

CASE 5495: TESORO PET. CORP. FOR
POOL REDELINEATION, MCKINLEY
COUNTY, NEW MEXICO

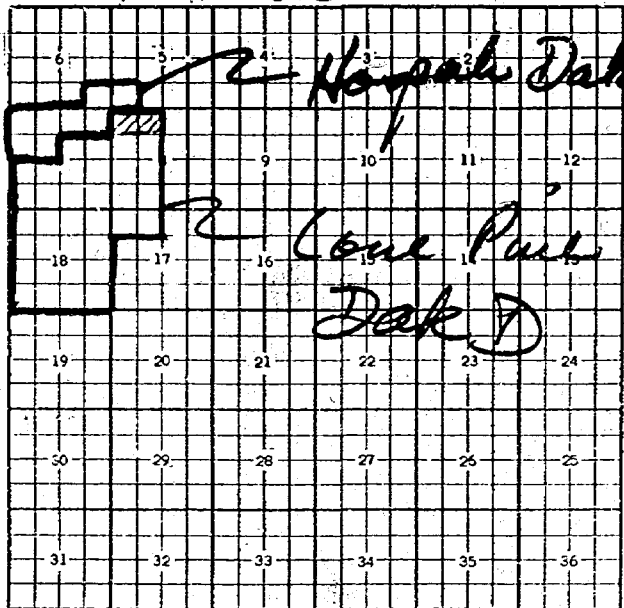
CASE NO.

5495

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC

County McK Pool _____
TOWNSHIP 17N RANGE 8W NEW MEXICO PRINCIPAL MERIDIAN



11111 80 acres subject
of hrg

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. 5495
Order No. R-5057

APPLICATION OF TESORO PETROLEUM
CORPORATION FOR POOL REDELINEATION,
MCKINLEY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 12, 1975, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of July, 1975, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Tesoro Petroleum Corporation, seeks the contraction of the horizontal limits of the Lone Pine Dakota "D" Oil Pool, McKinley County, New Mexico, by the deletion of the N/2 NW/4 of Section 8, Township 17 North, Range 8 West therefrom and the concomitant extension of the Hospah Dakota Pool to include therein the aforesaid lands.

(3) That the Lone Pine-Dakota "D" Oil Pool and the Hospah Dakota Pool are separate sources of supply.

(4) That in developing this area, the applicant has encountered two faults on either side of a water-filled graben block which lies between the N/2 NW/4 of Section 8, Township 17 North, Range 8 West and the main portion of said Lone Pine-Dakota "D" Oil Pool to the South.

(5) That these faults and water-filled graben block form an effective barrier which separates the main portion of the Lone Pine Dakota "D" Oil Pool from the N/2 NW/4 of said Section 8 and the Hospah Dakota Pool.

-2-

Case No. 5495
Order No. R-5057

(6) That wells in the Lone Pine-Dakota "D" Oil Pool have larger spacing units and receive higher allowables than wells in the Hospah Dakota Pool.

(7) That the wells presently completed in and producing from the N/2 NW/4 of Section 8, Township 17 North, Range 8 West are currently designated as being in the Lone Pine-Dakota "D" Oil Pool and are able to produce an 80 acre allowable although producing from a common source of supply with wells in the Hospah Dakota Pool which wells can produce only a 40 acre allowable.

(8) That because of this disparity in allowable, wells in the Hospah Dakota Pool off-setting the wells producing from the N/2 NW/4 of said Section 8 are being drained and the correlative rights of the owners of these wells are being impaired.

(9) That placing the N/2 NW/4 of said Section 8 in the Hospah Dakota Pool will result in all of the wells in this common source of supply being spaced and prorated in the same manner thereby eliminating the disparity noted in Finding (8) above.

