

CASE 5294: APPLI. of SHENANDOAH
OIL CORP. for a buffer zone
allowable, Eddy County.

CASE No.

5294

Application,
Transcripts,
Small Exhibits

ETC.

Mr. Don -
Lexton

Alexander

M. Wain

817 332-7381

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date AUGUST 21, 1974 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
HARLEY RENNIS	EXXON	MIDLAND, TEX
CRAIG HINRICHS	TEXACO	HERBES, N.M.
GUY BUELL	Amoco	HOUSTON
Clyde D. Ford	Amoco	Houston, Texas
Gene Gradick	Amoco	Houston, Tex.
DON LAYTON	SHENANDOAH	FT. WORTH
<i>Bob Rusty</i>	Shenandoah	ROSWELL
Paul Eaton	Hinkle, Bandurant et al	Roswell
A. D. RIAL	Tenneco Oil Co	DENVER
J. J. Rulewicz	Tenneco Oil Co.	DENVER
ROY CROW	GENERAL AM. OIL CO.	LOCO HILLS NM
KENDATEMAN	Wirth Koch Kelly + McCutty	Santa Fe N.M.
Larry J. Darnall	General American Oil	Dallas, Tex
Paul Thompson	General American Oil	Dallas, Tex
JOHN KEESEY	SIPES, WILLIAMSON & AYCOCK	MIDLAND, TEX
Robert H. Northington	Mesa Petroleum Co.	Midland, Tex.
<i>Q. Lower</i>	Loose & Pearson	Artesia
Ralph Mue	Poquima Oil Corp	Artesia

August 21, 1974

IN THE MATTER OF:

Application of Shenandoah Oil
Corporation for a buffer zone
allowable, Eddy County,
New Mexico.

Case No.
5294

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Applicant:

Sim Christy, Esq.
JENNINGS, CHRISTY & COPPLE
Suite 1012 Security Nat'l Bank
Roswell, New Mexico

For the New Mexico Oil

for the New Mexico Oil Conservation Commission: William Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

I N D E X

PAGE

DONALD R. LAYTON

Direct Examination by Mr. Christy

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Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant's Exhibits Nos. 1 through 5

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MR. STAMETS: The Hearing will please come to order. We will Case 5294.

MR. CARR: Case 5294. Application of Shenandoah Oil Corporation for a buffer zone allowable, Eddy County, New Mexico.

MR. CHRISTY: Sim Christy, Jennings, Christy and Copple for the Applicant, Shenandoah. We have one witness, Mr. Examiner.

MR. STAMETS: Are there any other appearances? The witness will stand and be sworn, please.

(Witness sworn.)

MR. CHRISTY: Mr. Examiner, I would like to announce, first, that there is a typographical error in the Application, which I don't think is of any particular importance. We state that our leases in the west half, northwest of Section 23 and that should be east half, northwest, however, your publication is correct, and I therefore believe you have jurisdiction. There is also in the publication a minor typographical error at Line 5 reading: "Feet from the west line and 1320 feet from the north line." That is 1330 feet, but again, it is within the perimeter of the lease in question and I defer to the counsel, but I don't believe it is jurisdictional.

LAYTON-DIRECT

MR. CARR: No.

DONALD R. LAYTON

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address, by whom you are employed and in what capacity?

A I am Donald R. Layton. I am Secondary Recovery Division Engineer for Shenandoah Oil Corporation in Fort Worth.

Q You are a Petroleum Engineer, are you not?

A Yes, sir.

Q Have you previously testified before this regulatory body and had your qualifications accepted as a Petroleum Engineer?

A Yes, sir.

Q Are you familiar with what is sought in the Application in Case 5294 and the area involved and the wells involved?

A Yes, sir, I am.

MR. CHRISTY: Are the witness' qualifications acceptable?

LAYTON-DIRECT

MR. STAMETS: They are.

BY MR. CHRISTY:

Q Briefly tell me what is sought by the Application in Case 5294?

A Shenandoah requests a buffer zone allowable on the Gissler "A" Lease located as stated in the Application and the publication.

