

CASE 4330: Application of TENNECO
FOR AN UNORTHODOX LOCATION AND
DUAL COMPLETION, MCKINLEY COUNTY.

Case Number

4330

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier

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

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 25, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company
for an unorthodox location and dual
completion, McKinley County, New
Mexico.

Case No. 4330

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4330.

MR. HATCH: Case 4330. Application of Tenneco Oil Company for an unorthodox location and dual completion, McKinley County, New Mexico.

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

(Witness sworn).

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification).

MIKE LACEY

the Witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name and address, please?

A Mike Lacey, Denver, Colorado.

Q And by whom are you employed, Mr. Lacey, and in what capacity?

A Tenneco Oil Company as a production petroleum engineer.

Q You have previously qualified as an expert witness

in the field of petroleum engineering in New Mexico?

A Yes, I have.

Q Now, referring to the plat which has been marked Exhibit Number One, would you explain what Tenneco is seeking by this application?

A We are applying for permission to dual complete our Hospah 37X, which is located in the northwest quarter of Section 12.

We also desire an exception to special field rule 2, which would govern the production from the Upper Hospah at this location. I would like to take a little time and explain the different rules and regulations that govern this location so that the Commission can understand what our application is for.

Q All right.

A The lower half of Section 12 has been termed the Hospah "A" Lease. The upper half of Section 12 is the Hospah Lease. There is a one percent difference in overriding royalty between these two leases.

All of our Lower Hospah production is in the northern half of Section 12 under the Hospah Lease and this has not been unitized and we don't have a secondary recovery project going on in the Lower Hospah.

We have unitized the Upper Hospah Sand for secondary recovery purposes. The Upper Sand Unit includes the upper half of the south half of Section 12 and all of the north half of Section 12, excluding the 40 acres in the northwest corner.

Now, there are special field rules covering both the Upper Hospah Pool and the Lower Hospah Pool. These rules are essentially the same for both pools as far as well spacing goes. They require that the wells be 330 feet from an outer lease boundary; that the wells be 200 feet away from a well capable of producing in the same formation and that the wells be 20 feet from a forty-forty Government quarter-quarter section.

Our Hospah 37X was drilled in the Lower Hospah and completed in that sand. It meets all of the field rules for the Lower Hospah. As we found by drilling the Hospah 37, prior to drilling 37X, a fault cuts off the productive limits of the field some 200 feet to the northwest of 37X.

For this reason, we would like permission to dually complete 37X and produce from the Upper Hospah Sand at this location, as there is a difference in ownership in the Upper Hospah Sand between the unit and 40 acres occurring in the northwest quarter of Section 12.

It is also necessary for us to ask for an exception

to rule 2, which is of the special field rules of the Upper Hospah Sand which would permit this well to produce closer than 330 feet to an outer lease boundary.

Q Now, let me see if I understand you. Your Lower Hospah is proper and standard in all respects?

A Yes, sir, it is.

Q And that's because this lease boundary that you are concerned with is the section boundary?

A Yes, it is.

Q It includes all of the north half of Section 12?

A Yes, sir.

Q But, the Upper Hospah, because you unitized everything except that northwest northwest quarter, you are crowding your lease boundary there?

A Yes, we are.

Q Now, you do not show on Exhibit Number One your Well Number 37; is that correct?

A No, sir, we do not. Thirty-seven was located 243 feet -- 238 feet, excuse me, northwest of 37X. We felt it would add confusion to the map to show this on the map. It occurs approximately in the same place.

Q Can you give the Examiner the footage?

A Yes, sir, I can. Hospah 37 is located 1150 feet

from the north line and 1080 feet from the west line of Section 12. Thirty-seven X is located 1280 feet from the north line and 1280 feet from the west line of Section 12.

Q And Well Number 37 wasn't productive in either of the Lower or Upper Hospahs?

A No, sir. We took Hospah 37 to 1900 feet where we entered the Upper Hospah Sand and found it to be wet at this location. It was on the down-thrown side of the vault.

