

Brooks, David K., EMNRD

From: bdbliss@ncbetg.com
Sent: Monday, May 04, 2009 12:34 PM
To: Brooks, David K., EMNRD
Cc: jamesbruc@aol.com
Subject: Re: Case No. 14271; Application of Vanguard Permina LLC for a Non-Standard Spacing Unit, etc.
Attachments: 30-025-07522_20664[1].tif

Dear Examiner Brooks,

Thank you for your letter below.

I've attached a document dated 1953 that pertains to the #4 well for your use. I have the approved C-103, C-104 signed and approved by Mr. Chris Williams (Dist. I Supervisor) dated April 13, 2000. I do not have these in electronic format but can mail them to you at your request.

Please let me know if you need additional information regarding the #4 well.

Best regards,

Brad Bliss
713984 8326

----- Original Message -----

From: "Brooks, David K., EMNRD"
To: bdbliss@ncbetg.com
Cc: jamesbruc@aol.com
Subject: Case No. 14271; Application of Vanguard Permina LLC for a Non-Standard Spacing Unit, etc.
Date: Fri, 1 May 2009 12:38:26 -0600

Dear Mr. Bliss

This is a response to the letter that you attached to your e-mails dated April 29, 2009 regarding the above case.

To the extent that your letter comments on the merits of the Vanguard's application, it would not be appropriate for me to respond. The case is under advisement, and the issues will be discussed in the order that the Division Director issues when it has been decided.

However, you have raised procedural questions to which I reply as follows:

First, you have asked what constitutes the evidentiary record upon which the Division will decide the merits of Vanguard's application. The evidentiary record consists of the testimony and exhibits admitted in evidence at the hearing on April 16, 2009, and Exhibits 1 and 5 to Mr. Bruce's letter of April 20. These exhibits are copies of documents on file with the Division and we can verify their genuineness by referring to the copies in our files.

Such documents are specifically made admissible in OCD hearings by OCD Rule 4.17.A. Mr. Bruce's letter itself is merely argument and not evidence, as is your letter. The exhibits Mr. Bruce has attached other than Exhibits 1 and 5 are either not relevant or merely duplicate other evidence otherwise in the record. So only Exhibit 1 and 5 will be considered part of the evidentiary record.

Second, you have asked whether OCD will consider the permit status of the W.D. Grimes NCT-A Well No. 4 in this case. We will do so, and I have caused a hearing on that subject to be set for May 14, as I indicated I would do in the communication previously sent to you. However, I anticipate that the Division will issue separate orders, one dealing with Vanguard's application, and the other dealing with the Grime #4 well.

You have the right to appear at the hearing on May 14 and offer any evidence you have to support your assertion that you have all permits necessary for the operation of the Grimes No. 4 well, or other evidence relevant to the issue of whether the Grimes No. 4 well should be shut in by reason of your not having those permits.

However, there may be better ways of handling this issue. Prior to May 14, the Division will review all pertinent OCD records to see if we can locate non-standard location and simultaneous dedication approvals for the Grimes No. 4 well. If we locate such orders, I will furnish copies to you and to Mr. Bruce, and I will withdraw the show-cause notice. If you have copies of orders in your files that grant such approvals, please provide copies to me and to Mr. Bruce prior to May 14. If documents you furnish indicate that you have the requisite approvals, I will withdraw the show cause notice. If we cannot find, and you cannot furnish, documentary evidence that the required approvals have been granted, then you have the right to apply for the requisite approvals through our administrative exception process, as described in Rules 15.11.C (relating to simultaneous dedication) and 15.13 (relating to non-standard locations). These applications would not require a hearing unless another operator protested your application, and, at this point, I am not aware of any reason why OCD would not now grant exceptions for the Grimes No. 4 well if Techsys applied for them. Of course, if you do not now have those approvals, your well should be shut in until the Division determines whether the exceptions should be granted, just as we have ordered Vanguard to shut in their well pending our approval of their application for an exception.

