

Gil Oil and Gas Company

GILCO

152 PETROLEUM CENTER BUILDING • FARMINGTON, NEW MEXICO 87401

TELEPHONE: 505/325-1702

July 19, 1971

Mr. C. W. Nance.
TENNECO OIL COMPANY
Suite 1200 Lincoln Tower Bldg.
Denver, Colorado 80201

20 AM 8 11
71 JUL
4457

Dear Wayne:

Following through on our recent meeting in Denver concerning a plan of unitization for the Lone Pine field, McKinley County, New Mexico, this is to advise you that after deliberation and consultation with Alan Antweil, we are unable at this time to commit to this proposed plan of unitization of said field.

Our decision not to commit to the proposed plan of unitization is based upon the inequitable treatment afforded the Bah-e Lease by your proposed plan. Specifically, if the production parameter is to be the sole criterion for allocation during the "primary production" phase as proposed by you, then we object to establishment of a production parameter based upon 100 barrels per well per day producing potential, since your declared objective is to produce the unit at a rate of 4400 barrels per day, or 200 barrels per well per day. If Tenneco and the other operators in the pool are willing to conduct witnessed 24 hour tests on each well in the pool to determine its ability to produce 200 barrels per day, we would be happy to join the unit and accept the production parameter allocation based upon such tests.

We feel that the foregoing proposal is no more than fair since the wells located on the Bah-e Lease are two of the better wells in the field and capable of producing substantially in excess of 200 barrels per well per day, while I am sure you will admit that there are other wells in the field which are not capable of producing 200 barrels per day. Thus, to approve an allocation of production to the Bah-e Lease based upon a production parameter of 100 barrels per day would obviously result in an inequitable allocation to the Bah-e Lease and a violation of the correlative rights of both the operator and the royalty owners.

Unless you exceed to the foregoing request, we will have no alternative but to refuse to join the unit plan as proposed by you and to take our case to the United States Geological Survey and the New Mexico Oil Conservation Commission.

Very truly yours,

GIL OIL & GAS COMPANY

By

Gilbert S. Maxwell

GSM: jjh

cc: Mr. N. Orvis Frederick
United States Geological Survey
P. O. Box 1857
Roswell, New Mexico

cc: Mr. A. L. Porter ✓
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

cc: Mr. Alan Antweil
P. O. Box 2010
Hobbs, New Mexico 88240

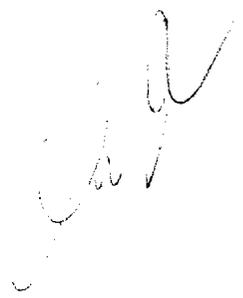
cc: Beard Oil Company
Suite 200, 2000 Classen Bldg.
2000 Classen Blvd.
Oklahoma City, Oklahoma 73106

cc: Tesoro Petroleum Corporation
8520 Crownhill
San Antonio, Texas 78209

LAW OFFICES

McDERMOTT, CONNELLY & STEVENS

W. H. McDERMOTT
HARRY S. CONNELLY, JR.
DONALD G. STEVENS



APR 5 1971

P. O. BOX 1904
LINCOLN BUILDING
101 WEST MARCY
SANTA FE, NEW MEXICO 87501
TELEPHONE 505 983-7301

April 2, 1971

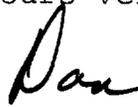
Mrs. Ida Rodriguez
New Mexico Oil Conservation Commission
State Land Office
Santa Fe, New Mexico 87501

Dear Ida:

Enclosed is the South Hospah Field Dakota Structure
Map, Exhibit No. 3, Case 4457.

I certainly appreciate your fantastic service in
letting us reproduce this.

Yours very truly,



Donald G. Stevens

DGS:sj

Enclosure



OIL CONSERVATION COMMISSION

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

March 2, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Re: Case No. 4457

Order No. R-4084-A

Applicant:

Tenneco Oil Company

Mr. Ken Bateman
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

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. C. J. Chuck Scheffing, P. O. Box 1200 - Shell Oil Company,
Farmington, New Mexico

Mr. William J. Cooley, Farmington, New Mexico

Mr. Richard S. Morris, Santa Fe, New Mexico

Mr. Don Stevens, Santa Fe, New Mexico



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS ROAD - AZTEC
87410

February 24, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

71 MAR 1 10 54

Operators of wells in the Lone Pine Dakota D Oil Pool
Mckinley County, New Mexico

Gentlemen:

After hearing Case No. 4457 on February 23, 1971, the New Mexico Oil Conservation Commission announced that the following provisions will be included in the resultant order:

1. That the spacing in the Lone Pine Dakota D Oil Pool shall be a flexible 80 acre pattern where a well may be drilled on either quarter-quarter section of the proration unit or both, and
2. That a proration unit will receive only one allowable even if more than one well is completed on the tract.

Form C-102 may be submitted in duplicate to this office. The effective date will be set out in the printed order.

Consideration is being given to holding the allowable for all 80 acre tract to a 40 acre allowable until gas recycling for pressure maintenance will use the produced gas. The decision will be included in the printed order.

A supply of form C-102 is enclosed for your convenience.

If there are questions please contact us.

Yours very truly,

A. R. Kendrick
Engineer Dist #3

ARK/me

enclosure

file *Sm*

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

Juan Chacin
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

February 11, 1971

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Case No. 4457
Scheduled for Hearing De Novo
February 17, 1971 - Lone Pine Field "D"
Pool, McKinley County, New Mexico

Gentlemen:

Reference is made to our letter dated January 25, 1971
objecting to certain portions of Tenneco Oil Company's application in
the subject Case.

Please be advised that Gulf Oil Corporation withdraws its
opposition to the 80-acre spacing, and we have no objections to this
spacing on a temporary basis.

Yours very truly,

GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

JHH:mrd

cc: Tenneco Oil Company
Suite 1200 - Lincoln Tower Building
Denver, Colorado 80203



Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

Juan Chacin
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

January 25, 1971

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Application of Tenneco Oil Company
for Hearing de novo, Case No. 4457
Order No. R-4084, Lone Pine - Dakota
"D" Pool, McKinley County, New Mexico

Gentlemen:

Gulf Oil Corporation, as an Operator in the subject pool, has been informed that Tenneco made application for a hearing de novo relative to Order No. R-4084, dated December 22, 1970, issued in Case No. 4457. We understand this is set for hearing on February 17, 1971.

Gulf objected to the fixed well locations in the original hearing and we still object to this provision. We have had an opportunity since the original hearing to review the reservoir data available and it is our opinion that the pool should be developed on 40 acre spacing.

Yours very truly,

GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

JHH:dch

cc: Tenneco Oil Company
Suite 1200 Lincoln Tower Building
Denver, Colorado 80203
Attention: Mr. C. W. Nance



A DIVISION OF GULF OIL CORPORATION

DOCKET NUMBER

Date 2-5-71