(10) That in order to prevent waste and protect correlative rights, the horizontal limits of the Lone Pine Dakota "D" Oil Pool should be contracted by deleting therefrom the N/2 NW/4 of Section 8, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico, and by the concomitant extension of the Hospah Dakota Pool to include therein the aforesaid lands.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Lone Pine Dakota "D" Oil Pool in McKinley County, New Mexico, are hereby contracted by the deletion therefrom of the following described area:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
Section 8: N/2 NW/4

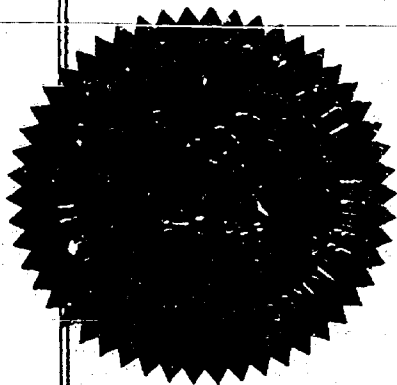
(2) That the Hospah Dakota Pool in McKinley County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
Section 8: N/2 NW/4

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

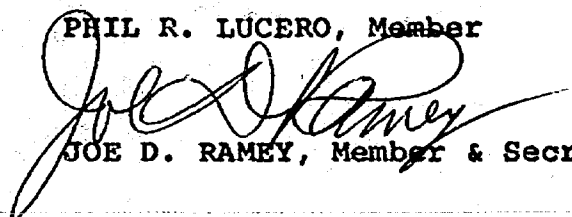
-3-
Case No. 5495
Order No. R-5057

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARING

SANTA FE, NEW MEXICO

Hearing Date JUNE 12, 1975 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Robert H. Northington	Mesa Petroleum Co.	Midland
Joseph W. Jeffery	" " "	"
<i>[Signature]</i>	Consultant	Hb.
R. H. Blackman	Potash Co. of America	Carlsbad
J. B. Cummings	" " " "	"
DON D. DEWITT	MESA PETRO CO	AMARILLO
Michael P. Houston	Mesa Petroleum Co.	Midland
T. O. Schmidt	Mesa Petroleum Co.	Midland
Howard A. Semler	Tesoro Petrol. Corp	San Antonio
James H. Russell	Amart Chemical Corp.	Santa Fe, N.M.
Ben Donegan	Leland A. Hodges, Trustee	Albany, N.M.
RON GEESE	Leland A. Hodges, Trustee	Albany, N.M.
Carl Traywick	U S G S	ROSWELL
Jim Gillingham	- -	- -
Don Van Sickle	" "	" "
Pete Aguilar	" "	" "
Jason Kellahin	Kellahin & Fox	Santa Fe
JERRY SALISBURY	TESORO PETRO. CORP	SAN ANTONIO, TX.

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARING

SANTA FE, NEW MEXICO

Hearing Date JUNE 12, 1975 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
C. M. Godfrey	Tesoro Petroleum Corporation	San Antonio, Tx
James E. Heineke	Mesa Pitha Co	Roswell
Dr. M. Carnes	" " "	Amplio
Jack Kennedy	State Land Office	SF

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 12, 1975

COMMISSION HEARING

IN THE MATTER OF:

Application of Tesoro Petroleum
Corporation for pool redelineation,
McKinley County, New Mexico.

CASE NO.
5495

BEFORE MEMBERS OF THE COMMISSION:

Commissioner Joseph Ramey, Secretary
Commissioner Phil Lucero, Member
Mr. Ralph Trujillo, Member

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:

Jason Kellahin, Esq.
KELLAHIN & FOX
Don Gaspar Avenue
Santa Fe, New Mexico

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

I N D E X

	<u>PAGE</u>
<u>HOWARD A. SEMLER</u>	
Direct Examination by Mr. Kellahin	5
Cross Examination by Commissioner Lucero	15

E X H I B I T S

Applicant's Exhibits Nos. 1 through 6	14
---------------------------------------	----

COMMISSIONER RAMEY: We will call the first case on the docket.

MR. CARR: Case 5495. Application of Tesoro Petroleum Corporation for pool redelineation, McKinley County, New Mexico.

MR. KELLAHIN: If the Commission please, Jason Kellahin of Kellahin and Fox, Santa Fe, New Mexico, appearing for the Applicant. I have one witness to be sworn.

COMMISSIONER RAMEY: Are there any other appearances in this case?