Q As corrected here this morning?

A That is correct, yes, sir.

Q And I believe this lease is surrounded by three waterfloods, is that correct?

A That is correct.

Q What are those three waterfloods?

A The three waterfloods are the Windfohr Oil Company Grayburg Jackson Units, the General Operating Company Grayburg Jackson Units and the Shenandoah Parkey Waterflood Project.

Q Do you have a plat map of the area?

A Yes.

Q Is it Exhibit 1?

A It is Exhibit 1.

Q Would you like to refer to that exhibit a second and explain it to the Examiner, what it is supposed to

LAYTON-DIRECT

depict?

A All right. The Gissler "A" Lease, of course, is covered in yellow. The Wells No. 1 and 3 in question are circled in red. The red line connecting the injection wells on the plat depict what we define as a buffer zone between these three waterflood projects.

Q That is what you will refer to as a "buffer zone" in this Hearing?

A That is correct.

Q The red circled area?

A That is correct.

Q Do you have any well test data on the Gissler "A" Leases, the wells?

A Yes, sir. Exhibit 2 is the current well test data on Wells Nos. 1 and No. 3.

Q Is this the latest information you have?

A That's correct. I have a test as of yesterday on the No. 3 Well, which is the most recent.

Q You tested the No. 1 well first?

A Yes. We have several tests on the No. 1 Well. These tests are following recent work-overs on both wells and No. 3 has just very recently been completed and we have only two tests on it.

Q Referring back to the buffer zone, would you give us a little explanation of the number of wells, et cetera, concerning the buffer zone, and I refer you to Exhibit 3?

A All right. Exhibit 3 is just a summary of the water injection into the nine injection wells which ring the perimeter of what we define as the buffer zone. The total water injection into these nine wells and then the calculated net injection as a result of their position and the angles between wells into the buffer zone. We also depict the oil production from 17 wells involved in this same perimeter with a formation volume factor of 1.2 total production which has been withdrawn from that area. There has been an amount of water production, but that is undetermined and is not a matter of immediate record, and it would be insignificant, we feel. The principle point in this summary is to indicate that fill-up from the waterflood projects has occurred in this buffer zone area.

Q Do you have some production data on this buffer zone area wells?

A Yes, sir.

Q Is that Exhibit 4, sir?

A Exhibit 4 is production data from the individual wells involved in the same buffer zone area.

LAYTON-DIRECT

Q So, Exhibit 4 is individual well data on what is depicted on a portion of Exhibit 3?

A That's correct, yes, sir.

Q Also, do you have the injection data with respect to the wells in the buffer zone area?

A Yes, sir. Exhibit 5 is the individual well injection data for the same area.

Q Again, that is a breakdown of what you show on Exhibit 3?

A That's correct, yes, sir.

Q You say that fill-up has occurred in the buffer zone area?

A That's correct.

Q Fill-up of what?

A Fill-up of the void in the reservoir created by the withdrawal of the oil and gas production from these 17 wells. This has been replaced with injected water, in other words.

Q Do you have an opinion of what would occur if these two wells in question here are produced on normal unit allowables?

A We feel that there is a very good possibility of some migration of this oil that will occur.

LAYTON-DIRECT

Q Off lease?

A Off lease, yes, sir.

Q Therefore, do you have a recommendation to the Commission as to what should be done to protect correlative rights and avoid waste?

A Yes, sir. We recommend that this area be defined as a buffer zone and that our Gissler "A" Lease be given a special buffer zone allowable equal to that of any other waterflood project.

Q Basically to capacity?

A Capacity allowable, yes, sir.

Q I assume from my question and your reply that you do feel that that would avoid waste?

A I do, sir.

Q Is there anything I failed to ask in connection with this Application that you think would be important to the Commission in their consideration of Case 5294?

A I don't think so. I think that covers it very well.

Q Were Exhibits 1 through 5 prepared by you or under your direct supervision?

A Yes, sir, they were.

MR. CHRISTY: That is all from this witness.

