

Case No.

3695

Applications, Transcript,
Small Exhibits, Etc.

**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. 3695
Order No. R-3361**

**APPLICATION OF TENNECO OIL COMPANY
FOR SPECIAL POOL RULES, MCKINLEY
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 20, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 2nd day of January, 1968, 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 the promulgation of special pool rules for the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool, McKinley, County, New Mexico, to provide that wells drilled in said pools could be located anywhere on the 40-acre unit except that no well could be located closer than 330 feet to the outer boundary of the lease nor closer than 200 feet to another well producing from the same pool.

(3) That the applicant further proposes that any existing well not located in accordance with the above requirements be granted an exception to said requirements.

(4) That adoption of the proposed special rules and regulations will prevent waste and protect correlative rights, provided

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CASE No. 3695

Order No. R-3361

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

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the South Hoshah Upper Sand Oil Pool and the South Hoshah Lower Sand Oil Pool, McKinley County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH HOSHAH UPPER SAND OIL POOL
AND THE
SOUTH HOSHAH LOWER SAND OIL POOL**

RULE 1. Each well completed or recompleted in the South Hoshah Upper Sand Oil Pool or in the South Hoshah Lower Sand Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located no nearer than 330 feet to the outer boundary of the lease upon which it is located nor closer than 200 feet to another well drilling to or capable of producing from the same pool nor nearer than 20 feet to the boundary of the 40-acre tract upon which it is located.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 2 without notice and hearing when an application therefor has been filed in due form and the necessity for the exception is based upon topographical conditions.

All operators owning acreage within 330 feet of the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators owning acreage within 330 feet of the proposed location or if no such operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

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Order No. R-3361

RULE 4. A 40-acre proration unit in the South Hespah Upper Sand Oil Pool or the South Hespah Lower Sand Oil Pool shall be subject to a 40-acre unit allowable for wells in the South Hespah Upper Sand Oil Pool or the South Hespah Lower Sand Oil Pool, whichever is applicable, regardless of the number of wells on the unit.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Hespah Upper Sand Oil Pool or the South Hespah Lower Sand Oil Pool or in the Gallup formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location not previously approved by order of the Commission shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before January 15, 1968.

(2) That all provisions of Order No. R-3270 and Order No. R-3325 that are in conflict with the provisions of this order are hereby superseded.

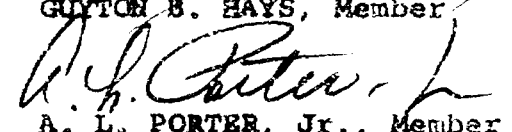
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

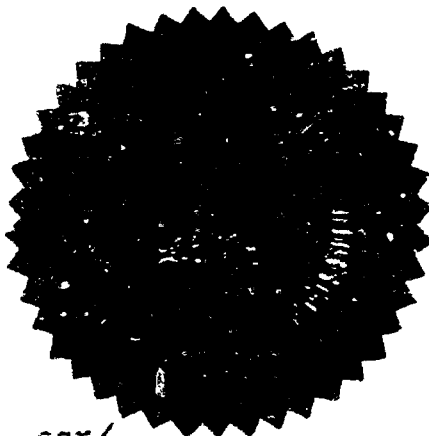
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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



ESR/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF TENNECO OIL COMPANY FOR
SPECIAL POOL RULES FOR THE SOUTH HOSPAH
UPPER SAND OIL POOL AND THE SOUTH HOSPAH
LOWER SAND OIL POOL MCKINLEY COUNTY, NEW
MEXICO, TO PROVIDE THAT WELLS DRILLED IN
SAID POOLS MAY BE LOCATED ANYWHERE ON THE
40-ACRE UNIT EXCEPT THAT NO WELL TO BE LOCATED
CLOSER THAN 330 FEET TO THE OUTER BOUNDARY
OF THE LEASE NOR CLOSER THAN 200 FEET TO
ANOTHER WELL PRODUCING FROM THE SAME POOL
AND FURTHER THAT ANY EXISTING WELL NOT LOCATED
IN ACCORDANCE WITH THE ABOVE SPACING BE GRANTED
AN EXCEPTION TO SAID SPACING.

Case No. 3695

Comes now Tenneco Oil Company and for its Application states:

1. It is the operator of certain wells located in the South Hospah
Upper Sand Oil Pool and South Hospah Lower Sand Oil Pool, McKinley County,
New Mexico.