Will you call your first witness, Mr. Kellahin?

(Witness sworn.)

MR. KELLAHIN: If the Commission please, the case before the Commission this morning was previously heard in part, at least, by Examiner Richard L. Stamets on November 13, 1974. Due to the fact that a portion of the lands involved were omitted from that case, the case was dismissed. However I would like the Commission to take notice of the record in case 5555 which covers at least part of the testimony we are going to give this morning.

HOWARD A. SEMLER

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

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Howard A. Semler.

Q By whom are you employed and in what position,
Mr. Semler?A I am employed by Tesoro Petroleum Corporation
as a Senior Exploitation Geologist.Q Have you ever testified before the Oil Conserva-
tion Commission?

A I have not.

Q For the benefit of the Commission, would you
briefly outline your education and experience as a geologist?A I graduated with a major in geology from U.C.L.A.
in 1952 and joined Continental Oil Company in March of that
year and was employed by them in the capacity of petroleum
geologist until November 1st of last year, and at that time
I joined Tesoro in the same capacity.

Q How long did you work for Continental Oil?

A I worked for Continental Oil 22 years.

Q During that period was your work in the field of
geology?

A It was entirely in the field of petroleum geology.

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

SEMLER-DIRECT

Page.....6.....

Q Where did you work for that period?

A I have worked in California, Oklahoma, the general Ohio area, including Michigan and Kentucky and Indiana, Kansas, Southern Texas and am now working in San Antonio and part of my duties include the Rocky Mountain area, including New Mexico.

Q In connection with your work for Tesoro, have you made a study of the area involved in Case 5495?

A The area has been completely checked by me. All the wells involved in the maps submitted have been checked by me, and I have found the map to be accurate.

MR. KELLAHIN: Are the witness' qualifications acceptable?

COMMISSIONER RAMEY: Yes, they are acceptable.

MR. KELLAHIN: Before I proceed, I have with me, Mr. Cullen M. Godfrey, a member of the Texas Bar and he is associated with me in this case.

BY MR. KELLAHIN:

Q Mr. Semler, are you familiar with the Application of Tesoro Petroleum Corporation in Case 5495?

A I am, sir.

Q What is proposed by the Applicant in this case?

A The Applicant is proposing that the north half of

SEMLER-DIRECT

the northwest quarter of Section 8 of 17 North, 8 West in McKinley County be transferred from the Lone Pine Dakota "D" Pool into the Hospah Dakota Pool.

Q Mr. Semler, referring to what has been marked as Tesoro's Exhibit No. 1, would you identify that exhibit, please?

A Exhibit No. 1 is a 1-inch equals 2000-foot scale map of the Hospah Field area. On this map the Lone Pine Dakota "D" Unit as presently constituted is outlined in red and the acreage specified in the Application has been cross-hatched in yellow. That is the only purpose of this map.

Q To the north there is an area outlined in black. Is that the Hospah Sand Unit?

A That is the Hospah Sand Unit.

Q That is operated by Tenneco? That is Tesoro's unit?

A Yes.

Q Is there anything else to add on that Exhibit 1?

A I know of nothing else pertinent at this time.

Q Referring to what has been marked as Exhibit No. 2, would you identify that exhibit, please?

A Exhibit No. 2 is a map that shows the horizons in which wells in the area of the Application have been completed. That is the white map with the four different colored circles

SEMLER-DIRECT

Page..... 8.....

on it. You will note that within the Lone Pine Dakota "D" we have colored those wells in red. The Hospah Dakota wells offsetting the unit to the north have been colored in green, and then the Upper Hospah and Lower Hospah Sand is shown as yellow and orange on this map. Within the acreage covered by our Application, you will note that there are two wells that are now a part of the Lone Pine Dakota "D" Unit.

Q You show those colored in red as being Lone Pine Dakota "D" in the north half of the northwest quarter of Section 8. That is merely their present designation, is it not?

A That is true, and it is our purpose here today to demonstrate that those wells should be within the Hospah Dakota rather than the Lone Pine "D".

Q So you don't pretend this exhibit to express your opinion as to what pool they are in?

A This is showing the present state of the field.

