, Range 8 West, N.M.P.M., placing such acreage within the limits of the Hospah Dakota Pool, and for such other and further relief as may be proper to prevent waste and prevent the impairment of correlative rights.

Respectfully submitted,

TESORO PETROLEUM CORPORATION

BY

KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

(dw)  
DRAFT

dr/

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:

*[Signature]*  
CASE NO. 5355

APPLICATION OF TESORO PETROLEUM  
CORPORATION FOR POOL CONTRACTION  
AND EXPANSION, MCKINLEY COUNTY,  
NEW MEXICO.

Order No. R- 4917  
*[Signature]*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 13, 1974,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of November, 1974, the Commission,  
a quorum being present, having considered the record and the recom-  
mendations of the Examiner, and being fully advised in the premises,

FINDS:

*protestant's*  
That the ~~applicant's~~ request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 5355 is hereby dismissed.

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