



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

MEMORANDUM

TO: ALL PURCHASERS AND PRODUCERS IN THE SOUTH CARLSBAD-MORROW POOL

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: PRORATION OF SOUTH CARLSBAD-MORROW GAS POOL

On August 31, 1972, the Honorable D. D. Archer, District Judge, entered an order temporarily staying Order R-1670-L of the New Mexico Oil Conservation Commission which established proration in the South Carlsbad Morrow Pool.

On April 11, 1973, the Honorable Paul Snead, District Judge, entered an order vacating and dissolving the August 31, 1972, order. As a result of this action, proration in the South Carlsbad-Morrow Pool is in effect as of September 1, 1972, pursuant to Order R-1670-L.

Rule 15-A of Oil Conservation Commission Order No. R-1670-L provides in part:

If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the preceding proration period, (or, in the case of a new well, six times the average monthly allowable for a unit of corresponding size) it shall be shut in during that month and each succeeding month until it is overproduced less than six times its average monthly allowable for the preceding proration period,...

Pending the outcome of the above-mentioned court action, allowables were published monthly for the wells in the pool, but the proration schedules bore the following notation "Proration suspended by court order until further notice."

The May proration schedule reflects that some of the wells in the South Carlsbad pool are more than six times overproduced. In view of the above-described circumstances, however, these wells will be allowed the remainder of the current proration period, which ends December 31, 1973, to become less than six times overproduced. Curtailment of production on such wells should begin immediately. Lack of evidence of a good faith effort to compensate for overproduction may result in a complete shut in order by the Commission.

May 2, 1973

LOSEE & CARSON, P. A.
300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210AREA CODE 505
746-3508A. J. LOSEE
JOEL M. CARSON

18 May 1973

Honorable David Norvell
Attorney General
P. O. Box 2246
Santa Fe, New Mexico 87501

Re: Michael P. Grace vs. Oil Conservation Commission

Dear Dave:

C
O
P
Y

We have received a copy of your letter of May 16, 1973, directed to Mr. Bill Carr of the Oil Conservation Commission. After reading the letter and talking to you on the telephone, I believe that certain vital parts of the OCC action have not been brought to your attention, thereby causing some misunderstanding on your part as to the action of the Commission and its effect and causing some misunderstanding on our part and the part of the Commission as to your intentions as set forth in the letter. Clarification should eliminate any disagreement.

The nub of the Michael P. Grace lawsuit is over whether prorationing should be enforced in the Carlsbad-Morrow Gas Pool. The rules governing the Oil Commission provide that the Oil Commission is to conserve the natural resources of the State of New Mexico, to prevent waste and protect correlative rights of all owners of crude oil and natural gas.

If the Commission is successful in the June hearing on the above mentioned cases, it intends to hold Mr. Grace accountable for any over-production which may have occurred. No wells have been shut in nor is it suggested that any wells will be shut in before the Court determines the matter in June. The Commission memorandum (a copy of which is enclosed) merely puts all producers on notice that if the Court upholds the Commission they will be held accountable under the proration order.

Honorable David Norvell

May 18, 1973

-2-

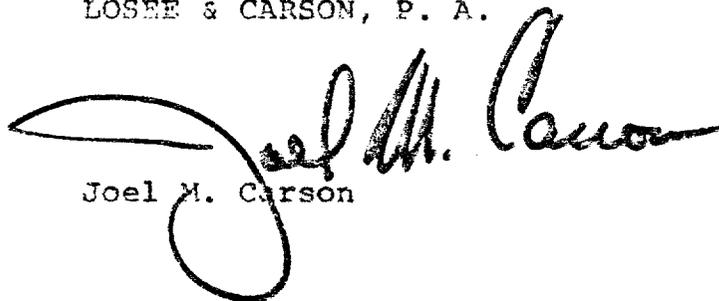
If the Commission is upheld and the producers who are parties to this lawsuit are displeased with the order of the Court, they are, of course, free to seek further redress through the Courts.

