

Case Number

4273

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 25, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Tesoro Petroleum
Corporation for an unorthodox
oil well location and amendment
of Order No. R-2807-A, McKinley
County, New Mexico.

Case No. 4273

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4273.

MR. HATCH: Case 4273. Application of Tesoro Petroleum Corporation for an unorthodox oil well location and amendment of Order No. R-2807-A, McKinley County, New Mexico.

MR. MORRIS: Mr. Examiner, I am Dick Morris of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing for the Applicant. I have one witness, Mr. Denman, and ask that he be sworn, please.

(Witness sworn).

MR. UTZ: Any other appearances?

You may proceed.

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

MR. MORRIS: Mr. Examiner, just by way of clarification here, at the time that we came before the Commission in Case No. 4205, we fought approval of some unorthodox in fill well locations in the Hospah Unit, and waterflood project, that's operated by Tesoro, in the Hospah, upper sand oil pool.

At that time, we were thinking entirely of drilling injection wells at unorthodox locations, and we gave

inadequate consideration to the possibility that those injection wells, when drilled, might produce some oil. The reason for this application is, as the evidence will show, that one of the injection wells is making a considerable amount -- one of the wells drilled is making a considerable amount of oil, and we need approval for its unorthodox location as an oil well.

At the same time, we are seeking approval of an amendment of the previous order, and the previous order established an administrative procedure for injection wells, at unorthodox locations, and we seek its amendment, also, to provide for administrative approval of unorthodox locations for producing wells.

Along the same lines, as the administrative procedure set out in Order No. 2807-A.

RICHARD H. DENMAN

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Denman, will you state your name and where you reside?

A My name is Richard H. Denman, and I live in San

Antonio, Texas.

Q By whom are you employed and in what capacity?

A I am a petroleum engineer with Tesoro Petroleum Corporation.

Q Mr. Denman, you have previously testified before the Commission and had your qualifications as a petroleum engineer accepted as a matter of record?

A That's correct.

Q Mr. Denman, was my opening statement generally correct?

A Yes, sir.

Q Referring to the plat that you have marked Exhibit No. 1, would you point out where the injection wells are located within the Hospah Unit?

A The injection wells in the Hospah Unit area are indicated by the red circles on the Exhibit 1.

In addition to these injection wells, No. 58 also indicated by a red circle, is one of the wells which was requested as an irregular location for injection purposes by the last hearing.

The 59 well, indicated by a red arrow, is due north of that and was also requested as an irregular location for injection purposes.

But, it is this well, No. 59 that we now propose to produce.

Q What is the location of Well No. 59?

A It's fourteen hundred and thirty feet from the south line and twenty-six hundred and twenty-five feet from the east line of Section 36, Township 18 North, Range 9 West.

Q And was this well drilled for the -- as an injection well, pursuant to the authority of Order No. R-2807-A?

A Yes, we had every intention of using it for an injection well at that time.

Q What has been the history of that well since it was drilled?

A Upon completion, we put it on a temporary producing status to see what it would do, and it made something in the order of eighty-two barrels of oil per day, and approximately twenty barrels of water.

Since that time, it has tapered off -- it has leveled off somewhere in the neighborhood of sixty-three barrels per day of oil.

Q But, you do anticipate substantial, additional oil production from this well?

A That's correct.

Q Is it possible that at some future time you may wish to convert this well to an injection well?

A Yes, sir.

Q Mr. Denman, this is sort of plowing old ground here, but has it been shown in previous cases and is it still the case that Tesoro is the operator on the water-flood project, and is the operator of the unit, and this Well No. 59 is an interior location with respect to this Hospah Unit?

A Yes, sir. That's correct. This is an interior location.

Q Would correlative rights be impaired by the granting of the unorthodox location that you seek?

A No.

Q Have you reviewed the administrative provisions -- or excuse me, the provisions of R-2907-A, providing for administrative approval of additional injection wells at unorthodox locations within the unit area?

A I have.

Q What would be your recommendation for amendment of this provision with respect to unorthodox producing wells?

A The only suggestion is that it would be expanded or amended to include producing wells, as well as injection wells.

MR. MORRIS: At this time, Mr. Examiner, we would offer in evidence Applicant's Exhibit 1.

MR. UTZ: Without objection, Exhibit 1 will be entered into the record of this case.

