CASE 4251: Application of KERSEY & COMPANY FOR A WATERFLOOD PROJECT, EDDY COUNTY, NEW MEXICO.

Case Number

4251

Application

Trascripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Nov 5 69
EXAMINER HEARING

| | |
|---|---|
| IN THE MATTER OF: | |
| Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. | Case No. 4251 |

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case Number 4251.

MR. HATCH: Case 4251. Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. I think the record should show that Mr. Kersey has already been sworn.

MR. UTZ: The record will so show.

(Whereupon, Applicant's Exhibits A & B were marked for identification)

HAROLD KERSEY,

having been previously sworn, was examined and testified as follows:

MR.KERSEY: I'm Harold Kersey, Kersey and Company and this application is for a flood in the South Shugart area and it is into the Queen Sands and involved in the flood, referring to Exhibit A, there are six forties.

There will be two injection wells on the property. The number -- Welch No. A-2 and Welch No. A-4. The water for this project will be obtained from the Double Eagle Corporation. It will refer to Exhibit B, Schedule B, the Welch A-2 well, the eight and five-eighths casing on it is set at 900 feet with fifty sacks. The five and a half-inch casing is set at 3474 with a hundred and twenty-five sacks. And the Queen is open with perforations from 3336 to 3356.

The estimated top of the cement on the five and a half-inch casing is 2750 feet. The estimated top of the cement on the eight and five-eighths casing is 500 feet. Cement-lined tubing will be set with a tension packer at 3200 feet. The annulus will be filled with inhibited water and the estimated injection pressure will run from 1500 to 2000 pounds per square inch.

The annulus will be left open at the top so if any leaks become apparent, they can be immediately observed and taken care of. That's on the Welch A-2.

Welch A-4 is a little different in that eight and five-eighths is set at 863 with fifty sacks, and the five and a half-inch is set at 32-A-1 with a hundred and twenty-five sacks.

The difference is that the oil zone at 3315 to 3360, is an open hole. On this well, the cement-lined tubing will be set at 3200 feet with a tension packer, with annulus filled with inhibited water and on the other wells, the tubing head will be left open at the surface to catch any leaks that may occur. And the pressure will be the same on both wells, approximately 1500 to 2000 pounds per square inch.

It's anticipated the Shannon-Doyle will join us on this flood. They offset us to the north, and they're going

to make their Number 1-B well, as shown on this injection well at a later date, supposedly, after the first of the year. Their budget was taken up for this year so they couldn't go ahead at this time.

EXAMINATION

BY MR. UTZ:

Q Is the ownership of this entire tract, common?

A Yes, it is. The ownership of the six forties is common. I own one-third, Mr. Whitcock owns one-third, and we have a partner in Lubbock, Mr. Granbury that owns one-third.

Q Any other questions?

EXAMINATION

BY MR. HATCH:

Q What's the stage of depletion of the Welch wells?

A They're pretty well depleted. They're down to about two or three barrels per day per well and making some salt water, too. So, we're at a stage we're past the economic limit for producing. We will either have to flood or plug.

Q We had to make a correction in this last one, didn't we, at one time? Are these locations now correct?

A Yes, they're correct. I was away when the correction was made. I don't really know. My secretary told me when I

got back she made a correction when I was gone, so I don't really know what the correction was.

Q Number 2 is located in Unit G of Section 4, and 4 in Unit C of Section 4?

A Right. A, B, C. C and G, that's right. Number 4 is in Unit C and Number 2 is in Unit G.

MR. UTZ: Well, I really don't see that either because the foot location on your application is the same as it is on your exhibit. I think something else happened.

MR. HATCH: But it was advertised incorrectly.

THE WITNESS: She told me there was an error when I got back and that she had corrected it. I never bothered to find out what the error was.

MR. UTZ: Corrections the same as the first one. Any other questions? Witness may be excused.

Any statements in this case? The case will be taken under advisement. Hearing is adjourned.

## I N D E X



STATE OF NEW MEXICO )
) ss
COUNTY OF BERNALILLO )

I, Wayne Flores, 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.

Wayne Flores
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4757, heard by me on [illegible], 1976.