Very truly yours,

David K. Brooks
Legal Examiner
505-476-3450

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Brad Bliss
(713) 984 - 8326

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NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

1953

Date November 27, 1953

Gulf Oil Corporation
Operator

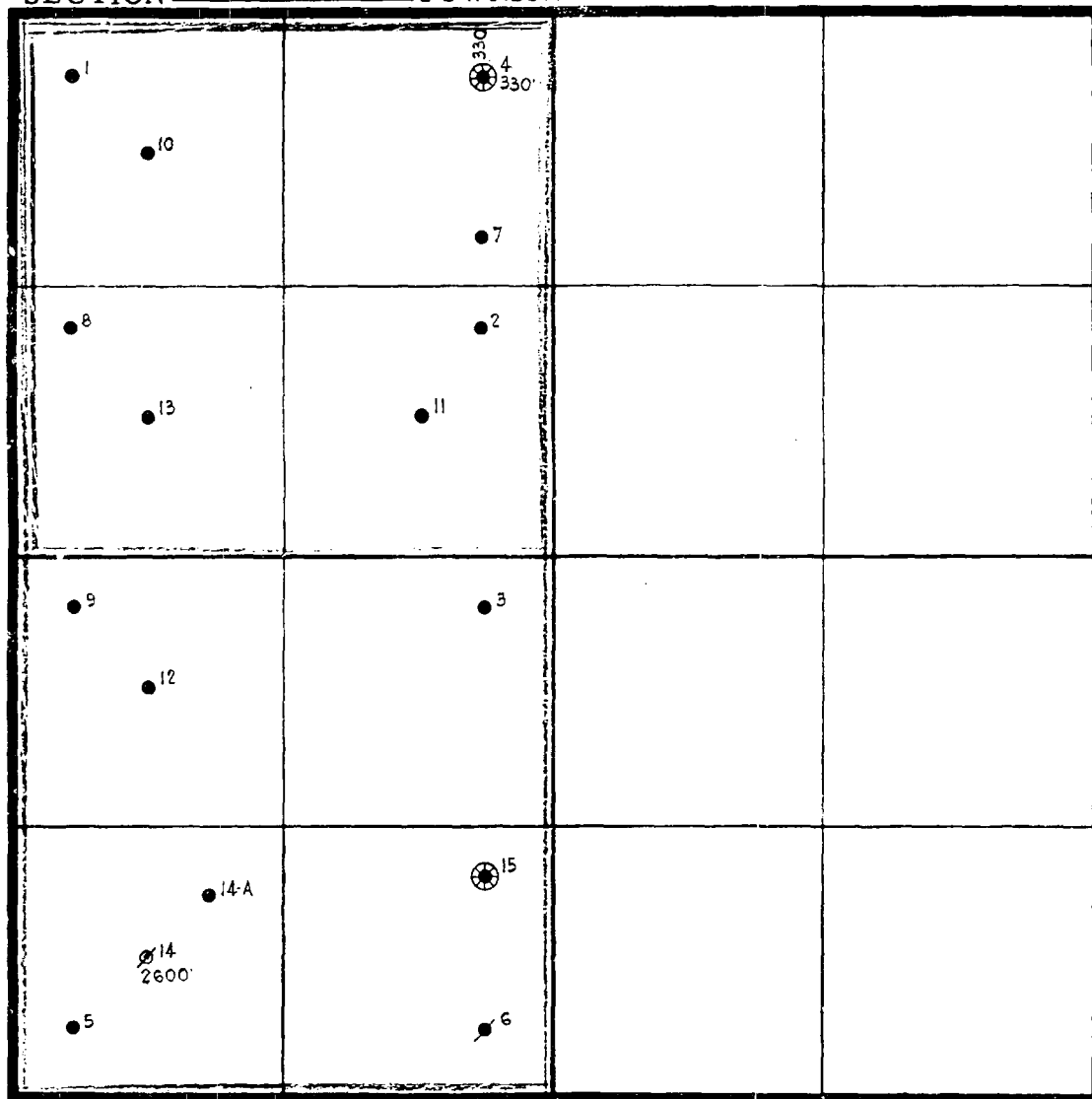
West Grimes
Lease

4 (Dual)
Well No.

Name of Producing Formation Queen Pool Byers-Queen Gas

No. Acres Dedicated to the Well 160

SECTION 32 TOWNSHIP 18S RANGE 38E



I hereby certify that the information given above is true and complete to the best of my knowledge.

- ⊗¹⁶ - Gas Well
- ⁹ - Oil Well
- ⊙⁴ - Dual
- Red - Lease Line
- Blue - Acreage Dedicated

Name J. W. Cole, Jr.
Position Division Gas Engineer
Representing Gulf Oil Corporation
Address P. O. Box 1290, Fort Worth, Texas

(over)

INSTRUCTIONS

1. Is this gas well a dual completion? Yes ____ No ____
2. If the answer to Question 1 is Yes, are there any other dually completed wells within the dedicated acreage? Yes _____ No _____

A separate plat must be filed for each gas well, outlining the area dedicated to such well and showing the location of all other wells (oil and gas) within the outlined area.

Mail in duplicate to the district office for the district in which the well is located.