

*Entered July 10, 1967*  
*WLP*

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. 3601  
Order No. R-3270

APPLICATION OF WALKER BROTHERS OIL  
COMPANY AND TESORO PETROLEUM CORPO-  
RATION 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 June 28, 1967,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of July, 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 applicants, Walker Brothers Oil Company and  
Tesoro Petroleum Corporation, seek 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 applicants request the above-described excep-  
tion apply to both the South Hospah Upper Sand Oil Pool and the  
South Hospah Lower Sand Oil Pool and be applicable to Walker's  
Hansen Lease comprising the S/2 of Section 6, Walker's Santa Fe  
Lease comprising the N/2 and SW/4 of Section 7, both in Township  
17 North, Range 8 West, and to Tesoro's Santa Fe Lease comprising

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the SE/4 of Section 1, Township 17 North, Range 9 West, NMPM, McKinley County, New Mexico.

(4) That production of one well per 40-acre tract in the South Hospah Lower Sand Oil Pool at a rate sufficient to produce its assigned allowable has caused water coning.

(5) That increasing the density of wells per 40-acre tract in the South Hospah Lower Sand Oil Pool will allow the applicants the opportunity to produce the 40-acre top unit allowable for said tracts and lessen the danger of water coning provided a 40-acre proration unit does not receive more than a single 40-acre allowable.

(6) That, due to the location of some wells presently producing from the South Hospah Lower Sand Oil Pool, increasing the density of wells per 40-acre tract on the aforesaid leases will require that some wells be located closer than 660 feet to another well drilling to or capable of producing from the same pool.

(7) That as wells producing from the South Hospah Lower Sand Oil Pool will also be utilized for the production of oil from the South Hospah Upper Sand Oil Pool as dual completions, an exception granted for the location of wells in the South Hospah Lower Sand Oil Pool should also apply to the South Hospah Upper Sand Oil Pool in order to prevent the drilling of unnecessary wells.

(8) That in order to allow the applicants the opportunity to produce their just and equitable share of the oil in the aforesaid pools without damage to the reservoirs and to prevent economic loss caused by the drilling of unnecessary wells, applicants should be authorized to develop the aforesaid leases by drilling more than one well per 40-acre tract with no well being nearer than 330 feet to the outer boundary of the unit and no nearer than 200 feet to another well drilling to or capable of producing from the same pool.

IT IS THEREFORE ORDERED:

(1) That the applicants, Walker Brothers Oil Company and Tesoro Petroleum Corporation, are hereby authorized to develop the Walker Hansen Lease comprising the S/2 of Section 6, the Walker Santa Fe Lease comprising the N/2 and SW/4 of Section 7, both in Township 17 North, Range 8 West, and the Tesoro Santa Fe

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Lease comprising 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;

PROVIDED HOWEVER, that no well shall be drilled nearer than 330 feet to the outer boundary of said tract and no nearer than 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 Lower Sand Oil Pool or the South Hospah Upper Sand Oil Pool shall not produce in excess of the 40-acre top unit allowable for wells in the South Hospah Lower Sand Oil Pool or South Hospah Upper Sand Oil Pool, whichever is applicable, regardless of the number of wells on the unit.

(2) 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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