LAYTON-CROSS

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Layton, the various hatched lines and dotted lines on Exhibit No. 1 are the outlines of the various projects that you mentioned before?

A Yes, sir, that is correct.

Q And that shows, then, that in Section 23, the acreage which you have colored in yellow and also the Winfield Oil Company Gissler "B" Lease are not in the waterflood project at the present time?

A Yes, sir, that is correct.

Q Does Shenandoah have any plans to inject water into the Gissler "A" Lease?

A Yes, we do have. In our long-range planning in all probability, we will consider bringing this into our waterflood project. We do not have any at the time, the present time.

Q You mentioned working these wells over. What did that consist of?

A Just clean-up and frac simulations.

Q Do you think that the high allowables that you have out there now are a result of the waterfloods or the work-overs?

A Both probably. Actually, the fill-up volumes would indicate that we were past the point, considerably past the point where we should have had response, and this, of course, prompted us to do the work-overs in the first place. A chronic problem in this area, as you are probably familiar with, is the formation of calcium sulphate scale, and we think that probably this is the reason we had no response. The wells were producing at a very low rate prior to the work-over due to the calcium sulphate scaling.

Q No additional zones were open in those wells?

A No.

Q And this is the same zone that is being flooded in the offset?

A Yes, sir. Grayburg-San Andres, yes, sir.

Q Do you know if the wells intermediate between the Gissler "A" Lease and the injection wells to the south and west have had any response to waterflooding?

A To the south and west -- at least to the south I am familiar with that project -- I was supervisor of that project for a good many years, and that is an area in there that has had response and is pretty well flooded out at this point, actually. We have had recent responses also

LAYTON-CROSS

on our Parkey project to the west and northwest there, and Windfohr, of course, have had response on their project to the northeast for some time also. That is a project of several years now.

Q I notice that in the south half of the northeast quarter of Section 23, there are no wells producing in that area?

A That is correct.

Q Is it possible that the oil from your lease could be swept into this area here?

A It is possible, yes, sir.

Q And maybe not recovered, at least by Shenandoah?

A At least not by Shenandoah, certainly.

MR. STAMETS: Are there any other questions of the witness? You may be excused.

(Witness dismissed.)

MR. CHRISTY: I offer in evidence Exhibits 1 through 5.

MR. STAMETS: Exhibits 1 through 5 will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 were marked for identification and admitted into evidence.)

CASE 5294

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MR. STAMETS: Is there anything further in this case?

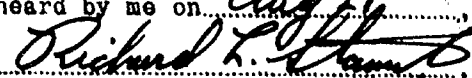
MR. CHRISTY: Nothing further, Mr. Examiner.

MR. STAMETS: We will take the case under advisement.

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

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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5294, heard by me on Aug 24, 1974.

Examiner
New Mexico Oil Conservation Commission

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

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. 5294
Order No. R-4847

APPLICATION OF SHENANDOAH OIL
CORPORATION FOR A BUFFER ZONE
ALLOWABLE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 21, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 3rd day of September, 1974, 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, Shenandoah Oil Corporation, is the operator of the Gissler "A" lease comprising the E/2 NW/4 of Section 23, Township 17 South, Range 30 East, NMPM, Grayburg Jackson Pool, Eddy County, New Mexico.

(3) That said Gissler "A" lease is immediately offset on the North, East, and South by active waterflood projects in said pool.

(4) That applicant's Gissler "A" Lease Wells No. 1 and 3 located on Units C and F of said Section 23 have experienced a response to the injection of water into the Grayburg Jackson Pool in the offsetting waterflood projects.

(5) That if applicant's said Gissler "A" Lease Wells No. 1 and 3 are not permitted to produce at capacity, oil may be swept from under said lease across lease lines onto other producing leases or onto undrilled acreage to the East.

(6) That to prevent waste and to protect correlative rights, applicant's Gissler "A" Lease should be designated a waterflood project buffer zone in the Grayburg Jackson Pool, Eddy County, New Mexico, and applicant's wells thereon should be permitted to produce at capacity.

