

**LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE**

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,

FINIS.

(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

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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, McKinley County, New Mexico:

<u>OPERATOR</u>	<u>LEASE</u>	<u>WELL NO.</u>	<u>LOCATION</u>
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

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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. 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

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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.

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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:

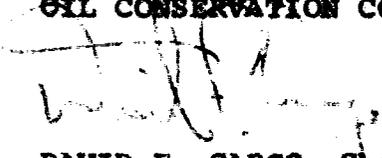
(1) That the locations of all wells presently drilling to or completed in the South Hospah Upper Sand Oil Pool or the South Hospah Lower Sand Oil Pool or in the Gallup formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location not previously approved 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.

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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