

Case. Number.

4439

Application,
Transcripts.

Sm all Exhibts.

ETC.

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

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 14, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Shenandoah Oil
Corporation for an unorthodox gas
well location, Chaves County, New
Mexico.

Case No. 4439

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 4439.

MR. HATCH: Application of Shenandoah Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico.

MR. JENNINGS: I am James T. Jennings of Jennings, Christi and Copple, appearing on behalf of the Applicant, Shenandoah Oil Corporation and we will have one witness and if you could swear him, Mr. LeMay.

(Witness sworn.)

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

WILLIAM J. LeMAY,

having been first duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, occupation, please, sir?

A William J. LeMay. I am a consulting geologist in Santa Fe, New Mexico.

Q Mr. LeMay, have you had occasion in the past to testify before this Commission and have your qualifications accepted?

A Yes, I have.

MR. JENNINGS: Does the Commission accept Mr. LeMay's qualifications?

MR. NUTTER: Yes, sir. Please proceed.

Q (By Mr. Jennings) Mr. LeMay, are you familiar with the application in Cause No. 4439, filed on behalf of Shenandoah Oil Corporation?

A Yes, I am.

Q Basically, is this an application for an unorthodox gas well location for the No. 1 Van Eaton Well to be located 660 from the west line and 1980 feet from the south line of Section 22, Township 6 South, Range 27 East?

A That's correct.

Q Have there been any wells drilled in the immediate vicinity, Mr. LeMay?

A Yes. I might review the history of the area briefly which involves the drilling of a recent discovery well by Shenandoah Oil Corporation in Section 21.

Prior to the drilling of that well, the Federal Haystack Well in Section 20 noted on Exhibit No. 1 and 2 was drilled and either a show of gas or you might consider it -- some people think that the well was inadequately completed, therefore a commercial producer

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was not obtained, but the well in Section 20 did have a good show of gas in the Cisco Formation which prompted the drilling of the well in Section 21, which resulted in a discovery well in the Cisco.

The well although it is shown to be located and I think the location has been filed as in 1880 out of the south and west lines of 21. I was informed recently that John West, within the last week, has run a survey tying Section 21 into the Township and has uncovered a minor error really considering the fact that the previous surveys in the area were done in 1880 and that wells drilled in 627 were tied to each other. So, by redoing the survey, and John West has had a lot of knowledge in there, the correct location of that discovery well is 1764.6 feet from the west line and 1951.8 feet from the south line.

It doesn't materially affect its relative position in relationship to the proration units which is the south half of 21. That is pointed out to indicate the fact that the proposed location in 22 will be over three-quarters of a mile from the discovery well in Section 21.

Q Where was that discovery well completed, Mr. LeMay?

A It is completed from the Cisco lime and I don't think the calculated absolute open flow or the completion form has been filed with the Commission yet, but I think that is forthcoming.

Some of the information on this well is being held confidential because of the nature of the discovery in a pretty wild area, southeast New Mexico.

Q That is the Pennsylvanian Formation?

A Yes, it is upper Pennsylvanian.

Q What acreage has been dedicated to the proposed well?

A The proposed well is in the south half of Section 22 and as indicated on Exhibit No. 1, the acreage either owned or controlled by Shenandoah, et al, is colored yellow, so the acreage to be dedicated to that well can only be the south half of 22 since that's the only part of Section 22 of which Shenandoah has optional farm-out on or can earn operating rights on; therefore, there can be no mixing of the -- I mean, there's no leeway involved in the proration unit, which way it can be run.

Q Mr. LeMay, has your study of the area disclosed who is the offset operator who owns or controls the north half of Section 22?

A Yes. That is Southern Minerals, which has recently been purchased by Sun Oil Company.

Q I believe the present operator has a farm-out, the south half of Section 22, from Sun Oil Company?

A That is correct.

Q Mr. LeMay, referring to what has been identified as Exhibit No. 2, would you briefly explain what that exhibit shows?

A Yes. Exhibit 2 is my structural interpretation of the area with the wells that have penetrated the Cisco Formation circled, indicating the proration unit involved in the application, the south half of Section 22, and the structural datums on top of the Cisco Formation, the Cisco being again the pay in the Shenandoah discovery well in Section 21.