Q Now, referring to what has been marked as Exhibit No. 3, will you identify that exhibit, please?

A No. 3 is your colored structure map. The three colors used on the map are the standard colors to represent the water in blue, the oil in green and red is the gas. On

SEMLER-DIRECT

Page 9

this map, our Lone Pine Dakota "D" completions in the south part of the map have been colored red, and those wells completed in the Hospah Dakota in the north half of the map have been colored in yellow. Also shown on your map are the two cross sections included with our exhibits and hanging on the wall, cross sections A and B. The map is drawn on the top of the Dakota "D" Sand. There are two faults that traverse the central portion of the map.

Fault A -- and I would like to note that these faults have been labeled on the cross sections in back -- Fault A is the fault which has historically in the field separated the Hospah Dakota from the Lone Pine Dakota "D" Unit.

Between Fault A and Fault B is a downdrop graben block, but the wells within it have been classified in the past as Hospah Dakota "D" also. Each of these fault blocks has its own oil-water contact. The Santa Fe 30 Well there in Section 5 drill stem tested water and gives us evidence for the oil-water contact at minus 4210 in the northeast portion of the block. Within that graben area where the water extends much further to the southwest, the No. 28 Well drill stem tested water and provides our evidence for water in that block. To the south, the Tenneco Lilly in the east central part of your map drill stem tested both oil and

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

SEMLER-DIRECT

Page.....10.....

water and it is apparently on the oil-water contact in that particular block.

The evidence for the faults is also shown on the map. Beginning in the southwest portion of Fault A, the No. 17 Well had a 150-foot section missing at plus 6300. Extending to the northeast, our No. 25 Well in the northwest northwest of Section 8 had 95 feet missing at plus 6284. This is essentially the same elevation at which the fault was cut in 17, so the strike of the fault, then, is parallel to those two wells. Then the Burr and Cooley No. 2 had a 60-foot fault at plus 4993. So, those three wells provide control for Fault A.

Fault B is evidenced by the No. 2 Well in the southeast quarter of Section 7, a 60-foot cut at plus 4650, and there are additional cuts in those wells lying northeast of that well. The Tenneco Lilly on the east end of the map there had a 30-foot fault at plus 4575. This structure is the primary basis for our contention that the northwest quarter of Section 8 is more truly in the Hospah Dakota rather than the Lone Pine Dakota.

Q Does an inequity result from treating those wells as being in the Lone Pine Dakota?

A Since a greater amount of fluid is being produced

SEMLER-DIRECT

Page..... 11

from these wells as Lone Pine Dakota wells bearing an 80-acre allowable, there would be fluid movement away from the offsetting wells into the subject wells.

Q That would cause drainage that would not be compensated by offsetting agreements in your opinion?

A Yes, sir, that would be true.

Q Now, the Fault A, does that coincide with the fault that was testified to before this Commission by Tenneco in previous cases, or do you know?

A Yes, sir, this fault has been covered on the Tenneco presentations in the past. It is extended further to the northeast because since Tenneco's presentation, we have the Burr and Cooley No. 2 and the Tesoro No. 38 wells to provide additional control on it. The fault cuts just about entirely across the field and extends southwest off the little plat submitted with this Application.

Q It is a geological feature that is generally accepted by the industry?

A Yes, sir.

Q What is the throw of the fault?

A The fault in the southwest portion of the plat submitted is 150 feet and it is dying as it extends to the northeast with 95 feet in Tesoro's No. 25 Well and 60 feet

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

SEMLER-DIRECT

in Burr and Cooley's No. 2 Well.

Q In your opinion, is that a sufficient throw to separate the two sources of supply, the Hospah and Lone Pine Pools?

A The sand itself is between 35 and 40 feet thick, so a 60-foot fault at that location would offset the entire sand.

Q In your opinion, would that then make these two pools constitute separate common sources of supply?

A Yes, sir, the two pools are rendered separate sources of supply by the fault.

Q Now, referring to what has been marked as Exhibit No. 4, would you identify that exhibit, please?

A This is merely the type log identifying the Dakota "D" Sand which is the subject of this Application.