Q Was it your experience with that well that caused Tenneco not to include this 40-acre tract in the unit?

A No, sir. The original map of the field shows the vault to lie to the east of that 40-acre tract and therefore, it was not included in the unit.

Later, geological and engineering analysis indicated that the vault might lie farther west. This is the reason that we drilled 37 and then 37X.

Q Are you at the present time attempting to enlarge the unit to include this 40-acre tract?

A Yes, we are.

Q What is the status on that?

A This is now being processed by our legal department. I would estimate two to three months and we should have permission to expand the unit to include this 40-acre tract.

Q What is the present status of your 37X Well?

A Presently, the well is producing out at the Lower Sand and it is producing at the top allowable for that location.

Q What is its allowable production?

A I believe its allowable production now would be a 100 barrels a day.

Q Now, you have prepared a sketch which is marked Exhibit Number Two which will show your proposed insulation. Would you go over that for the Examiner?

A Yes. This shows how we would propose to dual complete this well. We would run a string of 2 and 3/8 tubing with special clearance couplings down to produce the Upper Hospah.

We estimate our perforation interval from 1584 to 1626. We would produce the Lower Hospah from open hole through 2 and 7/8 tubing with special clearance couplings below a model D production packer.

Q In your opinion, would this proposed insulation prevent migration of fluids from either zone?

A Yes, it will.

Q Now, can you explain to the Examiner what affect, if any, this -- the granting of this application would have as far as the correlative rights of the owner in the Lower

or the Hospah "A" lease and the Hospah lease?

A For all practical purposes, I don't feel that there would be any violation of correlative rights in this case. We will be bringing this well into the unit in two to three months. The division of ownership between the two leases is very slight.

There is a one percent difference between the Hospah and the Hospah "A" and the United States Government is the major lease owner with twelve and a half percent base royalty, which he has on both sides of the line.

Q So, in effect, what you would be doing here would be just changing the flow of income rather than who would get the money?

A Yes. I think actually in the end the amount of money will be very negligible.

Q Does the secondary recovery project or waterflood project include this quarter-quarter section?

A Yes, it does. The secondary recovery project includes the entire Section 12.

Q Now, you have marked as Exhibit Number Three a log of the well. Do you have anything you wish to --

A I would like to point out that we have marked the Upper Hospah on this log, but because we completed this well

open hole, we did not have complete log down through the Lower Kosnah.

Q How do you plan to separate your production from these two zones if the Commission will grant it?

A We will install separate facilities at this well temporarily until it can be brought into the unit.

Q In your opinion, would the granting of this application have any adverse affect on the correlative rights of the royalty owners in this lease?

A No, I don't believe it would.

Q Do you think that the granting of this application allowing you to produce this oil at this time would have any beneficial affect on the reservoir?

A I think it will be beneficial to the extent that it will allow us to produce primary reserves from 37%.

Q Were Exhibits One through Three prepared by you or under your supervision?

A Yes, they were.

MR. KELLY: At this time I move the introduction of Tenneco's Exhibits One through Three.

MR. UTZ: Exhibits One through Three will be entered into the record of this case.

MR. KELLY: I have nothing further on direct.

CROSS EXAMINATION

BY MR. UTZ:

Q The Upper and the Lower are two different pools;
is that correct?

A Yes, they are.

Q Now, you stated that you were going to have separate
facilities until such time as they were unitized. Then, what
do you plan?

A After the unitization expansion is approved, we
will produce 37% through our regular like facilities in the
Upper. The Lower oil, of course, will go through separate
facilities, also.

Q You do have permission for a like system there?

A Yes. We have one there now.

Q Was all the north half of 12 in the original unit
except the northwest of the northwest?

A Yes.

Q I must have read the order wrong. I had the north-
east of the northeast. I was going to find out how come you
had wells on it. Apparently, I read it wrong.

So, the only thing that is really pertinent here is
a non-standard location and a dual completion in the upper zone?