We have assumed from your letter, as clarified by our telephone conversation, that you did not want to have parties litigant shut-in before the Court could determine the effect of the stay order. At this time, under the memorandum of the Commission, any producer in the Carlsbad-Morrow Gas Pool may produce as much as his heart desires, subject to the warning that if he is wrong and the Court treats the vacation of the stay order as completely vitiating the protection of the order he will have to answer for his actions to the Commission and those persons whose correlative rights he has invaded.

If this letter clarifies the position of the Commission and correctly states your intention, the Commission would appreciate it if you would send it a letter along the lines of the letter enclosed in order that it may know how to govern its activities until the date of the Court hearing.

Yours truly,

LOSEE & CARSON, P. A.

A handwritten signature in black ink, appearing to read "Joel M. Carson". The signature is written in a cursive style with a large, sweeping initial "J" and "C".

Joel M. Carson

JMC/sff
Enclosure

cc: Mr. William Carr

Dear Mr. Carr:

In order to clarify my letter of May 16, 1973, you should advise the Commission that its memorandum of May 2, 1973, may be left in effect but that no gas well in the Carlsbad-Morrow Gas Pool should be shut in before the District Court has had an opportunity to pass on the effect of the vacation of the August 31, 1972, stay order. This shall be the position of the Office of the Attorney General until such time as we advise you to the contrary if, after reviewing the data we have received and researching the law, we come to a contrary conclusion.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
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BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

MEMORANDUM

TO: ALL PURCHASERS AND PRODUCERS IN THE SOUTH CARLSBAD MORROW POOL.

FROM: WILLIAM F. CARR, GENERAL COUNSEL

SUBJECT: PRORATION OF SOUTH CARLSBAD-MORROW GAS POOL.

On August 31, 1972, the Honorable D. D. Archer, District Judge, entered an order temporarily staying Order R-1670-L of the New Mexico Oil Conservation Commission which established proration in the South Carlsbad Morrow Pool.

On April 11, 1973, the Honorable Paul Snead entered an order vacating the August 31, 1972, order. As a result of this action, proration has been re-established in the South Carlsbad-Morrow Pool effective September 1, 1972.

April 26, 1973

dr/

THE STATE OF NEW MEXICO

To JOHN B. MAGRUDER - BRINGING WITH YOU AVAILABLE DAILY PRODUCTION FIGURES FOR THE MONTH OF OCTOBER, 1973, FROM THE GRACE ATLANTIC WELL NO. 1, LOCATED IN UNIT J, SEC. 24, T-22-S, R-26-E, NMPM, EDDY COUNTY, NEW MEXICO AND THE SR-10A-8D, MW80J005LX FOXBORO COMPANY CHARTS FOR THE SUBJECT WELL FOR THE MONTHS OF SEPTEMBER AND OCTOBER, 1973.

Greeting:

You and each of you are hereby commanded to appear before Division I of the District Court of the First Judicial District of the State of New Mexico, within and for the County of Santa Fe, at the Court House of Santa Fe County, on November 2, 1973, at the hour of 9 AM, then and there to testify in a cause therein pending wherein Michael P. Grace and Corinne Grace is Plaintiff and N.M. Oil Conservation Comm. is Defendant, on the part of the New Mexico Oil Conservation Commission

And this do you under penalty of the law.

WITNESS The HON. SANTIAGO E. CAMPOS, Judge of the First Judicial District Court of New Mexico, and the Seal of said District Court, this 1st day of November, A. D. 1973

SUSIE M. MENDOZA

Clerk of the District Court, First Judicial District

Virginia M. Mendoza Deputy

SHERIFF'S RETURN

Vertical dotted lines for return information.

Sheriff.

No. 46933

DISTRICT COURT

County of SANTA FE

MICHAEL P. GRACE and

CORINNE GRACE

vs.