[illegible], Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

November 10, 1969

Mr. Harold Kersey
Kersey & Company
Post Office Box 316
Artesia, New Mexico 88210

Dear Sir:

Enclosed herewith is Commission Order No. R-3873, entered in Case No. 4251, approving the Kersey & Company Welch Shugart Waterflood Project.

Injection is to be through the two authorized water injection wells, each of which shall be equipped with a string of cement-lined tubing set in a packer at approximately 3200 feet. The casing-tubing annulus of each well shall be loaded with a corrosion-inhibited fluid and equipped with a pressure gauge at the surface.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 252 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

-2-

November 10, 1969

Mr. Harold Kersey
Kersey & Company
Post Office Box 316
Artesia, New Mexico

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

cc: Oil Conservation Commission
Hobbs and Artesia

U. S. Geological Survey
Drawer U
Artesia, New Mexico 88210

Mr. D. E. Gray
State Engineer Office
Santa Fe, New Mexico

COPY

IN REPLY REFER TO:

'70 AUG 3 AM 8 24

-51

not a unit -

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Drawer U
Artesia, New Mexico 88210

July 31, 1970

Kersey & Company
Post Office Box 316
Artesia, New Mexico 88210

Gentlemen:

Your letter of November 18, 1969, which this office has been holding for receipt of the Bureau of Land Management approved assignment or Designation of Operator, requests approval to operate a waterflood in the Shugart Pool by the injection of water into the Queen formation on oil and gas lease Las Cruces 069041, involving Lots 2 and 3, SE¼NW¼, SW¼NE¼ sec. 4, T. 19 S., R. 31 E., N.M.P.M., Eddy County, New Mexico. You propose to convert to water injection wells No. 2 Welch "A" located 1650/N and 2310/E and No. 4 Welch "A" located 660/N and 2210/W both of section 4 above. The New Mexico Oil Conservation Commission approved this project by order No. R-3873.

The plan for operating this waterflood project as proposed in the application is satisfactory to this office and hereby approved subject to the following:

1. A monthly progress report (N.M.O.C.C. form C-120 acceptable) is to be submitted in duplicate to this office showing the volume of water injected and average pressure for the injection wells and production for the producing wells in the project area.

2. This approval does not preclude the necessity for further approval when the project is expanded to include other wells and leases or the necessity to submit the usual notices and reports on wells involved.

Sincerely yours,

(Orig. Sgd.) ROBERT L. BEEKMAN

Robert L. Beekman
Acting District Engineer

cc:
N.M.O.C.C., Santa Fe
Roswell
File
Accounts

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. 4251
Order No. R-3873

APPLICATION OF KERSEY & COMPANY
FOR A WATERFLOOD PROJECT, EDDY
COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 5, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of November, 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 the applicant, Kersey & Company, seeks permission to institute a waterflood project in the Shugart Pool by the injection of water into the Queen formation through its Welch Well No. 2, located in Unit G, and its Welch Well No. 4, located in Unit C, both in Section 4, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

**IT IS THEREFORE ORDERED:**

(1) That the applicant, Kersey & Company, is hereby authorized to institute a waterflood project in the Shugart Pool by the injection of water into the Queen formation through the following-described wells in Section 4, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico:

Welch Well No. 2, located in Unit G
Welch Well No. 4, located in Unit C

(2) That the subject waterflood project is hereby designated the Kersey Welch Shugart Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(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/

ROUGH DRAFT FOR WATERFLOOD LETTERS

Mr. Harold Kersey
Kersey & Company
Post Office Box 316
Artesia, New Mexico 88210

Dear Sir:

Enclosed herewith is Commission Order No. R-3873, entered in Case No. 4251, approving the Kersey & Company Welch Stugart Waterflood Project.

Injection is to be through the two authorized water injection wells, each of which shall be equipped with a string of cement-lined tubing set in a packer at approximately 3200 feet. The casing-tubing annulus of each well shall be loaded with a corrosion-inhibited fluid and equipped with a pressure gauge at the surface.

As to allowable, our calculations indicate that when all of the authorized injection wells have been placed on active injection, the maximum allowable which this project will be eligible to receive under the provisions of Rule 701-E-3 is 252 barrels per day when the Southeast New Mexico normal unit allowable is 42 barrels per day or less.

Please report any error in this calculated maximum allowable immediately, both to the Santa Fe office of the Commission and the appropriate district proration office.