2. That in order to more effectively drain hydrocarbons from said pools it
is necessary to allow wells drilled in said pools to be located anywhere on the
40-Acre unit, provided, however, that no well shall be located closer than
330 feet to the outer boundary of a lease line, nor closer than 200 feet to
another well producing from the same pool.

3. Applicant further requests that any existing well not located in
accordance with the above spacing provisions be granted an exception to said
provisions.

4. That the granting of the application in its entirety will prevent
waste and protect the correlative rights of all parties concerned.

WHEREFORE, Tenneco asks that the Application be granted in its entirety
after public hearing as provided by law.

J. D. MOON

WHITE, GILBERT, KOCH & KELLY

By

W.B. Kelly
Attorneys for Tenneco Oil Company

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 20, 1967
EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Tenneco Oil)
Company for Special Pool Rules,)
McKinley County, New Mexico.)
)

Case No. 3695

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

(Whereupon, Applicant's Exhibit Number 1 was marked for identification.)

MR. NUTTER: The hearing will come to order, please. The next case will be 3695.

MR. HATCH: Case Number 3695, continued from the November 29, 1967, Examiner Hearing. Application of Tenneco Oil Company for Special Pool Rules, McKinley County, New Mexico.

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly on behalf of the Applicant. I have one witness and ask that he be sworn.

(Witness sworn.)

JACK WILLOCK

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Please state your name, position and employer, please.

A My name is Jack Willock. I'm a petroleum engineer employed by the Tenneco Oil Company in Durango, Colorado.

Q And you have previously qualified as an expert witness before this Commission?

A I have.

Q Are you the same witness that testified for Tenneco

in Case Number 3660 that had Order No. 2 3375 issued on it?

A Yes.

Q And in that case, what was Penneco seeking?

A We requested permission to drill wells two hundred feet apart in both the Upper and Lower Hospah Sands in the South Hospah Field. We also sought water flood approval for the Upper Hospah Sands. In addition, although my testimony wasn't clear, we requested permission to drill wells to both the Upper and Lower Hospah Sands on any location within the lease as long as the wells were two hundred feet apart and three hundred thirty feet from the lease line.

In this hearing, we are attempting to clarify this point, and we're requesting Commission approval to drill and produce both Sands within the lease boundaries, so long as they are two hundred feet apart and three hundred and thirty feet from the outer lease boundary.

Q Now referring to what has been marked as Exhibit 1, would you show the Examiner the affect of the present spacing rules on the Hospah pools?

A Exhibit Number 1 shows the current producing Hospah Wells as black dots. This is the Upper Hospah Sand; and wells that we've drilled since the hearing as white circles. Also, we have Well Number Nine, Hospah Well No. 9, which is in the northwest of the northeast quarter. It is the well we intend

to use as a water source well, and Hospah A Lease, Well No. 7, which is in the northeast of the southwest quarter, we will probably recomplete this well to the Upper Hospah Sand. It is currently completed as a Dakota Well.

The white area on Exhibit Number 1, in the center of each forty and fifty-two acre tract, shows the current legal drilling area for Upper and Lower Hospah Sand Wells. The cross-hatched area is illegal under Statewide Rule 104. The white area covers ten acres and the cross-hatched area, thirty acres in each forty acre tract. In effect, we are limited to one-fourth of the area in each tract for drilling.

A six hundred sixty foot wide band between the white tracts is prohibited for development.

Q Now, why is it important, as far as the Upper Hospah, for us to have some more flexibility in these spacing holes?

A By previous testimony, we established that the Upper Hospah Sand divides into four separate sand members. We need to drill new wells where the maximum sand development is present. If we are unable to spot these wells properly, we will lose water flood oil. We believe we'll lose fifteen to twenty percent of total recovery if we can't place the wells properly.

As to the Lower Hospah Sand, from this sand, we produce a very viscous oil, seventy centipoise, approximately,

by a strong bottom water drive. The sand is homogeneous, and the drainage area is severely limited, due to early water entry and water connate. Even though the sand is up to forty-eight feet thick, water breakthrough occurs after only two to four thousand barrels of cumulative production. It's my opinion that the six hundred and sixty feet between legal wells under Rule 104 cannot be drained.

Q Now, as far as the Upper Hospah, only one of the wells that were drilled since the present order is orthodox, is that correct?