OIL CONSERVATION COMMISSION

SUBPOENA

L-Zcc-3

OIL CONSERVATION COMMISSION
SANTA FE
1011
1973 OCT 18 PH 3:41

IPMFEKA SANA

1-043276A291 10/18/73

ICS IPMAYKA ABO

01156 CARLSBAD NMEX 15 10-18 12OPMDT

PMS A L PORTER

N M OIL CONSERVATIVE COMMISSION

STATE LAND COM BLDG

SANTA FE NMEX 87501

I PROTEST THE CLOSING OF THE GRACE ATLANTIC 1 SECTION 24-T

22 S R 26-E EDDY COUNTY N M

MR AND MRS SAMMY CLARK

1634 EST

IPMFEKA SANA

1973 OCT 19 PH 2:55

IPMFEKA SANA

2-047747E292 10/19/73

ICS IPMBNGZ CSP

5058875583 TDBN CARLSBAD NM 21PMS 10-19 0336P EST

PMS NEW MEXICO OIL CONSERVATION COMMISSION, DLR

ATTN A L PORTER STATE LINE OFFICE BUILDING

SANTA FE NM 87501

WE PROTEST THE CLOSING OF THE GRACE ATLANTIC NBR 1, SECTION

24 TOWNSHIP 22 SOUTH RANGE 26 EAST EDDY COUNTY NM

MR AND MRS L D CLARK

1538 EST

IPMFEKA SANA

WESTERN UNION

Rec.
Oct. 19, 1973
67

1973 OCT 19 AM 8:41

IPMFEKA SANA
2-026919E292 10/19/73
ICS IPMBNGZ CSP
5053985466 TDBN TATUM NM 42 10-19 0906A EST
PMS A O PORTER, STATE CONSERVATION OFFICE, DLR
SANTA FE NM

IT WOULD BE AN INJUSTICE TO THE COUNTRY AS WELL AS THE LOCAL
PEOPLE OF CARLSBAD IF YOUR DECISION CAUSE CORINNE GRACE'S ATLANTIC
GRACE LEASE TO BE SHUT IN AT THIS TIME IN VIEW OF THE ENERGY
CRISIS WE ARE EXPERIENCING
CHAVEROO SUPPLY CO INC EARL L JONES PRESIDENT

0908 EST

IPMFEKA SANA

RECEIVED
1973 OCT 19 AM 10:31
OIL CONSERVATION
Santa Fe

IPMFEKA SANA
2-033647E292 10/19/73
ICS IPMBNGZ CSP
5058875583 TDBN CARLSBAD NM 52 10-19 1122A EST
PMS MR A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTEST THE SHUT IN OF THE GRACE ATLANTIC NUMBER ONE
WELL IN SECTION 24 TOWNSHIP 22 SOUTH RANCH 26 EAST I FEEL THIS
WOULD EFFECT THE ECONOMY OF CARLSBAD AND ALSO THE POSSIBILITY
OF THE CONSTRUCTION OF A GASOLINE PLANT, WHICH WOULD PROVIDE
MORE JOBS FOR OUR PEOPLE IN CARLSBAD.
GARY TUCKER

1124 EST

IPMFEKA SANA

TELETYPE UNIT
western union
TELETYPE UNIT
western union
TELETYPE UNIT

150901

western union

1973 OCT 19 AM 10: 31

IPMFEKA SANA
2-033664E292 10/19/73
ICS IPMBNGZ CSP
5058875583 TDBN CARLSBAD NM 52 10-19 1122A EST
PMS MR A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTEST THE SHUT IN OF THE GRACE ATLANTIC NUMBER ONE
WELL IN SECTION 24 TOWNSHIP 22 SOUTH RANCH 26 EAST I FEEL THIS
WOULD EFFECT THE ECONOMY OF CARLSBAD AND ALSO THE POSSIBILITY
OF THE CONSTRUCTION OF A GASOLINE PLANT, WHICH WOULD PROVIDE
MORE JOBS FOR OUR PEOPLE IN CARLSBAD.
M B KARR

1125 EST

IPMFEKA SANA

150901

western union

1973 OCT 19 AM 10: 31

IPMFEKA SANA
2-033713E292 10/19/73
ICS IPMBNGZ CSP
5058875583 TDBN CARLSBAD NM 52 10-19 1123A EST
PMS MR A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTEST THE SHUT IN OF THE GRACE ATLANTIC NUMBER ONE
WELL IN SECTION 24 TOWNSHIP 22 SOUTH RANCH 26 EAST I FEEL THIS
WOULD EFFECT THE ECONOMY OF CARLSBAD AND ALSO THE POSSIBILITY
OF THE CONSTRUCTION OF A GASOLINE PLANT, WHICH WOULD PROVIDE
MORE JOBS FOR OUR PEOPLE IN CARLSBAD.
SACARIAS DOPORTO, JR