-2-

CASE NO. 5294
Order No. R-4847

(7) That the subject application should be approved and that monthly Buffer Zone Project reports should be filed with the Commission on Form C-120.

IT IS THEREFORE ORDERED:

(1) That Shenandoah Oil Company's Gissler "A" Lease consisting of the E/2 NW/4 of Section 23, Township 17 South, Range 30 East, NMPM, Grayburg Jackson Pool, Eddy County, New Mexico, is hereby designated a waterflood project area buffer zone.

(2) That applicant's wells in said buffer zone may be assigned allowables which will permit said wells to produce at capacity.

(3) That the applicant shall file a Buffer Zone Project report monthly with the Artesia District Office of the Commission on Commission Form C-120 setting out thereon all pertinent data.

(4) That such Buffer Zone Project report shall be filed commencing with the month of first allowable assignment in excess of the pool top unit allowable to any well within the buffer zone.

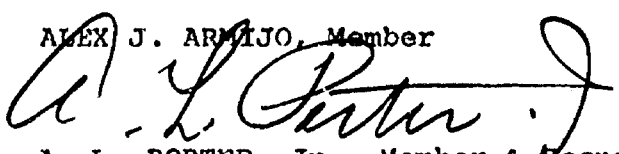
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

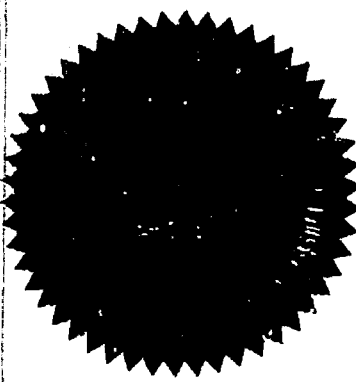
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMILLO, Member


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


S E A L

jr/

Dockets Nos. 25-74 and 26-74 are tentatively set for hearing on September 4 and September 18. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 21, 1974

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner

CASE 5294: Application of Shenandoah Oil Corporation for a buffer zone allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special buffer zone allowable to its Gissler "A" Wells Nos. 1 and 3, located 430 feet from the North line and 1720 feet from the West line, and 1330 feet from the North line and 2310 feet from the West line, respectively, of Section 23, Township 17 South, Range 30 East, Grayburg Jackson Pool, Eddy County, New Mexico. These wells offset an active waterflood project and have received an apparent response to water injection.

CASE 5295: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully Federal Gas Com Well No. 4 and its Gillully "A" Federal Well No. 7 located in Units B and O, respectively, of said Section 24.

CASE 5296: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Vacuum-Upper Pennsylvanian production with the presently commingled North Vacuum-Abo and North Vacuum-Wolfcamp production in the wellbore in its New Mexico "Q" State Well No. 4 located in Unit P of Section 25, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

CASE 5297: Application of Exxon Corporation for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 35, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Eumont Gas Com 3 Well No. 1 and its Fopeano Federal A/C Well No. 7, located in Units A and G, respectively, of said Section 35.

CASE 5298: Application of General American Oil Company of Texas for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 29, Township 17 South, Range 29

Docket No. 23-74

DOCKET: COMMISSION HEARING - MONDAY - AUGUST 19, 1974

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

CASE 5262: (DE NOVO)

Application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Media-Entrada Oil Pool by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising said lands. Applicant further seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

Upon application of Petro-Lewis Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5152: (Reopened) Continued from July 24, 1974 Examiner Hearing

In the matter of Case No. 5152 being reopened pursuant to the provisions of Order No. R-4713, which order established a special depth bracket allowable for the Media-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

ir/

(Case 5298 continued from Page 1)

East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5299: Application of Coquina Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 23, Township 22 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5300: Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 7, Township 16 South, Range 36 East, North Shoe Bar-Wolfcamp Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 555 feet from the South line and 2085 feet from the East line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5301: Application of Cleary Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Quarry Unit Area comprising 5177 acres, more or less, of Fee and Federal lands in Township 22 South, Range 32 East, Lea County, New Mexico.