In order that the allowable assigned to the project may be kept current, and in order that the operator may fully benefit from the allowable provisions of Rule 701, it behooves him to promptly notify both of the aforementioned Commission offices by letter of any change in the status of wells in the project area, i.e., when active injection commences, when additional injection or producing wells are drilled, when additional wells are acquired through purchase or unitization, when wells have received a response to water injection, etc.

Your cooperation in keeping the Commission so informed as to the status of the project and the wells therein will be appreciated.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

cc: OCC: Hobbs x
Artesia x
Aztec
USGS Artesia
~~Mr. Frank Irby~~, State Engineer Office, Santa Fe, New Mexico
Mr. D. E. Gray

4251
Hend 11-5-69
Rec. 11-5-69.

Grant Harold Kerr permission to convert 2 wells to injection for a waterflood as follows:

1. His-Welsh "A" #2 G 4-19-31
Injection thru Cont. lined tubing under a packer set at approx. 3200' & into Queen of E. Shugart pool thru perfs. @ 3336-3356.

2. His-Welsh A 4 C-4-19-31
Same injection pattern except into open hole. 3315-3360.

Project Area N/2 N/2, SE NW, SW NE sec. 4.

Ernest A. [illegible]

Docket No. 30-69

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 5, 1969

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 4243:** 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-Upper Pennsylvanian Pool and the Vacuum-Middle Pennsylvanian Pool in the wellbore of its Bridges State Well No. 121 located in Unit L of Section 13, Township 17 South, Range 34 East, Lea County, New Mexico.

**CASE 4244:** Application of Gulf Oil Corporation for an amendment to Order No. R-1084, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-1084 to permit the simultaneous dedication of the 480-acre non-standard gas proration unit established by said order to its H. T. Mattern (NCT-E) Wells No. 10 and 11 located, respectively, 660 feet from the South line and 1980 feet from the West line of Section 1 and 1980 feet from the East line and 660 feet from the North line of Section 12, both in Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

**CASE 3889:** In the matter of Case No. 3889 being reopened pursuant to the provisions of Order No. R-3585, which order established 160-acre spacing units and 160-acre proportional factors of 4.77 for the Middle Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing and why the 160-acre proportional factor of 4.77 should or should not be retained.

**CASE 4245:** 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, Eumont Gas Pool, Lea County, New Mexico:

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/c-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/c-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/c-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/c-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/c-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/c-1 Well No. 35 located in Unit L 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/c-1 Well No. 37 located in Unit F of said Section 10.

<u>CASE 4246:</u> Application of Humble Oil & Refining 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 3860 feet to 4020 feet in its New Mexico "S" State Well No. 26 located in Unit L of Section 2, Township 22 South, Range 37 East, South Eunice-San Andres Pool, Lea County, New Mexico.

**CASE 3928:** (Reopened)

In the matter of Case No. [illegible] provisions of Order No. R-[illegible], which [illegible] acre spacing units for the [illegible] New Mexico, for a period of one year. [illegible] may appear and show cause why said pool should not be [illegible] on 40-acre spacing units.

**CASE 4247:** Application of [illegible] New Mexico. Applicant [illegible] approval of the North Shugart Queen [illegible] acres, more or less, [illegible] 28, Township 18 South, Range [illegible] Rivers-Queen-Graybur[illegible] Eddy County, New Mexico.

**CASE 4248:** Application of [illegible] County, New Mexico. [illegible] seeks authority to [illegible] North Shugart Queen [illegible] the Queen formation [illegible] orthodox locations in [illegible] Range 31 East, Shugart [illegible] Pool, Eddy County, New Mexico. [illegible] procedure whereby additional [illegible] unorthodox locations [illegible]

**CASE 4249:** Application of [illegible] R-1822 and [illegible] Applicant. [illegible] Order No. R-1822 [illegible] in the Basin-Dakota [illegible] Township [illegible] to form [illegible] be limited [illegible] Applicant [illegible] and [illegible] further [illegible] to [illegible]

**CASE [illegible]:** [illegible]

**CASE 4250:** Application of McCrary & Franklin for waterflood project, Eddy 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 Lovington sands through their Shipley Well No. 2 located in Unit K of Section 3, Township 17 South, Range 29 East, Square Lake Pool, Eddy County, New Mexico.