I have also outlined the cross section area which appears on Exhibit No. 3, the cross section, through the discovery well, proposed location, tying two of the outlined wells to the discovery well in the proposed location.

I have noted the area on the east side of the map as being tight in the Cisco, example being the well in Section 26 which did drill stem test the Cisco,

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recovered 120 feet of mud, so I show no porosity being present in at least the two wells in Section 11 and the well in Section 26. However, the other three wells shown on Exhibit No. 2, the discovery well in Section 21, the Forrest Haystack Well in Section 20 and the Southern Minerals Bannon Well in the southeast southeast of 15, all encountered adequate porosity in the Cisco which correlates roughly with the Bough zones further to the east and there are indicated the approximate flow on drill stem test from each of these zones.

On the Forrest Haystack Well, Section 20, they drill stem tested 3.7 million cubic feet of gas per day on their drill stem test -- one of the drill stem tests of the Cisco. However, they were not able to complete that as a commercial producer.

A drill stem test on the discovery well indicated 8.7 million cubic feet of gas per day. At a lower structural location, the Southern Minerals Bannon Well recovered 1228 feet of distillate cut salt water. I indicated here oil cut -- that should be distillate cut; it's 58 gravity API, grade crude, plus 510 feet of salt water. So, in essence, we do have a control

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well in 15 indicating on drill stem test that water was produced from the same zone as the discovery well is completed in.

Q Mr. LeMay, referring to what has been identified as Exhibit No. 3, would you refer to that and explain it to the Commission?

A Exhibit No. 3 is a cross section that's indicated on Exhibit 2 running from the Forrest Haystack Well on the west through the discovery well, the Shenandoah Oil Corporation No. 1 Federal I, through the proposed location as scaled off on a horizontal scale to the Southern Minerals Bannon on the east.

As you can see, the Forrest Haystack, without going through all the information that's listed on the left side of that log, they did perforate, reperforate, acidize, squeeze, et cetera -- over the intervals marked on the left-hand side of that log and were not able to complete the well as a commercial producer so it was abandoned.

However, I might indicate there were some -- on completion attempt, they did recover some water trying to complete the well and one theory is this was channeled and they were never able to effectively squeeze the

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water off, but at least at minimum it could be considered a good show of gas in the Haystack.

The Shenandoah log has not been released, but I have shown the tops as picked by me on that well and the well is high. It's minus 1653 compared to the Haystack at minus 1740, so it's a little less than 100 feet high to the Haystack and approximately 300 feet -- a little less than 300 feet high to the Southern Minerals Bannon Well on the right-hand side of the cross section which did produce water and fairly definitive tests there.

Q Mr. LeMay, based upon your study, do you feel that it would be good conservation practice to locate the well at the proposed location?

A Yes, I do. For one thing, this is a discovery in a wild area. The proposed location will be greater than three-quarters of a mile from the discovery well and, therefore, it will not be clustering wells together at a common corner.

Looking at both Exhibits 1 and 2, it's obvious that with Shenandoah's obligation in the area and other operators that do have, like Southern Minerals or Sun and Forrest and Pubco, that Shenandoah will be carrying



the brunt of the initial exploration program and naturally, they do fear the drill stem test of water in Section 15 on that well.

So, by stepping out three-quarters of a mile, they feel this is risky enough. However, if they had to go the full mile or a little over a mile as an orthodox location would be in there, the possibilities of making a non-commercial completion, too much water or just straight dry hole, would hinder development over all of the north-south townships -- I mean sections being 10, 15, 22 and 27.

On their contract they are obligated, in order to earn acreage, to drill quite a few wells in there and as yet the pool has not been at all defined. My structure map is a pretty interpretative piece of geologic work because of the limited control in the area. Because of anomaly I feel the pool is structurally controlled but there also are the tight wells as you can see on the east end so many of the answers to this accumulation are not known at present time and they are trying to step out, cautiously, but still step out and develop the field.

The effect on future development, I feel, is going

to be important considering how that well turns out.

Q Mr. Lemay, do you feel that this well will impair the correlative rights of any offset operator?