A Yes, sir. We've drilled Wells 13, 14, 15, 16, 17 and 18 since the order was issued and only Number 17 was orthodox under the current rules.

Q As to the Lower Hospah, what's the situation there, as far as your drilling under this present well?

A We have drilled seven wells to the Lower Hospah Sand, Wells 6, 7, 8, 9, 10, 11 and 12, and all are orthodox under the current rule. We were exploring the lease at that time.

Q Now, your Well Number 15 in the Upper Hospah, what will be the situation on that well if the new rules are adopted?

A It will still be unorthodox until we complete our

unitization agreement to unitize both the Hospah and the Hospah A Leases.

Q That's because it's closer than three hundred thirty to the lease line?

A Yes, sir. The lease line is the east-west line running through the middle of Section 12. The Hospah Lease is the north half of Section 12, and the Hospah A Lease is the south half.

MR. NUTTER: Is it a full three hundred thirty feet from this west boundary?

A Yes, sir. I can give you an exact location on it if you'd like.

It's twenty-five hundred feet from the north line and three thirty from the west line.

Q Now is Tenneco actively preparing their unit?

A Yes, we're working on it now.

Q Well, then, do you seek an exception for this well as an unorthodox location under the proposed rules?

A Yes, sir. We'd like to have a temporary allowable until the fifteenth, until we complete the unit agreement testing.

Q Now, what other operators are in these pools?

A There's only one other operator. That's Tesoro Oil Company, who operates the leases directly offsetting to the north and the northeast and the east of our Hospah, Hospah A leases.

Q Are you aware of any objection on their part to these proposed rules?

A No, sir, we have no objection from them.

MR. KELLY: Mr. Examiner, we are aware of no wells that would become unorthodox, but it's possible that Tesoro might have some, but I think the application and the publications set that out as a possibility.

Q And, is it your recommendation to cover that possibility that any wells that would be made unorthodox be given an allowable, also?

A Yes, sir.

Q In your opinion, would the granting of this application have any adverse affect on any operator's correlative rights?

A No, sir.

Q In your opinion, would the granting of this application prevent waste by recovering otherwise unobtainable oil?

A Yes, sir.

Q Was Exhibit 1 prepared by you or under your supervision?

A Yes, sir.

MR. KELLY: That's all I have on direct, and I move the introduction of Exhibit Number 1.

MR. NUTTER: Tenneco's Exhibit Number 1 will be

admitted into evidence.

(Whereupon, Applicant's Exhibit
Number 1 was admitted into
evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Willock, at one time, it was my understanding that Tesoro was attempting to purchase Walker Brothers properties.

A They have.

Q And they have purchased?

A Well, they made a deal. I'm not acquainted with the -- I have no first-hand knowledge of what the deal was, but they are operating Section 1, Township 17 North, Range 9 West, Section 30 -- What would this be, 31, 30 or 31 here, the northeast offset?

Q Northeast.

A And the east offset, which would be Section -- Well, this is 12, so it would be Section 7. It would be Section 6 and 7 in Township 17 North, Range 8 West. They're operating all three offset leases to us.

Q Now in order that wells can be ascribed to a particular proration unit, to prevent wells from being drilled right on a line and I see the proposal that you have here would not prevent a well from being drilled right on a line dividing a forty acre unit --

A Yes, sir.

Q -- what would be a reasonable restriction as far as footage from a forty-acre line on the interior of your lease to give you flexibility for this water flood program?

A Well, we've drilled one 20 feet off the line as you can see here. Number 14 is three hundred and -- It's actually 20 feet off the line. It's seventeen hundred feet from the north line and thirteen hundred from the west line, so it's twenty feet -- I think twenty feet would be a good --

Q Twenty feet?

A Yes, sir.

Q So you would propose that we would make a provision then that the wells would have to be at least two hundred feet apart, and they would have to be at least twenty feet from the forty acre line and they would have to be at least three hundred thirty feet from the outer boundary of the lease?

A Yes, sir. Along this area right here, we drilled No. 14 in that spot to attempt to get it as close as we could to the fault up there. It didn't turn out to be good business, a disappointing well. It didn't turn out too good in the Upper Hospah Sand, but it was because of geological reasons that we didn't know at the time, but it appears to be an exceptionally good well for the Lower Hospah Sand, so that compensated for it.

