

**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. 12017

**APPLICATION**

GRUY PETROLEUM MANAGEMENT CO. ("Gruy"), through its undersigned attorneys, hereby makes application for an exception to the provisions of Division Rule 104 C(2)(a) for an unorthodox gas well location for its Rhodes State Com. Well No. 5 which has been drilled at an unorthodox well location 330 feet from the North line and 2310 feet from the West line of Section 16, 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 NW/4 of Section 16, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Currently producing from this spacing unit are the Rhodes State Com Well No. 5 located 330 feet from the North line and 2310 feet from the West line (Unit C), the Rhodes State Com Well No. 18 located 660 feet from the North line and 860 feet from the West line (Unit D), and the Rhodes State Com. Well No. 19 located 2080 feet from the North line and 1980 feet from the West line (Unit F) of said Section 16.

93 JUN 30 PM 4:05  
OIL CONSERVATION DIV.

2. Gruy recently drilled its Rhodes State Com Well No. 5 at a location 330 feet from the North line and 2310 feet from the West line of Section 16 for the production of hydrocarbons from the Yates, Seven-Rivers, Queen formation. A standard location had been staked for this well, however, during drilling, it was discovered that the well was being drilled at another location which was unorthodox for a gas well. Gruy contacted the Division concerning this error and was authorized to complete the well but required to file an application seeking approval of this location.

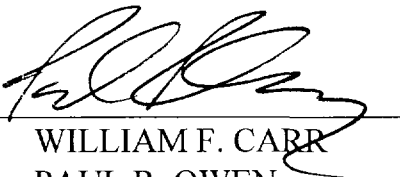
3. Although the Yates-Seven Rivers, Queen formation in this area is one common formation, it has been divided into the Rhodes Pool ("the Oil Pool") and the Rhodes-Yates, Seven Rivers Gas Pool ("the Gas Pool"). These pools share a common boundary and as wells in these pools have been produced, many oil 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 State Com. Wells Nos. 5, 18 and 19 to the NW/4 of Section 16.

4. Approval of this application will enable Gruy to produce its just and fair share of the reserves under the NW/4 of said Section 16 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 State Com. Well No. 5, and authorizing the simultaneous dedication of the NW/4 of Section 16, Township 26 South, Range 37 East, NMPM to the Rhodes State Com. Wells Nos. 5, 18 and 19.

Respectfully submitted,

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

By:   
WILLIAM F. CARR  
PAUL R. OWEN  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR GRUY PETROLEUM  
MANAGEMENT CO.