MR. MORRIS: I believe that's all we have on direct.

CROSS EXAMINATION

BY MR. UTZ:

Q Now, the amendment No. R-2807-A, that you request, other than the Well No. 59, is to provide administrative approval in the amendment for non-standard locations, for either injection or producing wells? Is that correct?

A Within the unit boundaries, yes.

MR. UTZ: Any questions of the witness?

You may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case?

The case will be taken under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
RICHARD H. DENMAN	
Direct Examination by Mr. Morris	3
Cross Examination by Mr. Utz	7

E X H I B I T S

Applicant's Exhibit 1	2
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I, CA FENLEY, Court Reporter 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.

John F. Fisher
Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings of
the Executive Session of the Board
held at _____
_____ 4273
69
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

67501

**GOVERNOR
DAVID F. CARGO
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMJO
MEMBER**

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

December 3, 1969

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hannahs & Morris
Attorneys at Law
Santa Fe, New Mexico

Re: Case No. 4273
Order No. R-2807-B
Applicant:
Tesoro Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

G. L. Carter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC_____

Aztec OCC x

Other _____

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. 4273
Order No. R-2807-B

APPLICATION OF TESORO PETROLEUM CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION AND AMEND-
MENT OF ORDER NO. R-2807-A, MCKINLEY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of December, 1969, 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 by Order No. R-2807-A, dated September 8, 1969,
the applicant, Tesoro Petroleum Corporation, was authorized to
drill its Well No. 59, among other wells, as a water injection
well in its waterflood project in the Hospah Unit Area, Hospah
Upper Sand Oil Pool, at an unorthodox location 1430 feet from
the South line and 2625 feet from the East line of Section 36,
Township 18 North, Range 9 West, NMPM, McKinley County, New
Mexico.

(3) That the applicant now seeks approval for the unorthodox
location of the aforesaid Well No. 59 as an oil producing well in
its waterflood project in the Hospah Unit Area.

(4) That approval of the unorthodox location of the aforesaid Well No. 59 as an oil producing well in the waterflood project in the Hospah Unit Area should increase the efficiency of the subject waterflood project and result in greater ultimate recovery of oil, thereby preventing waste.

(5) That the applicant further seeks amendment of said Order No. R-2807-A to provide for the establishment of an administrative procedure whereby the Secretary-Director of the Commission may authorize additional producing wells within its Hospah Unit Area as may be necessary to complete an efficient producing pattern.

(6) That approval of the aforesaid amendment will afford the applicant the opportunity to produce its just and equitable share of the oil in the Hospah Upper Sand Oil Pool, and will otherwise prevent waste and protect correlative rights, provided said producing wells are drilled no closer than 330 feet to the outer boundary of said Hospah Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tesoro Petroleum Corporation, is hereby authorized to complete its Well No. 59 as an oil producing well in its waterflood project in the Hospah Unit Area, Hospah Upper Sand Oil Pool, McKinley County, New Mexico, approved by Commission Order No. R-2807, as amended by Order No. R-2807-A, at an unorthodox location 1430 feet from the South line and 2625 feet from the East line of Section 36, Township 18 North, Range 9 West, NMPM, McKinley County, New Mexico.

(2) That Order (2) of Commission Order No. R-2807-A, dated September 8, 1969, is hereby further amended to read in its entirety as follows:

"(2) That the subject waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional producing wells and injection wells at orthodox and unorthodox locations within the Hospah Unit Area as may be necessary to complete an efficient production and

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CASE No. 4273

Order No. R-2807-B

injection pattern; provided said wells are drilled no closer than 330 feet to the outer boundary of said Hospah Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection."

(3) That that portion of Order No. R-2807-A which authorizes the drilling of Well No. 59 as a water injection well is hereby superseded.

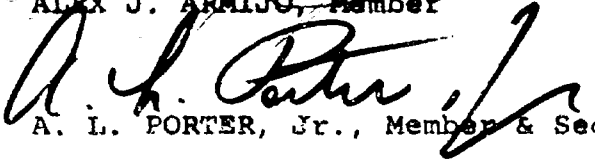
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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


esr/

Case 4273

Heard 11-25-69

Rec. 11-26-69

Grant Tesoro permission to
convert their water injection well
Kospak upper Sand unit #59, 1438 S
+ 2625/E line - 36-18N-9W. to a
producing well. Also grant
amendment to B2887-A to allow
for Administrative approval for
future injection well ~~locations~~
NSLS.