A Yes, sir.

MR. UTZ: Any further questions of the witness?

The witness may be excused.

(Witness excused).

MR. UTZ: Statements in this case? The case will
be taken under advisement.

I N D E X

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E X H I B I T S

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Brenda Burks
Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of case No. 4330,
heard by me on May 25, 1970.

New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

**GOVERNOR
DAVID F. CARGO
CHAIRMAN**

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

April 3, 1970

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

Re: Case No. 4330
Order No. R-3943
Applicant:
Tenneco Oil Company

Dear Sir:

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

Very truly yours,

G. L. Porter, 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. 4330
Order No. R-3943

APPLICATION OF TENNECO OIL COMPANY
FOR AN UNORTHODOX LOCATION AND DUAL
COMPLETION, MCKINLEY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of April, 1970, 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 the Special Rules and Regulations governing the
South Hospah-Upper Sand Pool to complete its Hospah Well No.
37X at an unorthodox location for said pool 1280 feet from
the North line and 1280 feet from the West line of Section 12,
Township 17 North, Range 9 West, NMPM, McKinley County, New
Mexico.

(3) That the applicant also seeks authority to complete
the subject well as a dual completion (conventional) to produce
oil from the South Hospah-Upper Sand Pool through 2 3/8-inch
tubing and to produce oil from the South Hospah-Lower Sand Pool

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CASE No. 4330
Order No. R-3943

through a parallel string of 2 7/8-inch tubing, with separation of the zones by a packer set at approximately 1630 feet.

(4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby granted an exception to the Special Rules and Regulations governing the South Hospah-Upper Sand Pool to complete its Hospah Well No. 37X at an unorthodox location for said pool 1280 feet from the North line and 1280 feet from the West line of Section 12, Township 17 North, Range 9 West, NMPM, McKinley, County, New Mexico.

(2) That the applicant is hereby authorized to complete the subject well as a dual completion (conventional) to produce oil from the South Hospah-Upper Sand Pool through 2 3/8-inch tubing and to produce oil from the South Hospah-Lower Sand Pool through a parallel string of 2 7/8-inch tubing, with separation of the zones by a packer set at approximately 1630 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter.

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

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CASE No. 4330

Order No. R-3943

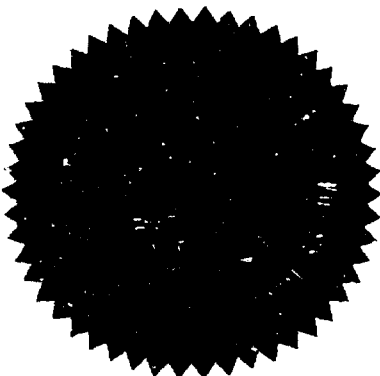
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/

Case 4330
Heard 3-25-70
Rec. 3-30-70

Grant Deenness permission
to finally complete (conventi-
tional) their Wopah # 37X
1280/N, 1280/W - 12-N - 9W, 9N -
Kinby Co., in the Upper & Lower
Wopah zones of Wopah.
As Vail Pool.

Grant them an NWK also
for the upper Wopah Pool.
The NW & NW sec. 12 will
be put into the unit in
3 or 4 mo.

Thos A. Dwyer

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 25, 1970

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. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4321: Application of Sun Oil Company-DX Division for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Cass Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.
- CASE 4324: Application of Pennzoil United, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Lea-Bone Springs Pool to permit the completion of a well at an unorthodox location 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 South, Range 34 East, Lea County, New Mexico.
- CASE 4325: Application of Mobil Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp Pool and the Vacuum-Upper Pennsylvanian Pool in the wellbore of its Bridges State Well No. 119, a triple completion, located in Unit F of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4326: Application of Newmont Oil Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I to permit the recompletion of a well at an unorthodox oil well location 1325 feet from the South line and 990 feet from the East line of Section 31, Township 17 South, Range 30 East, Loco Hills-Queen Pool, Eddy County, New Mexico.
- CASE 4327: Application of Franklin, Aston & Fair for an exception to Order No. R-3221, as amended, Eddy 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 applicant's leases comprising the NE/4 and N/2 SE/4 of Section 1, Township 18 South, Range 29 East and the E/2, N/2 NW/4, and S/2 SW/4 of Section 6, Township 18 South, Range 30 East, Loco Hills Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells located or to be located on said leases in unlined surface pits.