Q Now, on the board are two exhibits, Nos. 5 and 6. Would you discuss the information that is shown on those two exhibits?

A Cross section A at the --

Q (Interrupting) You will have to use the pointer.

A All right. Cross section A which is also shown on the colored plat submitted with the Application begins here on the south with Tenneco's Santa Fe No. 12, Lone Pine

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

SEMLER-DIRECT

Page..... 13

Unit No. 2. It indicates both a gas cap and a small oil column in the well. It shows the cut of Fault B which drops us into the graben area which is down in the water here. 743 feet of muddy water was recovered from Tesoro's Santa Fe No. 28. Coming across the graben area going to the northeast, we encounter Fault A in Burr and Cooley's No. 2 Well which cut out 60-foot of section here and we are back in oil column on the other side with the oil and water contact determined by Tesoro's Santa Fe No. 30. This we feel provides evidence to separate the Burr and Cooley Well and Tesoro's No. 25 Well from the Lone Pine Dakota "D" production to the south.

Cross section B, on the southeast, Burr and Cooley Kennedy or BSK Edmond No. 1, as it was originally drilled, shows oil on water. We come to the north and go across Fault B, and again the graben area is illustrated, and we come up again on the other side of Fault A, our boundary for the Lone Pine Dakota "D" Unit into an oil column on water, and then as we get further up the structure, we pick up some gas.

Q Mr. Semler, in your opinion, based on both your plat showing the structure and your cross sections, do those faults form an effective seal between the two pools?

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

SEMLER-DIRECT

Page.....14

A In my opinion, they prevent the migration of hydrocarbons from the Lone Pine Dakota "D" into the Hospah Dakota.

Q So, in that sense, they are separate common sources of supply?

A Yes, sir.

Q Were Exhibits 1 through 6 prepared by you or under your supervision?

A The exhibits were prepared for the previous hearing. They were not prepared by me. I have checked fully all of the information presented and can verify its accuracy.

Q You do support the exhibits as being accurate representations?

A Altogether.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits 1 through 6, inclusive.

COMMISSIONER RAMEY: They will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1 through 6 were marked for identification, and were offered and admitted into evidence.)

MR. KELLAHIN: That completes our direct testimony, Mr. Ramey.

SEMLER-CROSS

COMMISSIONER RAMEY: Are there any questions of the witness?

COMMISSIONER LUCERO: I would like to ask one question.

CROSS EXAMINATION

BY COMMISSIONER LUCERO:

Q How did you check the information depicted on these maps and charts to verify their accuracy?

A I proceeded as if I were doing the original work on it. I got out all of the E-logs of all of the wells shown on this map and I verified all of the tops and I checked the fault cuts with nearby wells. Never was I off more than 5 feet from the original picks of the geologist that did the work in the past.

COMMISSIONER RAMEY: Any further questions? If not, the witness may be excused.

(Witness dismissed.)

MR. KELLAHIN: That completes our case, if the Commission please.

COMMISSIONER RAMEY: The Commission will take the case under advisement.

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

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.


COURT REPORTER

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0385

0553739

0557107

TESORO

5-C

6

5

Hanson-Federal U.S.N.M. No. 052931

S.F.P.R.R.

Dakota "B" oil

TESORO

Dakota "B" oil

Present Lone Pine

Dakota "D" Pool Limits

C.C. Kennedy
BSX EdnaTenneco
Lillie

Dakota "D" Gas

Santa Fe R.R.

(27) 4

(15)

(12) 2

(Beard Oil Co.)
(J. Toledo)

(2)

(12)

(11-A)

(4)

(26)

(J. Toledo)

(1)

(11)

(Beard Oil Co.)
(Dosh-e-pi-Henol)

(1)

Dakota "D" UNIT

(Yozzia)
10 (1)

(6)

(7)

COMPLETION SYMBOLS



Lone Pine Dakota "D"



Hospah Dakota



Upper Hospah Sand, South



Lower Hospah Sand, South

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 5495 Exhibit No. 2

Submitted by Tesoro

Hearing Date June 11, 1975

COMPLETION MAP

Hospah Area
McKinley Co., NM
Scale 1" = 1000'