Thudor H. J.

NOTE: DUE TO THE THANKSGIVING HOLIDAY, THIS HEARING IS SCHEDULED FOR TUESDAY RATHER THAN WEDNESDAY AS CUSTOMARY.

Docket No. 32-69

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 25, 1969

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 4259: Application of Aztec Oil & Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 5112 feet to 5138 feet in its State "SS" Well No. 1 located in Unit F of Section 24, Township 17 South, Range 36 East, Spencer-San Andres Pool, Lea County, New Mexico.
- CASE 4260: Application of Tamarack Petroleum Company, Inc. for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Northeast Pearl Queen Unit Waterflood Project, Pearl-Queen Pool, by the conversion to water injection one additional injection well, its Unit Well No. 18, located in Unit L of Section 23, Township 19 South, Range 35 East, Lea County, New Mexico.
- CASE 4261: Application of Pennzoil United, Inc., for special pool rules and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Quail Ridge-Morrow Gas Pool, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks approval of the unorthodox location in said pool for its Mescalero Ridge Well No. 1 at a location 660 feet from the South line and 660 feet from the West line of Section 20, Township 19 South, Range 34 East.
- CASE 4262: Application of Plains Radio Broadcasting Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for the applicant's White Ranch Well No. 1 located in Unit E of Section 34, Township 11 South, Range 29 East, White Ranch Siluro-Devonian Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt

water produced by said well in an unlined surface pit located in the vicinity of said well. In the alternative, applicant seeks authority to dispose of said produced water into the Siluro-Devonian formation in the perforated interval from 8743 feet to 8750 feet in its White Ranch Well No. 3 located in Unit M of said Section 34.

- CASE 4263: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "E" Well No. 3, to be located 590 feet from the South line and 1590 feet from the West line of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 4264: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "J" Well No. 1, to be located 2390 feet from the South line and 2410 feet from the East line of Section 11, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 4265: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates, San Andres and other formations in the open-hole interval from approximately 4450 feet to 5890 feet in its Midway State Well No. 3 located in Unit J, Section 12, Township 17 South, Range 36 East, Lovington Field, Lea County, New Mexico.
- CASE 4245: (Continued from the November 5, 1969, Examiner Hearing) Application of Texas Pacific Oil Company, Inc. for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Townships 22 and 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

(Case 4245 continued)

A 160-acre unit comprising the W/2 SE/4 and the E/2 SW/4 of Section 8, Township 22 South, Range 36 East, to be dedicated to the State "A" a/s-2 Well No. 56 located in Unit J of said Section 8;

A 200-acre unit comprising the NW/4 and the NW/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/s-2 Well No. 42 located in Unit E of said Section 11;

A 280-acre unit comprising the SE/4, S/2 SW/4, and the NE/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/s-2 Well No. 36 located in Unit M of said Section 11;

A 200-acre unit comprising the N/2 NE/4, the SE/4 NE/4, and the NE/4 NW/4 of Section 15 and the SE/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/s-1 Well No. 31 located in Unit H of said Section 15;

A 160-acre unit comprising the S/2 NW/4, SW/4 NE/4 and the NW/4 NW/4 of Section 15, Township 23 South, Range 36 East, to be dedicated to the State "A" a/s-1 Well No. 33 located in Unit F of said Section 15;

A 240-acre unit comprising the SW/4 of Section 3, and the N/2 NW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/s-1 Well No. 35 located in Unit I of said Section 3;

A 160-acre unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/s-1 Well No. 37 located in Unit F of said Section 10.

CASE 4266: Application of Texas Profit Oil Company, Inc., for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain a/cage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Gilman Gas Pool, Lea County, New Mexico:

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(Case 4266 continued)

A 280-acre unit comprising the SW/4 of Section 9 and the E/2 SE/4 and SW/4 SE/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 58 located in Unit K of said Section 9;

A 160-acre unit comprising the E/2 SW/4, SW/4 SW/4 and NW/4 SE/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 56 located in Unit J of said Section 8;

A 120-acre unit comprising the S/2 NW/4 and NW/4 SW/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 51 located in Unit F of said Section 8;

A 160-acre unit comprising the SW/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 41 located in Unit M of said Section 5;

A 160-acre unit comprising the NW/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 44 located in Unit F of said Section 5;

A 160-acre unit comprising the SE/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 27 located in Unit P of said Section 5.