Examiner Hearing - March 25, 1970

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- CASE 4328: Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the undesignated Pictured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, San Juan County, New Mexico. Said SE/4 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33. Applicant further seeks an order pooling all mineral interests in said gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico. Said NE/4 to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section 4. Also to be considered will be the costs of drilling said wells, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said wells.
- CASE 4329: Application of R. D. Collier for an exception to Order No. R-3221, as amended, Eddy 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 ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Sinclair Parke Well No. 1 located in Unit F, Section 22, Township 17 South, Range 30 East, Jackson-Abo Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.
- CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing and March 4, 1970 Examiner Hearing)
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.
- CASE 4319: (Continued from the March 4, 1970, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L

Examiner Hearing - March 25, 1970

-2-

CASE 4328: Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the undesignated Fractured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, San Juan County, New Mexico. Said SE/4 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33. Applicant further seeks an order pooling all mineral interests in said gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico. Said NE/4 to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section 4. Also to be considered will be the costs of drilling said wells, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said wells.

CASE 4329: Application of R. D. Collier for an exception to Order No. R-3221, as amended, Eddy 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 ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Sinclair Parke Well No. 1 located in Unit F, Section 22, Township 17 South, Range 30 East, Jackson-Abo Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.

CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing and March 4, 1970 Examiner Hearing)
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.

CASE 4319: (Continued from the March 4, 1970, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L

(Case 4319 continued)

of Section 30, Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 4322: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the wellbore of its Shell State Well No. 1, a triple completion, located in Unit J of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4323: 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 by the injection of water into the Grayburg and San Andres formations through its USA Federal "C" Well No. 1 located in Unit P, Section 15, Township 17 South, Range 32 East, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico.

CASE 4330: Application of Tenneco Oil Company for an unorthodox location and dual completion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Hospah Well No. 37X to produce oil from the Hospah-Upper and South Hospah-Lower Sand Oil Pools at an unorthodox location for said pools 1280 feet from the North and West lines of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico.

CASE 4331: 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 790 feet from the North and West lines of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4264: (Continued from the February 4, 1970 Examiner Hearing)
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 4301: (Continued from the February 4, 1970 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Robert T. Smith and all other interested persons to appear and show cause why the following Robert T. Smith wells located in Section 32, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

State Well No. 1 located 487 feet from the North line and 990 feet from the East line;

State "A" Well No. 1 located 400 feet from the North line and 990 feet from the East line;

State Well No. 3 located 330 feet from the North line and 330 feet from the West line;

State Well No. 6 located 220 feet from the North line and 1485 feet from the East line;

State Well No. 6-Y located approximately 5 feet West of the above-described Well No. 6;

State Well No. 8 located 1155 feet from the North line and 2475 feet from the East line.

March 5, 1970

70 MAR 26 AM 8 12

MAA

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

Re: Waiver to Tenneco Oil Company's
Application to Dual Hospah 37-X
Hospah Field
McKinley County, New Mexico

Gentlemen:

Tesoro Petroleum Corporation as an offset operator waives objection to Tenneco Oil Company's request to recomplete Hospah #37-X (Unit D, Section 12, T12N, R9W, McKinley County, New Mexico) as a dual Upper-Lower Sand producing well.

We have received a copy of the above mentioned application.