A No, I don't. They are offsetting themselves in Section 21, the only operating rights to the entire section and their farm-out is from Southern Minerals or Sun which owns the north half of 22.

Q Is it necessary to drill this particular well at this time?

A Yes. Their obligation is a stiff one. In order to earn the acreage, a well has to be completed by December 1st, not drilled but completed by December 1st, so with that in mind I know Shenandoah would appreciate a quick answer from the Commission because they are under an obligation there.

Q Mr. LeMay, were Exhibits No. 1 through 3 prepared by you or under your supervision?

A Yes, they were prepared by me.

MR. JENNINGS: We would offer Exhibits No. 1 through 3 in evidence.

MR. NUTTER: Applicant's Exhibits 1 through 3 will be admitted in evidence.

MR. JENNINGS: We have nothing further.



CROSS EXAMINATION

BY MR. NUTTER:

- Q Mr. LeMay, in order to drill a standard location in Section 21, the Applicant could merely go 1320 feet north of the existing well, is this correct?
- A Yes.
- Q Or go one location northeast and still have an orthodox location?
- A That's correct. I might point out that the location in 21 is already established and it will not be that close. It will be 660 from the north and 1980 from the west lines of Section 21.
- Q So, they will try to get about three-quarters of a mile north of the existing well to drill that location?
- A Correct.
- Q And this particular location that you got today would be standard providing the west half of the sections were dedicated?
- A That's correct.
- Q Inasmuch as Shenandoah doesn't own that northwest quarter they wish to dedicate the south half?
- A That is correct.
- Q A standard location for the south half would be one

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location east of the proposed location, is that right?

A Correct, either one or two. If the situation were different, of course, they could drill this southeast quarter of 22.

Q So, in effect, what they are doing is moving west one location from a standard location and crowding themselves only?

A That is correct, they are crowding their own operating rights on the west.

MR. NUTTER: Are there any further questions of Mr. LeMay? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Jennings?

MR. JENNINGS: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 4439? We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, GLENDA BURKS, 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.

Glenda Burks
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings of the Forester hearing of Case No. 4439 held by me on 10/14/70.
Glenda Burks
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

October 15, 1970

Mr. James T. Jennings
Jennings, Christy, Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: Case No. 4439
Order No. R-4043
Applicant:
Shenandoah Oil Corporation

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other Shenandoah Oil Corp. in Midland and Fort Worth

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. 4439
Order No. R-4043

APPLICATION OF SHENANDOAH OIL CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on October 14, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of October, 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, Shenandoah Oil Corporation, is the operator of a lease comprising the S/2 of Section 22, Township 6 South, Range 27 East, NMPM, adjacent to an undesignated Pennsylvanian gas pool, Chaves County, New Mexico.
- (3) That the applicant seeks authority to drill a gas well to the Pennsylvanian formation adjacent to said undesignated pool at an unorthodox location 1980 feet from the South line and 660 feet from the West line of said Section 22.
- (4) That the evidence indicates that a well drilled at the proposed non-standard location is more likely to encounter a permeable section of the productive formation than a well drilled at a standard location in the S/2 of said Section 22

-2-

CASE No. 4439

Order No. R-4043

and should, therefore, result in greater ultimate recovery of gas, thereby preventing waste.

(5) That the evidence indicates that the entire S/2 of said Section 22 is productive of gas from the Pennsylvanian formation.

(6) That the entire S/2 of said Section 22 can be efficiently and economically drained and developed by the subject well.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject undesignated Pennsylvanian gas pool, 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, Shenandoah Oil Corporation, is hereby granted an exception to the well location requirements of Rule 104 C II of the Commission Rules and Regulations and is hereby authorized to drill a well at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line of Section 22, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico.

(2) 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/

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 14, 1970

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

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1970;
- (2) Consideration of the allowable production of gas for November, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for November, 1970.

CASE 4436: (THIS CASE WILL BE HEARD BEFORE THE FULL COMMISSION OR BY EXAMINER DANIEL S. NUTTER)

Application of El Paso Natural Gas Company for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico and the amendment of the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest and Southeast New Mexico and the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, to permit substantial changes in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules. Copies of the proposed amendments will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4437: Southeastern New Mexico nomenclature case calling for the creation, abolishment and extension of certain pools in Lea and Roosevelt Counties, New Mexico.