(2)

(Connell-Federal)

17 (1)

Dockets Nos. 15-75 and 16-75 are tentatively set for hearing on July 2 and July 16, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 12, 1975

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

- CASE 5495: Application of Tesoro Petroleum Corporation for pool redelineation, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the horizontal limits of the Lone Pine Dakota "D" Oil Pool, McKinley County, New Mexico, by the deletion of the N/2 NW/4 of Section 8, Township 17 North, Range 8 West, therefrom and the concomitant extension of the Hospah Dakota Pool to include therein the aforesaid lands.
- CASE 5496: Application of Mesa Petroleum Co. for a drilling permit and an unorthodox gas well location in the Potash-Oil Area, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Nash Unit Well No. 2 to test the Pennsylvanian formation at an unorthodox gas well location 1350 feet from the North line and 1300 feet from the West line of Section 18, Township 23 South, Range 30 East, Eddy County, New Mexico, said location being within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A, as amended, and having been objected to by the owner of potash leases in the area.
- CASE 5497: Application of Mesa Petroleum Co. for creation of two gas pools and special rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool and a new Morrow gas pool for its Nash Unit Well No. 1, located in Unit H of Section 13, Township 23 South, Range 29 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including provision for 640-acre spacing units.

DAKOTA A

DAKOTA "B"

DAKOTA "D"

2600

2700

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

Type Log
Hospah Dakota
Mckinley Co., New Mexico

IND FR

SPONTANEOUS-POTENTIAL

- 10 MV. + MILLIVOLTS

DEPTH

6 FF40
INDUCTION

CONDUCTIVITY

MILLIMHOS/M = 100 OHMS.