Q Which one was that?

A No. 14. It has forty-eight feet of that oil sand in the Lower, and that will give us a well up close to the fault there in the Lower Hospah Sand.

Q And Numbers 13, 2, 17 and 12 are all at least three hundred thirty feet from the boundary of the Hospah A Lease, aren't they?

A Thirteen?

Q Twelve, 13, 2 and 17, they're at least three hundred thirty feet from the south boundary of the Hospah?

A Yes, sir, I believe 2 is. Two was drilled before we took over the lease, and I don't have the exact footage on there, but it's been accepted as legal, and it's been produced for over two years.

Q And it looks like the A-3 and the A-1 would be at least three hundred thirty feet from the boundary.

A Yes, sir.

Q Now that leaves the only one possibility, this No. 9 up here at the north.

A It will be our water source.

Q It's a water supply well?

A Yes, sir. We intend to use it in the entrata, deeper sand. It was a four thousand foot well.

Q And this is proposed as rules, not for Tenneco's lease, but for pools?

A For pooling, yes, sir. I understand it's set up that way.

MR. NUTTER: Are there any other questions of Mr. Willock? You may be excused.

Do you have anything further, Mr. Kelly?

MR. KELLY: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 3695? We'll take the case under advisement.

* * *

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
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<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1	2	8

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

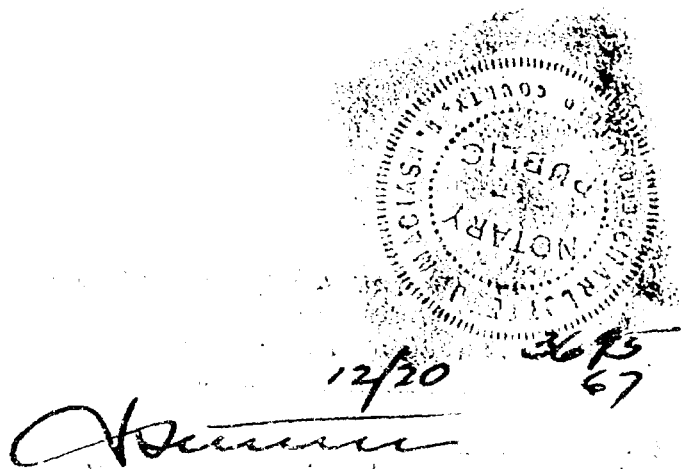
I, CHARLOTTE MACIAS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this _____ day of _____,
1968.

Charlotte J. Miller
NOTARY PUBLIC

My Commission Expires:

February 10, 1971



State of New Mexico
Oil Conservation Commission



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

January 2, 1968

Re: Case No. 3695
Order No. R-3361
Applicant:

Tenneco Oil Company

A. L. Porter, Jr.
Secretary-Director

Hobbs OCC _____ x
 Artesia OCC _____
 Aztec OCC _____ x
 Other _____

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-4691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 29, 1967

EXAMINER HEARING

IN THE MATTER OF:)

Application of Tenneco Oil)
Company for Special Pool Rules,)
McKinley County, New Mexico.)

Case 3695

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3695.

MR. HATCH: Case 3695. Application of Tenneco Oil Company for Special Pool Rules, McKinley County, New Mexico.

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly on behalf of the Applicant. We move that the case be continued until the December hearing. The witness, Mr. Willick, called yesterday and he is sick in bed and his doctor told him he wasn't to come. Apparently, they had a conflict with their Mr. Plum, so no one else could come.

MR. UTZ: Case 3695 will be continued to the December 20th Examiner Hearing.

Witness my Hand and Seal this 6th day of

December, 1967.

Kay Embree
Notary Public

My Commission Expires:

Mar 13, 1971

I do hereby certify that the foregoing is a correctly rendered and true translation in the English language of the original document by me on 22nd day of June 1911.