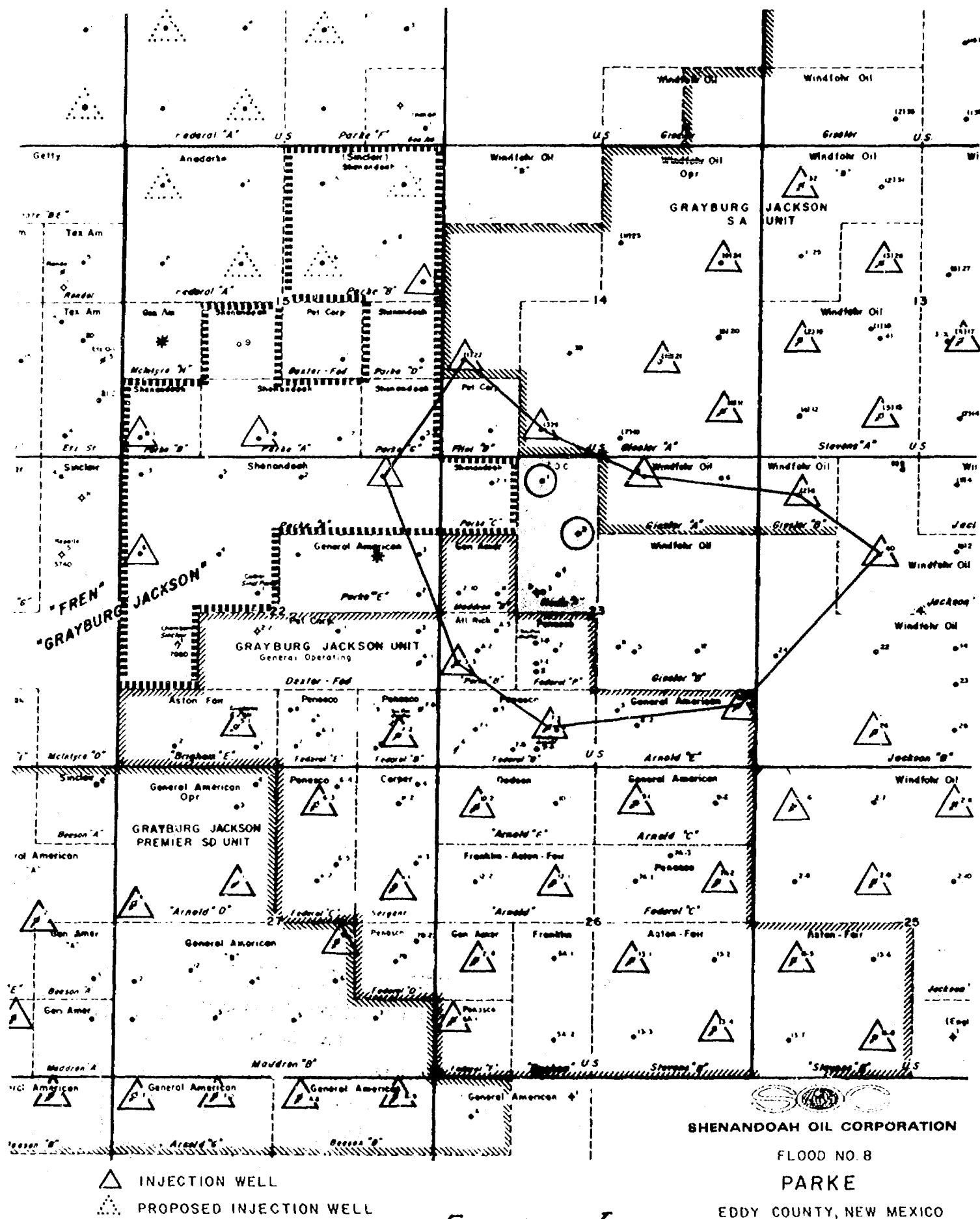


EXHIBIT I

GISSLER "A" LEASE

WELL TEST DATA

	<u>DATE</u>	<u>TEST HOURS</u>	<u>BARRELS PRODUCED</u>	<u>24 HOUR TEST RATE</u>
Well No. 1	7-22-74	12	102	204
	7-29-74	14	112	192
	8- 5-74	10	75	180
	8-12-74	16	108	162
	8-13-74	12	93	186
	8-18-74	14	91	156
Well No. 3	8-16-74	24	78	78
	8-20-74	19	75	95