**CASE 4251:** Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through its Welch Well No. 2 located in Unit G of Section 4 and its Welch Well No. 4 located in Unit C of Section 4, both in Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

**CASE 4220:** (Continued from the October 8, 1969, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell, and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

KERSEY & COMPANY
DRILLING AND OIL PRODUCTION
Phone 746-3671 • P. O. Box 316 • 805 W. Grand
ARTESIA, NEW MEXICO 88210

October 29, 1969

Re: KERSEY & COMPANY
Queen Flood
Shugart Field

State of New Mexico
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Secretary Director, Mr. A. L. Porter

Gentlemen:

In order to promote conservation and save natural resorces it is respectfully requested that Kersey & Company be given approval for a water flood project which includes the hereinafter listed wells:

Welch "A" #2, located 1650' FNL & 2310' FEL
Section 4, T19S, R31E, Eddy County, New Mexico

Welch "A" #4, located 660' FNL & 2210' FWL
Section 4, T19S, R31E, Eddy County, New Mexico

Water for this flood will be obtained from the Double Eagle Corporation.

Attached hereto are exhibits "A" & "B".

Copies of this request are being sent to the adjacent operators.

The operator of this flood will upon approval of the flood immediately notify the New Mexico Oil Conservation Commission of injection operations and abide by the rules and regulations as set out in the order and will also file and maintain accurate records as required by the New Mexico Oil Conservation Commission.

Yours very truly,

KERSEY & COMPANY

Harold Kersey

HK:cg
CC: Shenandoah Oil Corporation
Donally Drilling; Kennedy Oil Company
Olen F. Featherstone;
Cities Service Oil Company