400

200

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

COMPANY TESORO PETROLEUM CORPORATION

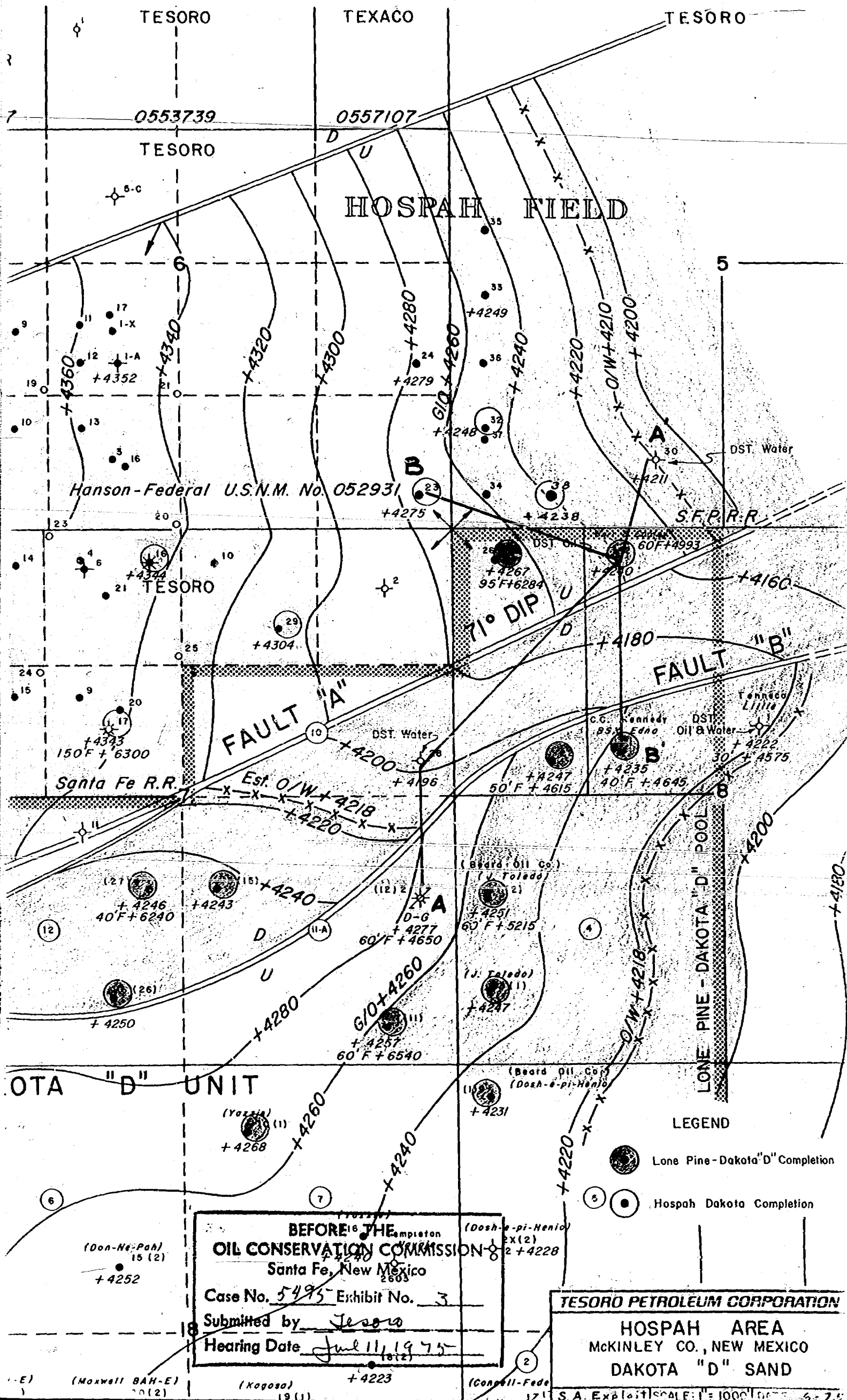
WELL HANSON NO. 25

FIELD HOSPAH

COUNTY MCKINLEY

STATE NEW MEXICO

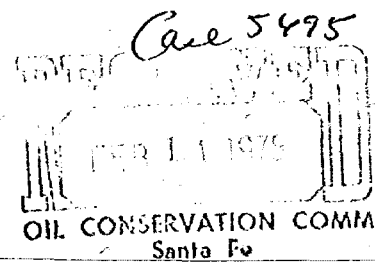
Case No. 5495 Exhibit No. 4
Submitted by Tesoro SCHL. FR 2743
Hearing Date June 11, 1975 SCHL. TO 2744
DRLR TO 2750
Elev: KB 6929
DF --
GI 6918



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 5495 Exhibit No. 3
Submitted by Tesoro
Hearing Date July 11, 1975

TESORO PETROLEUM CORPORATION
HOSPAH AREA
McKINLEY CO., NEW MEXICO
DAKOTA "D" SAND

S.A. Exploit. SCALE: 1" = 1000' DATE: 6-7-75



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 there-
from the N/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 Santa
Fe No. 38, in the SW/4 SW/4 of Section 5, 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 Santa Fe No. 38, and the Santa Fe No. 32 are diagonal offsets to the Burr and Cooley No. 2 Coleman.

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 Pool, 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 Poll rules for the Lone Pine-Dakota "D" Pool will cause drainage of applicant's property not offset by counter-drainage, and will result in impairment of correlative rights.

WHEREFORE applicant prays that this application be set for hearing before the full Commission 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 ^{N/2 NW/4} ~~E/2 NW/4~~ and ~~NW/4 NW/4~~ of Section 8, Town-^{Town}ship 17 North, Range 8 West, N.M.P.M., placing such acreage within the limits of the Hospah-Dakota Pool, ^{Called in this connection} and for such other and further relief as may be proper ^{on 2/18/75} to prevent waste and prevent the impairment of correlative rights. ^{JK}

Respectfully submitted,

TESORO PETROLEUM CORPORATION

By

W. V. Kellahin

KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

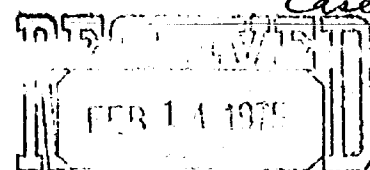
Exhibits for Lone-Pine Dakota "D" Hearing
before NMOCC scheduled for June 12, 1975

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'

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

February 13, 1975



OIL CONSERVATION COMM
Santa Fe

TELEPHONE 982-4315
AREA CODE 505

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

Re: Tesoro Petroleum Corporation
Lone Pine-Dakota D Pool
McKinley County, NM

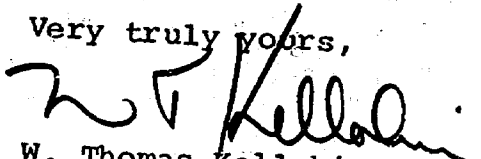
Gentlemen:

Please set the enclosed application for hearing
before the full commission.