- (a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Corbin-Wolfcamp Pool. The discovery well is the Phillips Petroleum Company Lea No. 23 located in Unit P of Section 30, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: SE/4

(Case 4437 continued)

(b) Create a new pool in Rossevelt County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the East New Hope-Pennsylvanian Gas Pool. The discovery well is the H. L. Brown, Jr., Mary Martin No. 1 located in Unit P of Section 29, Township 6 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM
SECTION 29: S/2

(c) Abolish the Warren-Abo Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 25: S/2
SECTION 26: SE/4
SECTION 35: NE/4
SECTION 36: N/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
SECTION 30: S/2

(d) Extend the Dk-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 25: S/2
SECTION 26: SE/4
SECTION 35: NE/4
SECTION 36: N/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
SECTION 30: S/2

(e) Extend the North Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
SECTION 25: SE/4

(f) Extend the Lea-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 36: SW/4

(Case 4437 continued)

(g) Extend the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
SECTION 8: SW/4

(h) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 34: NW/4

(i) Extend the Tulk-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 South, Range 32 East, NMPM
SECTION 33: SE/4
SECTION 34: S/2

CASE 4438: Application of Eastland Oil Company 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, after January 1, 1969. Said exception would be for applicant's leases comprising the NW/4 NW/4 of Section 5 and the NE/4 NE/4 of Section 6, Township 18 South, Range 31 East, Grayburg-Jackson Field area, Eddy County, New Mexico.

CASE 4439: Application of Shenandoah Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Pennsylvanian well location 1980 feet from the South line and 660 feet from the West line of Section 22, Township 6 South, Range 27 East, undesignated Pennsylvanian gas pool, Chaves County, New Mexico. The S/2 of said Section 22 to be dedicated to the well.

CASE 4440: Application of Moran Oil Producing & Drilling Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the Hobbs Pool by the injection of water into the Grayburg formation through one well located in the NW/4 NE/4 of Section 13, Township 18 South, Range 37 East, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells may be approved administratively.

CASE 4425: (Readvertised)

Application of Southern Gulf Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to the gas well location requirements of the Commission Rules and Regulations, approval for the Southern Gulf Production Company Navajo Tocito Well No. 4 at an unorthodox gas well location 1963 feet from the South line and 977 feet from the West line of Section 10, Township 26 North, Range 18 West, undesignated Pennsylvanian gas pool, San Juan County, New Mexico.

CASE 4426: (Readvertised)

Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,150 feet to 11,794 feet in its Peery Federal Well No. 4 located in Unit A of Section 29, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.