CASE 4267: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Edward M. Kriss and all other interested parties to appear and show cause why the Edward M. Kriss Little Chama Valley Company Well No. 1, a wildcat well, located 545 feet from the North line and 1530 feet from the West line of Section 2, Township 1 North, Range 2 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

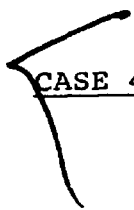
CASE 4268: Application of Texaco Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State "UD" Unit Area comprising 160 acres, more or less, of State lands in the NW/4 of Section 27, Township 26 South, Range 37 East, Rhodes (Yates-Seven Rivers) Pool, Lea County, New Mexico.

- CASE 4269: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its State "JD" Unit Area by the injection of water into the Yates-Seven Rivers formations through two wells located in Unit D and Unit F of Section 27, Township 26 South, Range 37 East, Rhodes (Yates-Seven Rivers) Pool, Lea County, New Mexico.
- CASE 4270: Application of Byron McKnight for an exception to Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to drill to a depth of approximately 3800 feet in the Yates formation two exploratory wells located in the SW/4 NE/4 and SE/4 NE/4 of Section 26, Township 19 South, Range 33 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string required by said Order No. R-111-A provided the production string would be cemented to the surface.
- CASE 4271: Application of Texaco Inc. for a waterflood expansion and amendment of Order No. R-2748, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its waterflood project in the Rhodes (Yates-Seven Rivers) Pool, authorized by Order No. R-2748, by the injection of water through four additional wells in Sections 22 and 27 of Township 26 South, Range 37 East, Lea County, New Mexico. Applicant further seeks amendment of said order to establish a procedure whereby additional injection wells as may be necessary to complete an efficient injection pattern may be approved administratively.
- CASE 4272: Application of Shell Oil Company for an unorthodox oil well location and to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Sanger Well No. 6 at an unorthodox surface location in Unit E 1490 feet from the North line and 330 feet from the West line of Section 27, Township 18 South, Range 38 East, Hobbs (Grayburg-San Andres) Pool, Lea County, New Mexico. Applicant further seeks authority to directionally drill said well in such a manner as to bottom the well in the subject pool at a point in Unit D of said Section 27 approximately 200 feet north of said surface location. Applicant proposes to dedicate said Unit D to the well.

November 25, 1969 - Examiner Hearing

Docket No. 32-69

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 CASE 4273: Application of Tesoro Petroleum Corporation for an unorthodox oil well location and amendment of Order No. R-2807-A, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its Well No. 59, formerly classified as a water injection well, located 1430 feet from the South line and 2625 feet from the East line of Section 36, Township 18 North, Range 9 West, Hospah Upper Sand Oil Pool, McKinley County, New Mexico. Applicant further seeks the amendment of Order No. R-2807-A to permit a procedure whereby additional producing and injection wells in its Hospah Unit Area may be approved administratively.

CASE 4274: Application of Pan American Petroleum Corporation for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Navajo Tribal "N" Well No. 11 at an unorthodox location 1150 feet from the West line and 560 feet from the North line of Section 17, Township 26 North, Range 18 West, Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico.

Received 11/14/69

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF TESORO PETROLEUM
CORPORATION FOR AN UNORTHODOX
PRODUCING WELL LOCATION AND FOR
AMENDMENT OF ORDER NO. R-2807-A,
HOSPAN UPPER SAND OIL POOL,
MCKINLEY COUNTY, NEW MEXICO

Case No. 4273

APPLICATION

Comes now Tesoro Petroleum Corporation and applies to the New Mexico Oil Conservation Commission for approval of an unorthodox producing well location and for amendment of Order No. R-2807-A Hospah Upper Sand Oil Pool, McKinley County, New Mexico, and in support of its application states:

1. By Order No. R-2807-A entered in Case No. 4205 on September 8, 1969, the Commission approved an unorthodox location for applicant's Well No. 59, at a location 1430 feet from the south line and 2625 feet from the east line of Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico.
2. Pursuant to the said Order No. R-2807-A, applicant drilled its Well No. 59 at the aforesaid unorthodox location and completed the said Well as a producing Well in the Hospah Upper Sand Oil Pool. The said Well presently is producing approximately 70 barrels of oil per day, and production in substantial quantities is expected to continue for an indefinite period of time.
3. Applicant seeks approval of its said Well No. 59 at an unorthodox location as a producing Well and further seeks the right to convert the said Well to an injection Well at a later time when its conversion to injection is required in connection with applicant's operation of the waterflood project in the Hospah unit area.
4. Applicant further seeks the amendment of Order No.