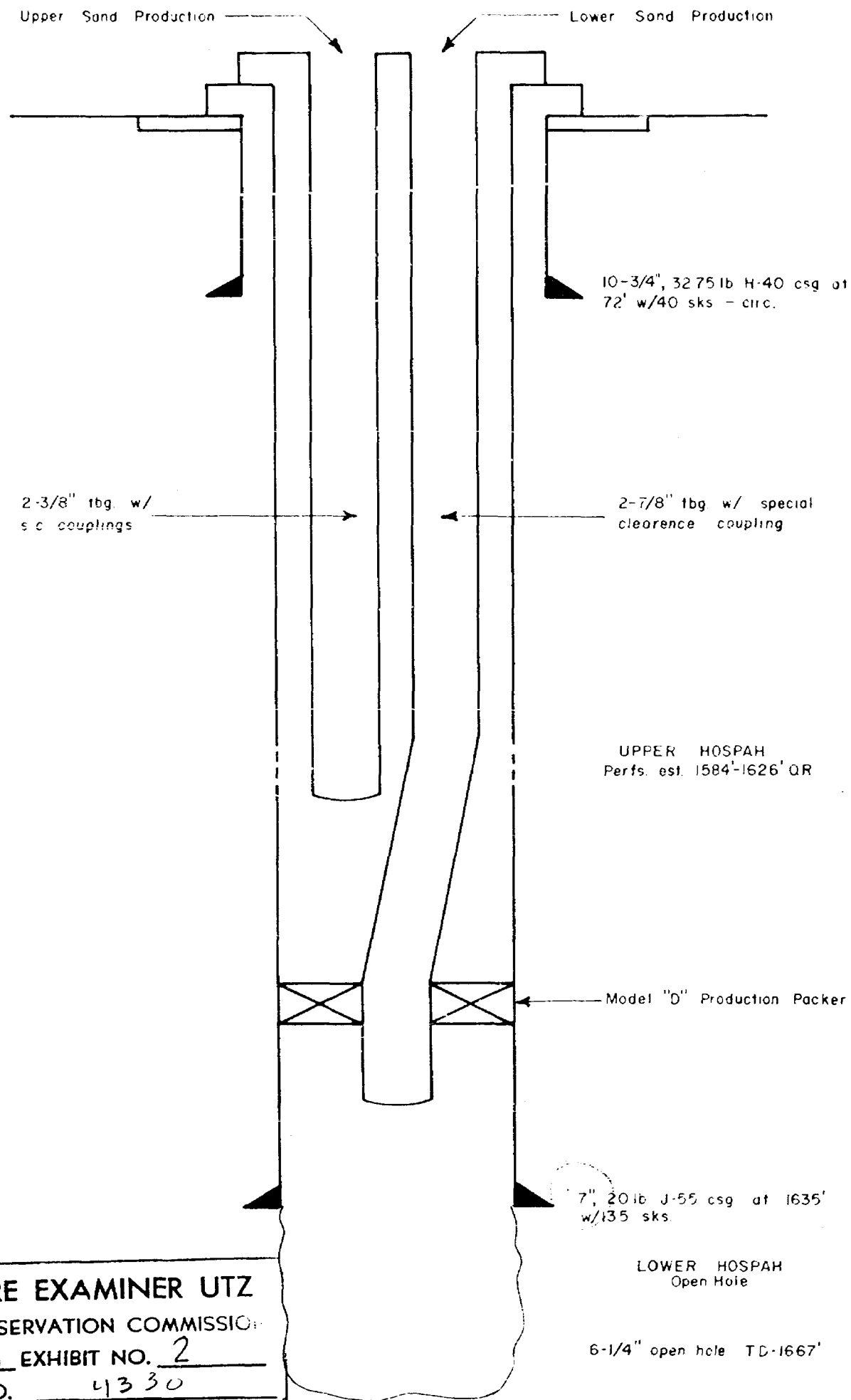
Yours very truly,

TESORO PETROLEUM CORPORATION

Harold Vagtborg Jr.