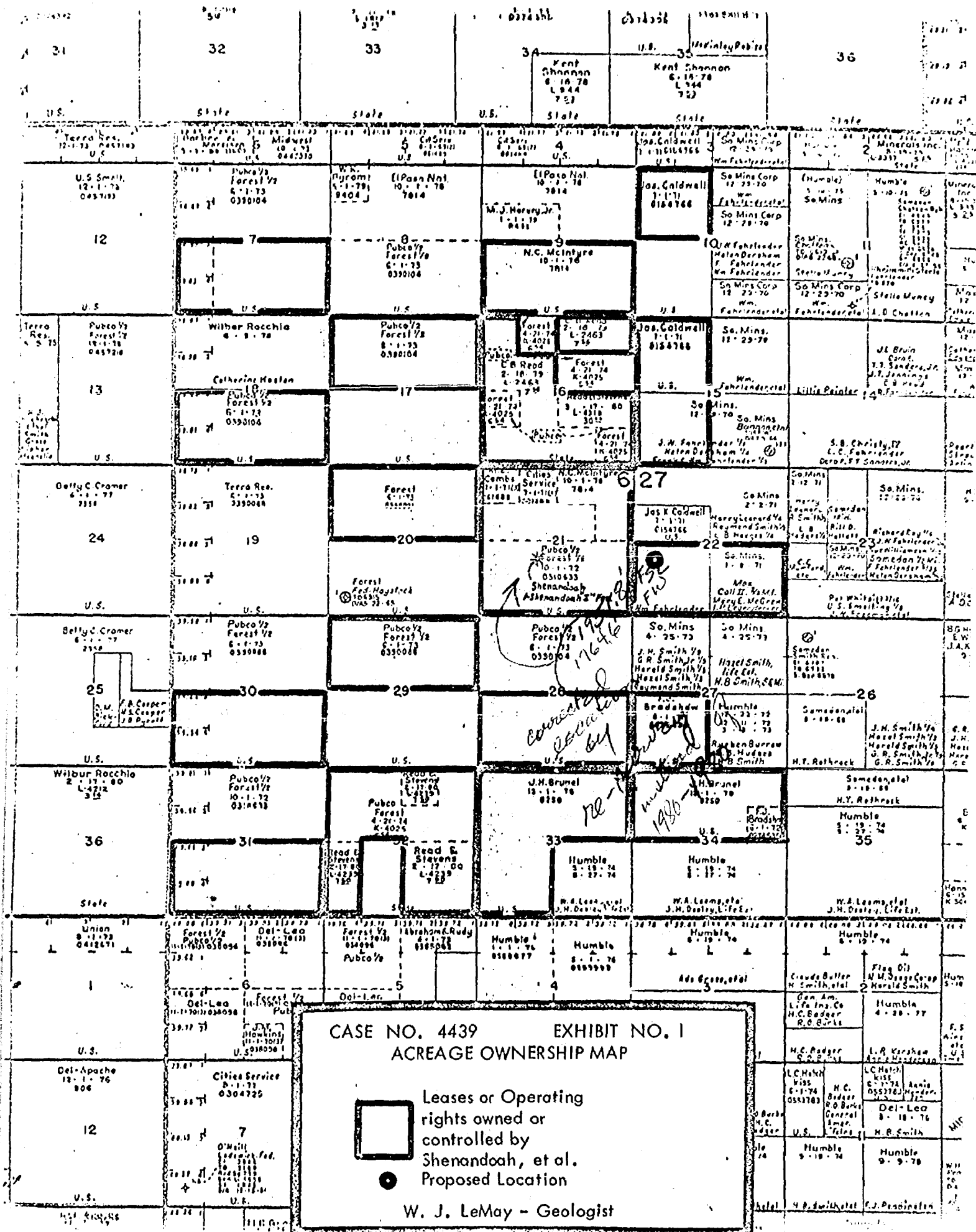
CASE 4441: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the open-hole interval from 3260 feet to 3415 feet in its C. E. Penny Federal (NCT-4) Well No. 2 located in Unit F of Section 19, Township 25 South, Range 38 East, Langlie Mattix-Seven Rivers Pool, Lea County, New Mexico.