New Mexico Oil Conservation Commission

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 1967

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

The following cases will be heard before Elvis A. Stz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 3689: Application of Sunray Oil Company for a dual completion and salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Navajo Table Mesa Well No. 2, located in Unit O of Section 27, Township 28 North, Range 17 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from the Table Mesa-Pennsylvanian "C" Oil Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the Organ Rock formation through perforations in said intermediate casing from approximately 5505 feet to 5525 feet.
- CASE 3690: Application of Roger C. Hanks, Ltd., for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bar-U Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing units and the establishment of 80-acre allowables for said 160-acre units.
- CASE 3691: Application of Roger C. Hanks, Ltd., for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "C" zone of the Pennsylvanian formation adjacent to the Bar-U Pennsylvanian Pool in its Tidewater State Well No. 1 located in Unit H of Section 31, Township 2 South, Range 33 East, Chaves County, New Mexico.
- CASE 3692: Application of Skelly Oil Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of its Lexington Paddock Unit Waterflood Project, Lexington Paddock Pool, by the conversion to water injection of seven additional wells located in Sections 25 and 35, Township 16 South, Range 36 East; Section 38, Township 16 South, Range 37 East; Sections 1 and 12, Township 17 South, Range 36 East; and Section 6, Township 17 South, Range 37 East, Lea County, New Mexico.
- CASE 3693: Application of Atlantic Richfield Company for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, on its own behalf and as operator of the Denton Salt Water Disposal System, seeks an exception to the provision of Paragraph (6) of Commission Order No. R-3221 which requires that certain unlined pits used for the disposal of produced salt water be filled, leveled, and compacted. Applicant proposes that said pits be left open in the Denton Field, Lea County, New Mexico, to permit their use for temporary emergency storage of produced water in connection with individual tank batteries connected to the Denton Salt Water Disposal System operated by Atlantic Richfield Company.

CASE 3694: Application of Mallard Petroleum Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Alves Well No. 1, located 660 feet from the South line and 990 feet from the East line of Section 6, Township 20 South, Range 36 East, Lea County, New Mexico, said well being completed as an apparent extension of the North Osudo-Morrow Gas Pool.

CASE 3695: Application of Tenneco Oil Company for Special Pool Rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool, McKinley County, New Mexico, to provide that wells drilled in said pools could be located anywhere on the 40-acre unit except that no well could be located closer than 330 feet to the outer boundary of the lease nor closer than 200 feet to another well producing from the same pool. Applicant further proposes that any existing well not located in accordance with the above requirements be granted an exception to said requirements.

**SOUTH HOSPAH UPPER SAND POOL
SOUTH HOSPAH LOWER SAND POOL
McKinley County, New Mexico**

Order No. R-3361, Adopting Operating Rules for the South Hospah Upper Sand and South Hospah Lower Sand Pools, McKinley County, New Mexico, January 2, 1968.

Allowable assigned subject to market demand factor prescribed in Statewide Rule 503, Order No. R-4348, September 1, 1972 (see Section I).

Application of Tenneco Oil Company for special pool rules, McKinley County, New Mexico.

CASE NO. 3695
Order No. R-3361

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on December 20, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of January, 1968, 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 the promulgation of special pool rules for the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool, McKinley County, New Mexico, to provide that wells drilled in said pools could be located anywhere on the 40-acre unit except that no well could be located closer than 330 feet to the outer boundary of the lease nor closer than 200 feet to another well producing from the same pool.

(3) That the applicant further proposes that any existing well not located in accordance with the above requirements be granted an exception to said requirements.

(4) That adoption of the proposed special rules and regulations will prevent waste and protect correlative rights, provided a 40-acre proration unit in the South Hospah Upper Sand Oil Pool or the South Hospah Lower Sand Oil Pool is 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.

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool, McKinley County, New Mexico, are hereby promulgated as follows.

**SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH HOSPAH UPPER SAND OIL POOL
AND THE
SOUTH HOSPAH LOWER SAND OIL POOL**

RULE 1. Each well completed or recompleted in the South Hospah Upper Sand Oil Pool or in the South Hospah Lower Sand Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located no nearer than 330 feet to the outer boundary of the lease upon which it is located nor closer than 200 feet to another well drilling to or capable of producing from the same pool nor nearer than 20 feet to the boundary of the 40-acre tract upon which it is located.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 2 without notice and hearing when an application therefor has been filed in due form and the necessity for the exception is based upon topographical conditions.

All operators owning acreage within 330 feet of the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators owning acreage within 330 feet of the proposed location or if no such operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 4. 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 the South Hospah Lower Sand Oil Pool, whichever is applicable, regardless of the number of wells on the unit.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Hospah Upper Sand Oil Pool or the South Hospah Lower Sand Oil Pool or in the Gallup formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location not previously approved by order of the Commission shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before January 15, 1968.