SUMMARY

BUFFER ZONE DATA

Water Injection - 9 wells 6,593,694 barrels

Calculated Net Injection - Buffer Zone 2,630,330 barrels

Oil Production - 17 wells 1,340,862 barrels

Formation Volume Factor = 1.2

Total Production = $1.2 \times 1,340,862$ = 1,609,034 barrels

Water Production - No attempt made to determine water production

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-10-2001 BY 60322
UC/LP/TST/NO

PRODUCTION DATA

BUFFER ZONE AREA

<u>OPERATOR</u>	<u>LEASE & WELL NO.</u>	<u>CUMULATIVE OIL PRODUCTION 1-1-74</u>
Shenandoah Oil Corpotion	Parke A - 1	155,060
	Parke C - 2	99,405
	Parke C - 3	95,444
	Gissler A - 1	123,965
	Gissler A - 3	130,343
Petco	Flint B - 1	170,777
Windfohr Oil Company	Gissler B - 11	35,264
	Gissler B - 12	35,699
	GJU 22	119,088
	GJU 9	4,385
	GJU 8	18,148
General Operating Company	GJU 7	27,596
	GJU 2-10	50,244
	GJU 3- 3	45,055
	GJU 1- 1	95,106
	GJU 7- 3	29,173
	GJU 8- 1	106,110
	TOTAL	<u>1,340,862</u>

INJECTION DATA
 BUFFER ZONE AREA

<u>OPERATOR</u>	<u>LEASE & WELL NO.</u>	<u>CUMULATIVE WATER INJECTION 7-1-74</u>
Shenandoah Oil Corporation	Parke A - 1	87,461
Windfohr Oil Company	GJU 6	454,004
	GJU 8	421,866
	GJU 9	659,943
	GJU 22	259,064
	GJU 40	570,194
General Operating Company	GJU 3-3	1,247,972
	GJU 7-3	1,582,962
	GJU 8-1	1,310,228
	TOTAL	6,593,694



SHENANDOAH OIL CORPORATION

July 24, 1974

New Mexico Oil Conservation Commission
Post Office Box 2308
Santa Fe, New Mexico - 87501

Attention: Mr. Dan Nutter

Dear Sir:

8/2
Shenandoah Oil Corporation is the operator of an oil and gas lease located in the NW/4 of Section 23, Township 17 South, Range 30 East in Eddy County, New Mexico. This lease is identified as our Gissler "A" Lease and is located in the Grayburg Jackson Field.

This lease is situated adjacent to three water injection projects, namely, Shenandoah's Parke Waterflood Project, Grayburg-Jackson Unit operated by General Operating Company, and Grayburg-Jackson San Andres Unit operated by Windfohr Oil Company. A recent workover on the Gissler "A" No. 1 well has given this well productive capacity in excess of normal unit allowable, having tested for short periods at rates of 200 barrels of oil daily. A workover is currently in progress on the Gissler "A" No. 3.

In order to protect against migration of oil from our lease, we believe the wells on this lease should be produced at capacity. We are concerned that some migration may already have occurred and if such movement is allowed to proceed, a portion of the oil could become unrecoverable.

We, therefore, request that this lease be declared as a buffer zone and capacity producing allowables be granted. This would protect correlative rights and prevent the occurrence of waste.

We request that our application for hearing this matter be placed on the docket for August 21, 1974. We further request that, if possible, a capacity allowable be granted immediately to allow adequate well testing prior to the hearing.

If we may furnish additional information regarding this matter, please so advise.