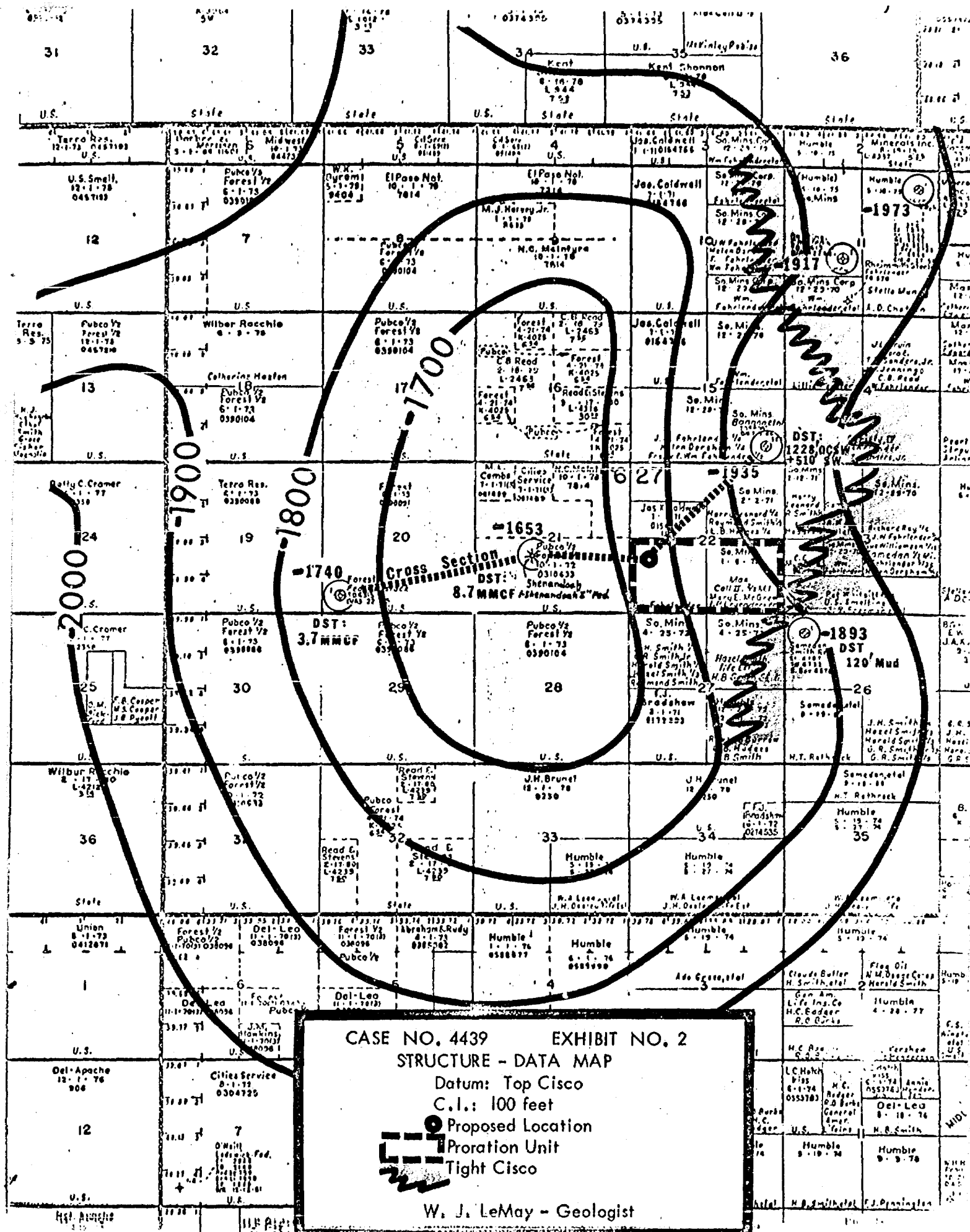
CASE 4442: Application of Texaco Inc. for an exception to Rule 505 of the Commission Rules and Regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than one single top unit allowable for the Vacuum-Abo Reef Pool to two wells, the surface locations of which are in Unit E of Section 12, Township 18 South, Range 34 East, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the North line and 990 feet from the West line;

Said Well No. 10 is a relatively straight hole with all perforations confined entirely to said Unit 8, while said Well No. 8 is a crooked hole and would have perforations both in said Unit E of Section 12 and in Unit H of Section 11 of said Township and Range.





JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

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September 24, 1970

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

Case 4439

RE: SHENANDOAH OIL CORPORATION APPLICATION

Enclosed herewith you will find the original and one copy of Shenandoah Oil Corporation's Application for an unorthodox gas well location in Section 22, Township 6 South, Range 27 East. Pursuant to our telephone conversation of earlier today, it is my understanding that this Application will be advertised so that it can come on for hearing before an examiner on October 14, 1970.

JAMES T. JENNINGS

JTJ/mb/
Encl
cc: Shenandoah Oil Corporation

DOCKET MAILED

Date 10-2-70

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SHENANDOAH OIL CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION FOR ITS
NO. 1 VAN EATON WELL TO BE LOCATED
660 FEET FROM THE WEST LINE AND 1980
FEET FROM THE SOUTH LINE OF SECTION 22,
TOWNSHIP 6 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

Case 4439

Chaves
9/11/84

APPLICATION

Comes now Shenandoah Oil Corporation and makes applica-
tion for an unorthodox gas well location for its No. 1 Van Eaton
Well to be located 660 feet from the West line and 1980 feet from
the South line of Section 22, Township 6 South, Range 27 East,
N.M.P.M., and states:

1. Applicant has recently completed a wildcat gas well
located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 21, Township 6 South, Range 27 East,
which was drilled to a total depth of 6635 feet, plugged back to
6103 feet and completed in the Cisco Formation.