1128 EST

IPMFEKA SANA

150901

URGENT

URGENT

1973 OCT 19 AM 10:31

IPMFEKA SANA
2-033686E292 10/19/73
ICS IPMBNGZ CSP
5058875583 TDBN CARLSBAD NM 52 10-19 1123A EST
PMS MR A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501
I WILL PROTEST THE SHUT IN OF THE GRACE ATLANTIC NUMBER ONE
WELL IN SECTION 24 TOWNSHIP 22 SOUTH RANCH 26 EAST I FEEL THIS
WOULD EFFECT THE ECONOMY OF CARLSBAD AND ALSO THE POSSIBILITY
OF THE CONSTRUCTION OF A GASOLINE PLANT, WHICH WOULD PROVIDE
MORE JOBS FOR OUR PEOPLE IN CARLSBAD.
BENNY DOPORTO

1126 EST

IPMFEKA SANA

MGMABQC ABQ
2-011231E291 10/18/73
ICS IPMBNGZ CSP
5058875582 MGM TDBN CARLSBAD NM 100 10-18 0554P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
CARE NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE
BLDG
SANTA FE NM 87501

I PROTEST THE CLOSING OF THE GREAT ATLANTIC NUMBER ONE SECTION
24 TOWNSHIP 22 SOUTH RANGE 26 EAST. AS I FEEL IT WILL EFFECT
OUR ECONOMY.
ELOY MORENO PO BOX 1418 CARLSBAD NEW MEXICO 88220

1756 EST

MGMABQC ABQ

MGMABQC ABQ
2-011244E291 10/18/73
ICS IPMBNGZ CSP
5058875582 MGM TDBN CARLSBAD NM 100 10-18 0554P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
CARE NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE
BLDG
SANTA FE NM 87501

I PROTEST THE CLOSING OF THE GREAT ATLANTIC NUMBER ONE SECTION
24 TOWNSHIP 22 SOUTH RANGE 26 EAST. AS I FEEL IT WILL EFFECT
OUR ECONOMY.
TERRY MORENO PO BOX 1418 CARLSBAD NEW MEXICO 88220

1757 EST

MGMABQC ABQ

MGMABQC ABQ
2-011322E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0556P EST
ZIP 87501



▶ A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501

MR PETE PORTER, I WOULD BE VERY DISSAPPOINTED TO SEE THE GREAT
ATLANTIC NUMBER ONE SHUT IN. BEING A CITIZEN OF CARLSBAD, IT
WOULD GREATLY AFFECT THE CITY AND ITS INHABITANTS. I SUPPORT
THE GREAT ATLANTIC AND ITS PRODUCTION FOR OUR ECONOMY.
ESTHER OROZCO BOX 1418 CARLSBAD NM 88220

1759 EST

MGMABQC ABQ

MGMABQC ABQ
2-011384E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0558P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG
SANTA FE NM 87501

AS A CITIZEN OF CARLSBAD I WOULD NOT LIKE TO SEE THE GREAT ATLANTIC
NUMBER ONE SECTION 24 TOWNSHIP 22 SOUTH RANGE 26 EAST SHUT IN,
EDDY COUNTY NEW MEXICO. THIS WOULD AFFECT ME A RESIDENT AND
I SINCERELY PROTEST.
LINDA DOTORTO PO BOX 1418 CARLSBAD NM 88220

1800 EST

MGMABQC ABQ

MGMABQC ABQ
2-011718E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSDAD NM 100 10-18 0609P EST
ZIP 87501

 **Mailgram**
western union



▶ L PORTER
CARE NEW MEXICO OIL CONSERVATION COMMITTEE STATE LAND OFFICE
BLDG
SANTA FE NM 87501

BY CROSSING THE GREAT ATLANTIC NUMBER ONE SECTION 24 TOWNSHIP
22 SOUTH RANGE 26 EAST IT WILL BACK OUR ECONOMY SITUATION ON
BOTH ME AND MY WIFE WE WOULD BE MOST GRATEFUL IF IT IS NOT DONE
SO
MR AND MRS JAURE

1810 EST

MGMABQC ABQ

MGMABQC ABQ
2-012104E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0620P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
STATE LAND OFFICE BLDG NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NM 87501

I WILL PROTEST THE SHUT IN OF THE GRACE ATLANTIC NUMBER 1 IN
SEC 24T 22S, R 26E. I FEEL THIS WOULD EFFECT THE ECONOMY OF
CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION OF A GASOLINE
PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE IN CARLSBAD.