Our firm represents Tesoro Petroleum Corporation
with regards to the enclosed application. This applica-
tion was the subject of Case 5355.

Because any order entered after an examiner's hear-
ing will certainly be appealed to the full commission,
I would appreciate having this application initially set
for hearing before the full Commission.

Very truly yours,


W. Thomas Kellahin

WTK:ks

Enclosure

cc: Mr. Charles Roberts
Mr. Jerry Salsberry

DOCKET MAILED

Date _____

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:

CASE No. 5495

APPLICATION OF TESORO PETROLEUM
CORPORATION FOR POOL REDELINEATION,
MCKINLEY COUNTY, NEW MEXICO.

Order No. R- 5057

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 12, 1975,
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of July, 1975, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
Law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Tesoro Petroleum Corporation, seeks
the contraction of the horizontal limits of the Lone Pine Dakota
"D" Oil Pool, McKinley County, New Mexico, by the deletion of the
N/2 NW/4 of Section 8, Township 17 North, Range 8 West therefrom
and the concomitant extension of the Hospah Dakota Pool to include
therein the aforesaid lands.

-2-

Case No. 5495

Order No. R-

(4) That in developing this area, the applicant has encountered two faults on either side of a water-filled graben block which lies between the N/2 NW/4 of Section 8, Township 17 North, Range 8 West and the main portion of said Lone Pine-Dakota "D" Oil Pool. *to the South.*

(5) That these faults and water-filled graben block form an effective barrier which separates the ^{main portion of the} Lone Pine Dakota "D" Oil Pool from ^{the N/2 NW/4 of said Section 8 and} the Hospah Dakota Pool.

(3) That the Lone Pine-Dakota "D" Oil Pool and the Hospah Dakota Pool are separate sources of supply.

(6) That wells in the Lone Pine-Dakota "D" Oil Pool have larger spacing units and receive higher allowables than wells in the Hospah Dakota Pool.

(7) That the wells presently completed in and producing from the N/2 NW/4 of Section 8, Township 17 North, Range 8 West are currently designated as being in the Lone Pine-Dakota "D" Oil Pool and are able to produce an 80 acre allowable although producing from a common source of supply with ^{wells in} ~~within~~ the Hospah Dakota Pool which ^{wells} ~~can~~ produce only a 40 acre allowable.

(8) That because of this disparity in allowable, wells in the Hospah Dakota Pool off-setting the wells producing from the N/2 NW/4 of said Section 8 are being drained and the correlative rights of the owners of these wells are being impaired.

(9) That placing the N/2 NW/4 of said Section 8 in the Hospah Dakota Pool will result in all of the wells in this common source of supply being spaced and prorated in the same manner ^{thereby} ~~eliminating~~ the disparity noted in Finding (8) above.

(10) That in order to prevent waste and protect correlative rights, the horizontal limits of the Lone Pine Dakota "D" Oil Pool should be contracted by deleting therefrom the N/2 NW/4 of Section 8, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico and by the concomitant extension of the Hospah Dakota Pool to include therein the aforesaid lands.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Lone Pine Dakota "D" Oil Pool in McKinley County, New Mexico, are hereby contracted by

-3-
Case No. 5495
Order No. R-

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
Section 8: N/2 NW/4

(2) That the Hospah Dakota Pool in McKinley County, New Mexico is hereby extended to include therein:

TOWNSHIP 17 NORTH, RANGE 3 WEST, NMPM
Section 8: N/2 NW/4

(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 herein-
above designated.