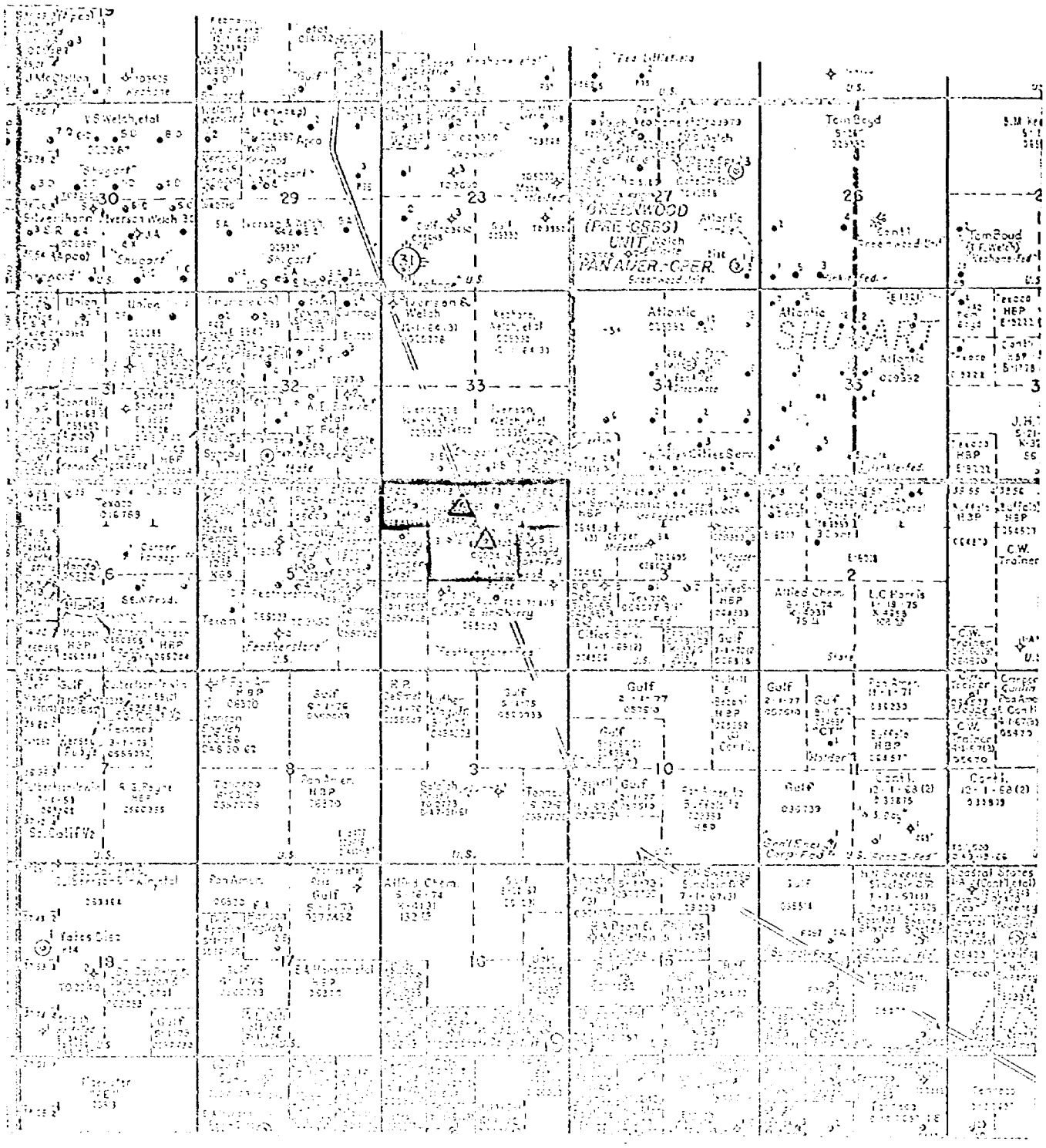


EXHIBIT "A"

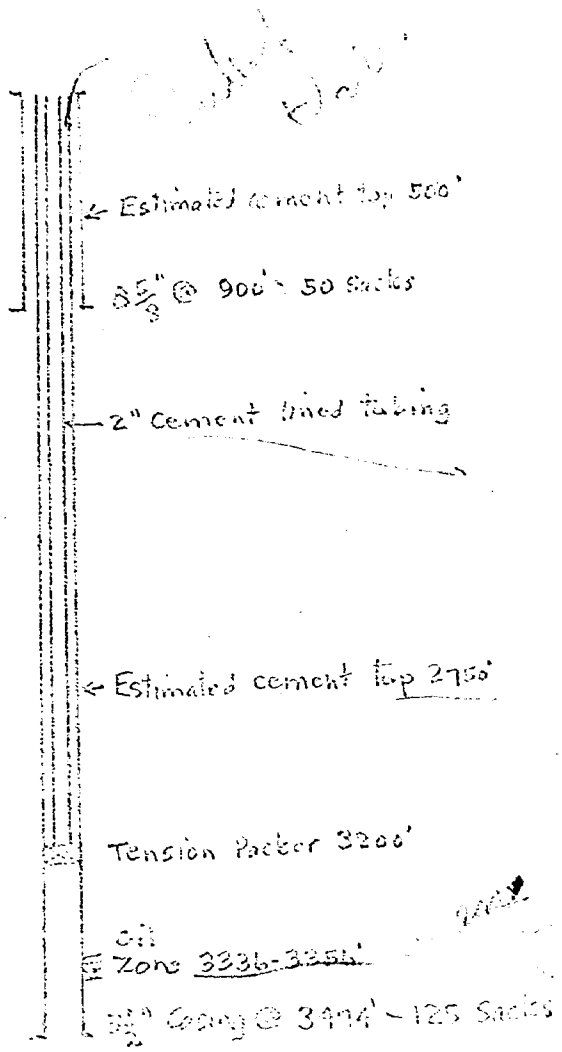
4-2
6/
25-2

Shows proposed Flood Area and other wells within

2 mile radius.