MR AND MRS SACARIAS DOPORTO

1821 EST

MGMABQC ABQ

MGMABQC ABQ
2-012185E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0622P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
STATE LAND OFFICE BLDG NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GRACE ATLANTIC WELL NUMBER
1 SECTION 24, TOWNSHIP 22S, RANGE 26E. I DO NOT WANT THIS WELL
SHUT IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT TO
SEE IT PRODUCE.
AUDREY M INGRAM

1824 EST

MGMABQC ABQ

MGMABQC ABQ
2-012174E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0622P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
STATE LAND OFFICE BLDG NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GRACE ATLANTIC WELL NUMBER
1 SECTION 24, TOWNSHIP 22S, RANGE 26E. I DO NOT WANT THIS WELL
SHUT IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT TO
SEE IT PRODUCE.
JAMES E SMITH

1823 EST

MGMABQC ABQ

MGMABQC ABQ
2-012650E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0635P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GREAT ATLANTIC WELL NUMBER
ONE SECTION 24, TOWNSHIP 22A, RANGE 26E. I DO NOT WANT THIS
WELL SET IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT
TO SEE PRODUCE.
MR AND MRS E W DOUGLAS

1837 EST

MGMABQC ABQ

MGMABQC ABQ
2-012210E291 10/18/73
ICS IPMBNGZ CSP
5058875581 MGM TDBN CARLSBAD NM 100 10-18 0623P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
STATE LAND OFFICE BLDG NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GRACE ATLANTIC WELL NUMBER
1 SECTION 24, TOWNSHIP 22S, RANGE 26E. I DO NOT WANT THIS WELL
SHUT IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT TO
SEE IT PRODUCE.
MR AND MRS JACK L INGRAM

1825 EST

MGMABQC ABQ

MGMABQC ABQ
2-012605E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0634P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GREAT ATLANTIC WELL NUMBER
ONE SECTION 24, TOWNSHIP 22A, RANGE 26E. I DO NOT WANT THIS
WELL SET IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT
TO SEE PRODUCE.
MR AND MRS MILLER ROSE

1835 EST

MGMABQC ABQ

MGMABQC ABQ
2-012621E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0634P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I AM A ROYALTY INTEREST OWNER IN THE GREAT ATLANTIC WELL NUMBER
ONE SECTION 24, TOWNSHIP 22A, RANGE 26E. I DO NOT WANT THIS
WELL SET IN AS I FEEL THAT THIS WOULD RUIN MY WELL AND I WANT
TO SEE PRODUCE.

MR AND MRS J N NELSON

1836 EST

MGMABQC ABQ

MGMABQC ABQ
2-010823E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0540P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTECT THE SHUT IN OF THE GREAT ATLANTIC NUMBER ONE,
IN SECTION 24 TOWNSHIP 22S, R26E. I FEEL THIS WOULD EFFECT THE
ECOMONY OF CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION
OF A GASOLINE PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE
IN CARLSBAD.
MR AND MRS RAYMOND GRANADO

1742 EST

MGMABQC ABQ

MGMABQC ABQ
2-010834E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0541P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEX N†<SPCONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTECT THE SHUT IN OF THE GREAT ATLANTIC NUMBER ONE,
IN SECTION 24 TOWNSHIP 22S, R26E. I FEEL THIS WOULD EFFECT THE
ECOMONY OF CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION
OF A GASOLINE PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE
IN CARLSBAD.
MR AND MRS PAUL WOOD

1743 EST

MGMABQC ABQ

MGMABQC ABQ
2-010848E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0542P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTECT THE SHUT IN OF THE GREAT ATLANTIC NUMBER ONE,
IN SECTION 24 TOWNSHIP 22S, R26E. I FEEL THIS WOULD EFFECT THE
ECOMONY OF CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION
OF A GASOLINE PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE
IN CARLSBAD.
MR AND MRS DAVID B LOPEZ