2. Applicant is the Operator on leases covering the
S $\frac{1}{2}$ Section 22, Township 6 South, Range 27 East, and desires to
drill its No. 1 Van Eaton Well to test the Cisco Formation at an
unorthodox location to be located 660 feet from the West and 1980
feet from the South lines of Section 22, Township 6 South, Range
27 East.

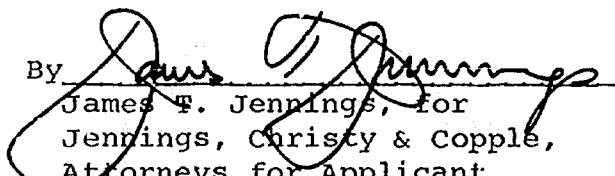
3. The proposed unorthodox location of applicant's well
will not cause waste or impair the correlative rights of any other
operator in the pool.

WHEREFORE, applicant requests the Commission set this matter down for hearing before an examiner at an early date, publish the Notice as required by law, and after hearing issue its Order authorizing an unorthodox gas well location for the applicant's No. 1 Van Eaton Well to be located 660 feet from the West and 1980 feet from the South lines of Section 22, Township 6 South, Range 27 East.

Respectfully submitted,

SHENANDOAH OIL CORPORATION

By


James T. Jennings, for
Jennings, Christy & Copple,
Attorneys for Applicant
P. O. Box 1180
Roswell, New Mexico 88201

GMH
DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

(2)
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4439

Order No. R-4043
10-15-70

APPLICATION OF SHENANDOAH OIL CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on October 14, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 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, Shenandoah Oil Corporation, is the
operator of a lease comprising the S/2 of Section 22, Township 6
South, Range 27 East, NMPM, Chaves County, New Mexico.
adjusted to an undesignated Pennsylvanian gas pool.

(3) That the applicant seeks authority to drill a ~~wildcat~~
gas well to ~~test the character of the~~ *adjusted to said undesignated pool* Pennsylvanian formation
at an unorthodox location, 1980 feet from the South line and
660 feet from the West line of said Section 22.

(4) *That the evidence indicates that a well
drilled at the proposed non-standard location is
more likely to encounter a more permeable section
of the productive formation than a well drilled
at a standard location in the S/2 of said section
22 and should, therefore, result in greater ultimate
recovery of gas, thereby preventing waste.*

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CASE No. ~~4439~~
Order No. R-~~3073~~

1/2 of said
(5) (2) That the evidence indicates that the entire ~~subject~~ section ^{is} productive of gas ~~in the Red Hills Wolfcamp Gas Pool.~~ *from the Permian formation.*

1/2 of said Section 22
(5) That the entire ~~subject~~ section can be efficiently and economically drained and developed by the subject well.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the ~~Red Hills Wolfcamp Gas Pool~~ *subject, undesignated Permian Gas Pool*, 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:

Sherandoak Oil Corporation
(1) That the applicant, ~~International Hydrocarbons Incorporated~~, is hereby granted an exception to the well location requirements of ~~the Red Hills Wolfcamp Gas Pool~~ *Permian Gas Pool* as promulgated by Order No. R-3073 and is hereby authorized to drill a well at an unorthodox gas well location ~~1280~~ feet from the ~~North~~ line and ~~500~~ feet from the West line of Section ~~22~~, Township ~~36~~ South, Range ~~30~~ East, NMPM, ~~Chaves~~ County, New Mexico.

(2) 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

S E A L

esr/

Shenadoah Oil Corp -
NSL - gas well

~~660~~

660 FWL

1980 FSL

Sec 22, 6S, 27E,
Chaves -

Cisco - no pool - undrained!

~~#~~ - Perm -

Moran Oil Producing & Drilling
Corp.

inject water ^{Grayburg} ~~San Andres~~ -

Rice #4 -

NW14 NE14 - Sec 13 - 18S

R37E

Lea - Hobbs Pools -
Pilot flood

Adm. approx expansion -