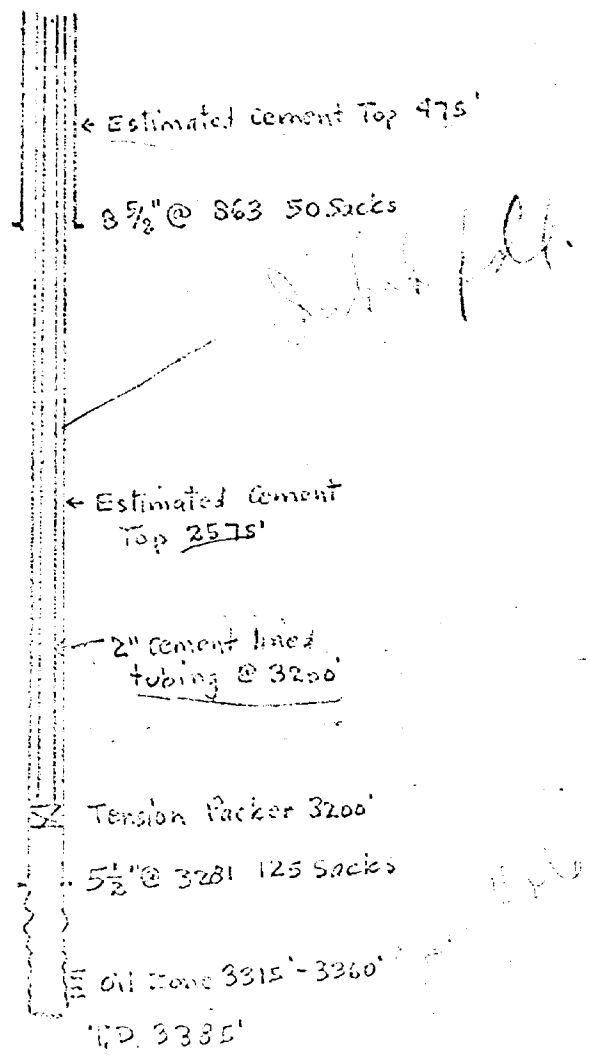
BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
App. EXHIBIT NO. A
CASE NO. [illegible]

Kersey & Co.
Queen Flood - Shugart Field




Welch "A" #2

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Opp. EXHIBIT NO. B
CASE NO. 4251




Welch "A" 4

Schedule "B"

**KERSEY & COMPANY**
DRILLING AND OIL PRODUCTION
Phone 746-3671 • P. O. Box 316 • 808 W. Grand
ARTESIA, NEW MEXICO 88210

OCT 21 1969

October 20, 1969

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Please refer to our letter of October 15th to schedule a hearing for water injection.

The description on Welch #4 is in error, the correct description should read:

Welch #4, 660' FNL and 2210' FWL of Section 4
T19S, R31E, Eddy County, New Mexico
Unit C

Yours very truly,

KERSEY & COMPANY

Harold Kersey

Harold Kersey

HK:cg
CC: Oil Conservation Commission
Artesia, New Mexico

SEP 16 1969

**KERSEY & COMPANY**
DRILLING AND OIL PRODUCTION
Phone 746-3671 • P. O. Box 316 • 808 W. Grand
ARTESIA, NEW MEXICO 88210

Case 4251

October 15, 1969

Shugart

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We would like for you to schedule a hearing for the purpose of converting to water injection the following two wells:

Welch #2, 1650'FNL & 2310' FEL of Section 4,
T19S, R31E, Eddy County, New Mexico

Welch #4, 660' FNL & 2210' FWL of Section ~~2~~ 4 Unit C
T19S, R31E, Eddy County, New Mexico

It is planned to inject water into the Queen formation at 3250' - 3300' in each of the wells.

We would appreciate it if you would schedule this hearing at the same time as the requested hearing for the McCrary & Franklin well.

Yours very truly,

KERSEY & COMPANY

Harold Kersey

Harold Kersey

HK:cg

DOCKET MAILED
Date 10-24-69

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. 4251

Order No. R- 3873

APPLICATION OF KERSEY & COMPANY
FOR A WATERFLOOD PROJECT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 5, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 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 the applicant, Kersey & Company, seeks permission to institute a waterflood project in the _____ ~~Unit Area,~~ Shugart Pool by the injection of water into the Queen formation through its Welch Well No. 2, located in Unit G and its Welch Well No. 4, located in Unit C, both in Section 4, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico. ~~(SEE UNDER)~~

(3) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) That the proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Kersey & Company, is hereby authorized to institute a waterflood project in the ~~Unit Area~~ Shugart Pool by the injection of water into the Queen formation through the following-described wells in Section 4, Township 19 ~~North~~, South, Range 31 ~~West~~ East, NMPM, Eddy County, New Mexico:

Welch Well No. 2, located in Unit G

Welch Well No. 4, located in Unit C

(2) That the subject waterflood project is hereby designated the Kersey Welch Shugart Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(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.