/mae

TENNECO OIL COMPANY
DENVER DISTRICT
PROPOSED DUAL UPPER-LOWER HOSPAH PRODUCING WELL
HOSPAH NO. 37X
SECTION 12 - T17N, R9W
MC KINLEY COUNTY, NEW MEXICO



70 MAR 4 PM 4 44

Case 4/330

Tenneco Oil Company hereby submits an Application for a dual completion and an exception to Special Field Rule No. 2 in the South Hospah field. We desire authorization to operate Hospah No. 37X the location 1280 from the North line and 1280 from the West line Section 12 T. 17 N. Range 9 W. McKinley County, New Mexico as a dual upper Hospah, lower Hospah producing well. ^R Hospah 37 X was recently drilled and completed as a lower sand producing well. Production at the location verified that the productive limits of the field are further West than previously mapped. In order to prevent waste and to efficiently produce the field, it is deemed necessary to dually complete this well as an upper-lower producing well.

In accordance with Rule 111-A, we have enclosed commission form C-107, a diagramatic sketch of the completion, a well log, and a plat of the Hospah field. A copy of this application has been sent to Tesoro Petroleum Corp the off-set operator.

We also request an exception to Special Field Rule No. 2 for the South Hospah field. This rule states in part that no well can be located closer than 330 feet to the outer boundary of the lease on which it is located. When the South Hospah upper water flood unit was unitized, the acreage underlying Hospah 37X was considered unproductive and the NW 1/4 NW 1/4 of Section 12 was not entered in the unit.

Necessary legal work to ass the NW 1/4 NW 1/2 Section 12 to the unit is now in progress. It is felt that final approval of this addition will not be received until mid summer.

Tenneco, therefore, requests an Exception to Rule No. 2, permitting production from the upper Hospah closer than 330 feet to the lease boundary.

This exception would be necessary to permit dual completion of this well prior to approval of the unit expansion in mid summer. When the unit expansion is approved, this well will meet the special field rules with regard to location



March 5, 1970

*DMH
file - Case
4330*

1000000000

'70 MAR 9 AM 9 10

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Re: Order No. R3361

Gentlemen:

Tenneco Oil Company hereby submits an application for a dual completion and an exception to Special Field Rule 2 in the South Hospah Field. We desire authorization to operate Hospah No. 37-X (1280 FNL and 1280 FWL Section 12, T-17-N, R-9-W, McKinley County, New Mexico) as a dual Upper - Lower Hospah producing well.

Hospah 37-X was recently drilled and completed as a Lower Sand producing well. Well log calculations verified that the productive limits of the field are further west than previously mapped. However, Hospah 37, drilled just west of 37-X encountered no Upper Hospah sand due to faulting. In order to prevent waste and to efficiently produce the field, it is deemed necessary to dually complete this well as an Upper-Lower producing well.

In accordance with Rule 111-A, we have enclosed Commission Form C-107, a diagrammatic sketch of the completion, a well log, and a plat of the Hospah Field. A copy of this application has been sent to Tesoro Petroleum Corporation, the offset operator.

We also request an exception to Special Field Rule 2 for the South Hospah Field. This Rule states in part that no well can be located closer than 330 feet to the outer boundary of the lease on which it is located. When the South Hospah Upper Waterflood Unit was unitized, the acreage underlying Hospah 37-X was considered unproductive and the NW/4 NW/4 of Section

DOCKET MAILED

Date 3-12-70

TENNECO OIL COMPANY

New Mexico Oil Conservation Commission

March 5, 1970

Page 2

12 was not entered in the Unit. An exception to this Rule will be necessary to enable us to dually complete this well.

