

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF
GRUY PETROLEUM MANAGEMENT CO.
AN UNORTHODOX WELL LOCATION,
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO

CASE NO. 12015

98 JUN 30 11:30 AM
OIL CONSERVATION DIV.

APPLICATION

GRUY PETROLEUM MANAGEMENT CO. ("Gruy"), through its undersigned attorneys, hereby makes application for an exception to the provisions of Division Rule 404 C(2)(a) for an unorthodox gas well location for its Rhodes Federal Unit Well 43 which was originally drilled as an oil well 2310 feet from the South line and 990 feet from the West line of Section 4, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, and for authorization for simultaneous dedication, and in support of its application states:

1. Gruy is the operator of a standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the SW/4 of Section 4, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Currently producing from this spacing unit are the Rhodes Federal Unit Well No. 41 located 990 feet from the South line and 1650 feet from the West line and the Rhodes Federal Unit Well No. 43 located 2310 feet from the South line and 990 feet from the West line of said Section 4.

2. Gruy also recently drilled its Rhodes Unit Federal Unit Well No. 415 at a location 660 feet from the South and West lines of Section 4 for the production of

hydrocarbons from the Yates, Seven-Rivers formation.

3. Although the Yates-Seven Rivers formation in this area is one common formation, it has been divided into the Rhodes Pool ("the Oil Pool") and the Rhodes-Yates, Seven Rivers Gas Pool ("the Gas Pool"). These pools share a common boundary and as wells in these pools have been produced, many oil wells have become gas wells which has resulted in there being a number of gas spacing units upon which there are multiple wells. Until the rules for these pools can be amended and, perhaps the Oil Pool even abolished, Gruy seeks an exception to the well location requirements of Oil Conservation Division General Rule 104 C (2)(a) to authorize the simultaneous dedication of the Rhodes Federal Unit Wells Nos. 41, 43 and 415 to the SW/4 of Section 4.

4. The Rhodes Federal Unit Well No. 43 was originally drilled at a standard oil well location with a standard 40-acre oil well spacing and proration unit comprised of NW/4 SW/4 of Section dedicated thereto. In 1993, this well ceased producing commercial quantities of oil, and has subsequently been recompleted as a gas well as defined by Oil Conservation Division Rules. Gruy therefore seeks approval of this unorthodox gas well location.

5. Approval of this application will enable Gruy to produce its just and fair share of the reserves under the SW/4 of said Section 4 and will otherwise prevent waste, be in the best interest of conservation, and protect correlative rights.

WHEREFORE, Gruy Petroleum Management Co. requests that this application be

set for hearing before an Examiner of the Oil Conservation Division on July 23, 1998, and, after notice and hearing as required by law, the Division enter its order granting this application, approving the unorthodox well location for the Rhodes Federal Unit Well No. 43, and authorizing the simultaneous dedication of the SW/4 of Section 4, Township 26 South, Range 37 East, NMPM to the Rhodes Federal Unit Wells Nos. 41, 43 and 415.

Respectfully submitted,

CAMPBELL, CARR, BERGE,
& SHERIDAN, P.A.

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