(2) That all provisions of Order No. R-3270 and Order No. R-3325 that are in conflict with the provisions of this order are hereby superseded.

(3) 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.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 20, 1967

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 3695 continued from the November 29, 1967, Examiner Hearing

Application of Tenneco Oil Company for Special Pool Rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool, McKinley County, New Mexico, to provide that wells drilled in said pools could be located anywhere on the 40-acre unit except that no well could be located closer than 330 feet to the outer boundary of the lease nor closer than 200 feet to another well producing from the same pool. Applicant further proposes that any existing well not located in accordance with the above requirements be granted an exception to said requirements.

CASE 3698: Application of H & S Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the West Artesia Grayburg Unit Area comprising 640 acres, more or less, of state and fee lands in Sections 7, 8, and 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 3699: Application of H & S Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its West Artesia Grayburg Unit by the injection of water into the Grayburg formation through 8 wells located in Sections 7, 8, and 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 3700: Application of Lone Star Producing Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4910 to 5015 feet in its Federal New Mexico "D" Well No. 1 located in Unit A of Section 29, Township 8 South, Range 35 East, South Prairie Field, Roosevelt County, New Mexico.

CASE 3701: Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Baum Wolfcamp Pool in Township 14 South, Range 33 East, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

- CASE 3702: Application of Coastal States Gas Producing Company for an exception to Order No. R-3221, Lea County, New Mexico. Applicant, in the above-styled cause, on its own behalf and as operator of the Flying "M" Unit Area, seeks an exception to the provision of Paragraph (6) of the Commission Order No. R-3221 which requires that certain unlined pits used for the disposal of produced water be filled, leveled, and compacted. Applicant proposes that said pits be left open in the Flying "M" San Andres Pool, Lea County, New Mexico, to permit their use for temporary emergency storage of produced water in connection with individual tank batteries connected to the Flying "M" San Andres Pressure Maintenance Project operated by Coastal States Gas Producing Company.
- CASE 3703: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from 9013 to 9046 feet in its New Mexico "CW" State Well No. 2 located in Unit L of Section 18, Township 17 South, Range 37 East, Midway-Abo Pool, Lea County, New Mexico.
- CASE 3704: Application of New Mexico Salt Water Disposal Company, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "D" zone of the Pennsylvanian formation in the perforated interval from 9844 to 9875 feet in its Ainsworth Well No. 1 located in Unit H of Section 19, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.
- CASE 3705: Application of Midwest Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough zone of the Pennsylvanian formation in the perforated interval from 9784 to 9810 feet in its Ainsworth State Well No. 1, formerly the Sunray DX State I Well No. 1, located in Unit N of Section 36, Township 9 South, Range 33 East, Lane-Pennsylvanian Pool, Lea County, New Mexico.
- CASE 3706: Application of Major, Giebel & Forster for an amendment to Order No. R-3307, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3307 to designate Major, Giebel & Forster as operators of the NW/4 SW/4 of Section 6, Township 13 South, Range 38 East, West Bronco-Devonian Pool, Lea County, New Mexico, rather than Vasicek and Pullinwider dba V. F. Petroleum, who were originally designated as operators of said compulsorily pooled unit.

WHITE, GILBERT, KOCH & KELLY

(GILBERT, WHITE AND GILBERT)

ATTORNEYS AND COUNSELORS AT LAW

LINCOLN BUILDING

SANTA FE, NEW MEXICO

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SUMNER S. KOCH

WILLIAM BOOKER KELLY

JOHN F. MCCARTHY, JR.

November 27, 1967

POST OFFICE BOX 787

TELEPHONE 982-4301

(AREA CODE 505)

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear Mr. Porter:

Enclosed find original and two copies of Tenneco's
Application for Special Pool Rules in the South
Hospah Upper and Lower Sand Pools, McKinley County,
New Mexico. This case has been set for hearing on
November 29th under style number 3695.

Very truly yours,


W. B. KELLY

WEK:cc
Enclosures

DOCKET MAILED

Date 12-7-67

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. R-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, McKinlay 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

S E A L

esr/

Washed to
Green Hills
11-16-67

CASE 3695: App.1. of TENNECO OIL
CO. for pool rules for SOUTH
HOSPAN UPPER SAND OIL POOL.

CO. for pool rules for SOUTH
HOSPAH UPPER SAND OIL POOL.