Yours very truly,

TENNECO OIL COMPANY

C. W. Nance
Wm

C. W. Nance
District Production Superintendent

JML/bjs

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

White, Gilbert, Koch and Kelly
Santa Fe, New Mexico

Tesoro Petroleum Corporation
San Antonio, Texas

Millard Carr
Denver, Colorado

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Case 4330

Operator Tenneco Oil Company		County McKinley	Date March 4, 1970
Address Suite 1200 Lincoln Tower Building		Lease South Hospah	Well No. 37-X
Location of Well	Unit D	Section 12	Township 17N Range 9W

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Upper Hospah		Lower Hospah
b. Top and Bottom of Pay Section (Perforations)	Est. 1584-1626		Open Hole 1635-1667
c. Type of production (Oil or Gas)	Oil		Oil
d. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping

4. The following are attached. (Please check YES or NO)

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*
<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. *Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Tesoro Petroleum Corporation

8520 Crownhill

San Antonio, Texas 87209

*The logged interval did not include the Lower Hospah as the well was open hole completed.

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification March 4, 1970.

CERTIFICATE: I, the undersigned, state that I am the District Office Supervisor of the Tenneco Oil (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Perry M. Rizzo
Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

HOSPAN NO. 37-X
NW NW Section 12, T-17-N, R-9-W
McKinley County, New Mexico

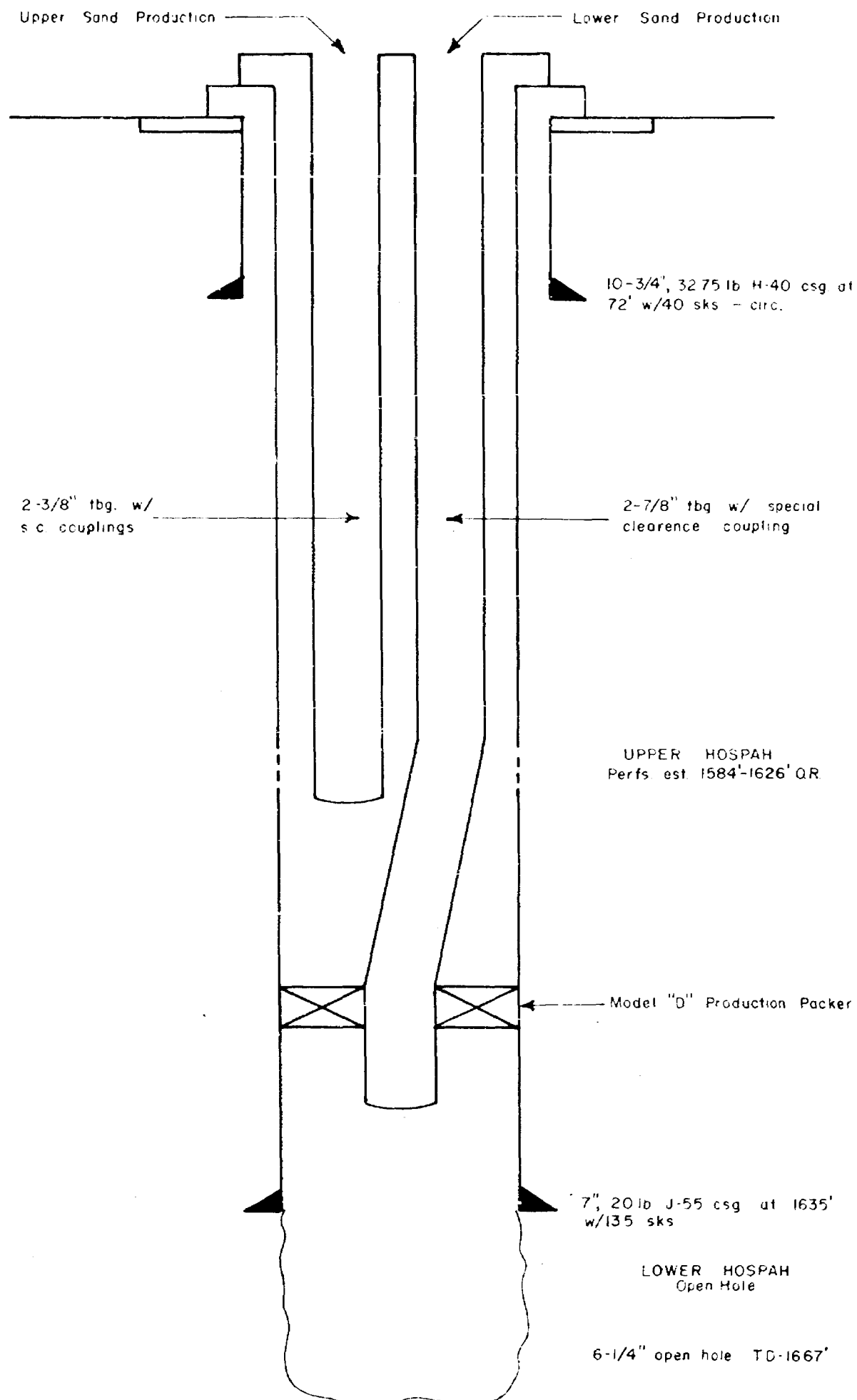
Re: Complete subject well as dual Upper and Lower Hospah Sand producer.