Very truly yours,

SHENANDOAH OIL CORPORATION

Donald R. Layton
Donald R. Layton

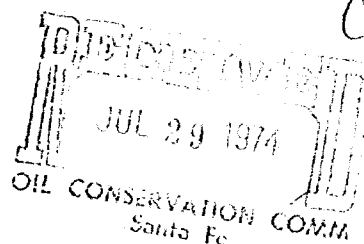
Secondary Recovery Division Engineer

DRL:ah

cc: C. Bellah

DOCKET MAILED

DATE 8-9-74



Case 5294

B. J. KELLENBERGER
PRESIDENT

1500 COMMERCE BUILDING
FORT WORTH, TEXAS 76102
817/332-7381
TWX: 910 890 5023

DRAFT

jr/RLS

(JL)

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. 5294

Order No. R- 4847

APPLICATION OF SHENANDOAH OIL
CORPORATION FOR A BUFFER ZONE
ALLOWABLE, EDDY COUNTY, NEW MEXICO.

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 21, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of September, 1974, 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, Shenandoah Oil Corporation, is the
operator of the Gissler "A" lease comprising the E/2 NW/4 of
Section 23, Township 17 South, Range 30 East, NMPM, Grayburg
Jackson Pool, Eddy County, New Mexico.

1 -2-
2 CASE NO. 5294
3 Order No. R-

4 (3) That said Gissler "A" lease is ^{immediately} offset on the North, East,
5 and South by active waterflood projects in said pool.

6 (4) That applicant's Gissler "A" Lease Wells No. 1 and 3
7 located on Units C and F of said Section 23 have experienced a
8 response to the injection of water into the Grayburg Jackson Pool
9 in the offset^{ing} waterflood projects.

10 (5) That if applicant's said Gissler "A" Lease Wells No. 1
11 and 3 are not permitted to produce at capacity, oil may be swept
12 from under said lease across lease lines onto other producing
13 leases or onto undrilled acreage to the East.

14 (6) That to prevent waste and to protect correlative rights,
15 applicant's said Gissler "A" Lease should be designated a water-
16 flood project buffer zone in the Grayburg Jackson Pool, Eddy County,
17 New Mexico, and applicant's wells thereon^{should} be permitted to produce
18 at capacity.

19 (7) That the subject application should be approved and that
20 monthly Buffer Zone Project reports should be filed with the
21 Commission on Form C-120.

22 IT IS THEREFORE ORDERED:

23 (1) That Shenandoah Oil Company's Gissler "A" Lease consist-
24 ing of the E/2 NW/4 of Section 23, Township 17 South, Range 30
25 East, NMPM, Grayburg Jackson Pool, Eddy County, New Mexico, is
26 hereby designated a waterflood project ^{area} ~~and~~ buffer zone.

27 (2) That applicant's wells in said buffer zone may be
28 assigned allowables which will permit said wells to produce
29 at capacity.

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2 CASE NO. 5294
3 Order No. R-

4 (3) That the applicant shall file a Buffer Zone Project
5 report monthly with the Artesia District Office of the Commission
6 *on Commission Form C-120*
7 setting out thereon all pertinent data.

8 (4) That such Buffer Zone Project report shall be filed
9 commencing with the month of first ~~production~~ *allowable assignment* ^{and} in excess of the top
10 unit allowable ~~by~~ ^{to} any well within the buffer zone.

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

13 DONE at Santa Fe, New Mexico, on the day and year hereinabove
14 designated.
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Application of Shennandoah
Oil Corporation for a
buffer zone allowable,
Eddy County, New Mexico.

Applicant in the above-styled cause
seeks the assignment of a special
buffer zone allowable to its wells
"A" Wells Nos 1 and 3, located 430 feet
from the north line and ~~the~~ 1720
feet from the west line, and 1320
feet from the north line and 2310
feet from the west line, respectively,
in Section 23, Township 17 South
Range 30 East, Grayburg Jackson
Pool, Eddy County, New Mexico.
These wells offset an active water-
flood project and have received
an apparent response to water in-
jection.