DOCKET MAILED

Date 11-14-69

R-2807-A to amend the administrative procedure specified therein to apply to unorthodox locations for producing Wells as well as for injection Wells as set forth in the said Order.

5. Inasmuch as the said Well No. 59 and all Wells that may be approved by the administrative procedure of Order No. R-2807-A, as sought to be amended herein, are located within the Hospah unit area that is operated by the applicant, approval of this application will not impair correlative rights and will not cause waste.

WHEREFORE, applicant requests that this application be set for hearing before the Commission or one of its examiners and that the Commission enter its order approving this application.

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& MORRIS

By


P.O. Box 2307

Santa Fe, New Mexico 87501

Attorneys for Tesoro Petroleum
Corporation.

DRAFT

GMH/esr

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. 4273

Order No. R-2807-B

APPLICATION OF TESORO PETROLEUM CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION AND AMEND-
MENT OF ORDER NO. R-2807-A, MCKINLEY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this December day of 1969, 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 by Order No. R-2807-A, dated September 8, 1969,
the applicant, Tesoro Petroleum Corporation, was authorized to
drill its Well No. 59, among other wells, as a water injection
well in its waterflood project in the Hospah Unit Area, Hospah
Upper Sand Oil Pool, at an unorthodox location 1430 feet from
the South line and 2625 feet from the East line of Section 36,
Township 18 North, Range 9 West, NMPM, McKinley County, New
Mexico.

(3) That the applicant now seeks approval for the unorthodox
location of ~~is~~ ^{the} aforesaid Well No. 59 as an oil producing well in
project
its waterflood/in the Hospah Unit Area.

(4) That approval of the unorthodox location of the aforesaid Well No. 59 as an oil producing well in the waterflood project in the Hospah Unit Area should increase the efficiency of the subject waterflood project and result in greater ultimate recovery of oil, thereby preventing waste.

(5) That the applicant further seeks amendment of said Order No. R-2807-A to provide for the establishment of an administrative procedure whereby the Secretary-Director of the Commission may authorize additional producing wells within

its Hospah Unit area *to as may be necessary to complete an efficient producing pattern.*

(6) That approval of the aforesaid amendment will afford the applicant the opportunity to produce its just and equitable share of the oil in the Hospah Upper Sand Oil Pool, and will otherwise prevent waste and protect correlative rights, provided said producing wells are drilled no closer than 330 feet to the outer boundary of said Hospah Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tesoro Petroleum Corporation, is hereby authorized to *complete* ~~drill~~ its Well No. 59 as an oil producing well in its waterflood project in the Hospah Unit Area, Hospah Upper Sand Oil Pool, McKinley County, New Mexico, approved by Commission Order No. R-2807, as amended by Order No. R-2807-A, at an unorthodox location 1430 feet from the South line and 2625 feet from the East line of Section 36, Township 18 North, Range 9 West, NMPM, McKinley County, New Mexico.

(2) That Order (2) of Commission Order No. R-2807-A, dated September 8, 1969, is hereby further amended to read in its entirety as follows:

"(2) That the subject waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve such additional producing wells and injection wells at orthodox and unorthodox locations within the Hcspah Unit Area as may be necessary to complete an efficient production and injection pattern; provided said wells are drilled no closer than 330 feet to the outer boundary of said Hcspah Unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with Rule 701 B of the Commission Rules and Regulations. The showing of well response as required by Rule 701 E-5 shall not be necessary before obtaining administrative approval for the conversion of additional wells to water injection."

✓ (3) That that portion of Order No. R-2807-A which authorizes the drilling of Well No. 59 as a water injection well is hereby superseded.

(4) 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.