Procedure

1. MIRUPU
2. Pull rods and tubing. Check PBD 1667'.
3. Perf. Upper Hospah Sand est. 1584 - 1626' OA & Set Baker Model 'D' packer w/expendable plug @ est. 1630'.
4. Run packer and tubing and acidize perfs, w/250 mud acid and 250 15%.
5. Swab test - Pull tbg. and packer.
6. Fracture treat perfs, w/5000 gal, lease oil and 5000 #20-40 mesh sand if warranted.
7. Run string of 2-7/8" slimhole tbg. and circ. packer clean. Expend plug packer.
8. Run string 2-3/8" slimhole tbg.
9. Run rods and pumps and put on production.

Case 4330

TENNECO OIL COMPANY
DENVER DISTRICT
PROPOSED DUAL UPPER-LOWER HOSPAH PRODUCING WELL
HOSPAH NO. 37X
SECTION 12 - T17N, R9W
MC KINLEY COUNTY, NEW MEXICO



Chas 4330 JOC-3270

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. 4330

Order No. R- 3943

APPLICATION OF TENNECO OIL COMPANY
FOR AN UNORTHODOX LOCATION AND DUAL
COMPLETION, MCKINLEY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 19670,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of April, 19670, 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 excep-
tion to the Special Rules and Regulations governing the South
Hospah-Upper Sand Pool ~~and the South Hospah Lower Sand Pool~~ to
complete its Hospah Well No. 37X at an unorthodox location for
said pool 1280 feet from the North line and 1280 feet from the
West line of Section 12, Township 17 North, Range 9 West, NMPM,
McKinley County, New Mexico.

(3) That the applicant also seeks authority to complete
the subject well as a dual completion (conventional) to produce
oil from the South Hospah-Upper Sand Pool through 2 3/4-inch
tubing and to produce oil from the South Hospah-Lower Sand Pool

through a parallel string of 2 7/8 -inch tubing, with separation of the zones by a packer set at approximately 1630 feet.

(4) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby granted an exception to the Special Rules and Regulations governing the South Hospah-Upper Sand Pool ~~and the South Hospah Lower Sand Pool~~ to complete its Hospah Well No. 37X at an unorthodox location for said pool ~~2~~ 1280 feet from the North line and 1280 feet from the West line of Section 12, Township 17 North, Range 9 West, NMPM, McKinley County, New Mexico.

(2) That the applicant is hereby authorized to complete the subject well as a dual completion (conventional) to produce oil from the South Hospah-Upper Sand Pool through 2 7/8 -inch tubing and to produce oil from the South Hospah-Lower Sand Pool through a parallel string of 2 7/8 -inch tubing, with separation of the zones by a packer set at approximately 1630 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-

leakage tests upon completion and annually thereafter, ~~during the~~

~~Gas Oil Ratio~~

~~Test Period for the South Hesperian Lower~~

~~Sand Rock.~~

(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.

CASE 4331: Application of WYNN &
BROOKS FOR AN UNORTHODOX GAS WELL
LOCATION, SAN JUAN COUNTY, N.M.