1744 EST

MGMABQC ABQ

MGMABQC ABQ
2-010875E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0542P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTECT THE SHUT IN OF THE GREAT ATLANTIC NUMBER ONE,
IN SECTION 24 TOWNSHIP 22S, R26E. I FEEL THIS WOULD EFFECT THE
ECOMONY OF CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION
OF A GASOLINE PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE
IN CARLSBAD.
MR AND MRS C R TAGERT

1746 EST

MGMABQC ABQ

MGMABQC ABQ
2-010902E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0543P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

I WILL PROTECT THE SHUT IN OF THE GREAT ATLANTIC NUMBER ONE,
IN SECTION 24 TOWNSHIP 22S, R26E. I FEEL THIS WOULD EFFECT THE
ECOMONY OF CARLSBAD AND ALSO THE POSSIBILITY OF THE CONSTRUCTION
OF A GASOLINE PLANT, WHICH WOULD PROVIDE MORE JOBS FOR OUR PEOPLE
IN CARLSBAD.
MRS MAUDE PETTY

1747 EST

MGMABQC ABQ

MGMABQC ABQ
2-010984E291 10/18/73
ICS IPMBNGZ CSP
5058875583 MGM TDBN CARLSBAD NM 100 10-18 0546P EST
ZIP 87501

 **Mailgram**
western union



▶ MR A L PORTER NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

MR PORTER, WE PROTEST THE CLOSING OF THE GREAT ATLANTIC NUMBER
ONE, IN SECTION 24 TOWNSHIP 22S, R26E, EDDY COUNTY NEW MEXICO.
MR AND MRS CLAUDE ARRINGTON

1748 EST

MGMABQC ABQ

MGMABQC ABQ
2-011205E291 10/18/73
ICS IPMBNGZ CSP
5058875582 MGM TDBN CARLSBAD NM 100 10-18 0553P EST
ZIP 87501

 **Mailgram**
western union



▶ A L PORTER
CARE NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE
BLDG
SANTA FE NM 87501

I PROTEST THE CLOSING OF THE GREAT ATLANTIC NUMBER ONE SECTION
24 TOWNSHIP 22 SOUTH RANGE 26 EAST. AS I FEEL IT WILL EFFECT
OUR ECONOMY.

MR AMD MRS LUIS MORENO PO BOX 1418 CARLSBAD NEW MEXICO 88220

1754 EST

MGMABQC ABQ

MGMABQC ABQ
2-011220E291 10/18/73
ICS IPMBNGZ CSP
5058875582 MGM TDBN CARLSBAD NM 100 10-18 0554P EST
ZIP 87501

 **Mailgram**



▶ A L PORTER
CARE NEW MEXICO OIL CONSERVATION COMMISSION STATE LAND OFFICE
BLDG
SANTA FE NM 87501

I PROTEST THE CLOSING OF THE GREAT ATLANTIC NUMBER ONE SECTION
24 TOWNSHIP 22 SOUTH RANGE 26 EAST. AS I FEEL IT WILL EFFECT
OUR ECONOMY.
CONNIE CALDERON PO BOX 1418 CARLSBAD NEW MEXICO 88220

1755 EST

MGMABQC ABQ

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Plaintiffs,)
)
vs.) No. 46933
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALEX J. ARMIJO, Member,)
and A. L. PORTER, JR., Member)
and Secretary of the Commission,)
)
Defendants.)

ORDER DISSOLVING
TEMPORARY RESTRAINING ORDER

This matter having come on for hearing before the Court upon the motion of the Defendants to dissolve the Temporary Restraining Order issued in the above-captioned cause and the Court having considered the same,

IT IS THEREFORE ORDERED that the Temporary Restraining Order obtained by the Plaintiffs from this Court in the above-captioned cause is hereby dissolved as of _____, October _____, 1973, at the hour of _____, _____M.

DISTRICT JUDGE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Plaintiffs,) No. 46933
)
vs.)
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALEX J. ARMIJO, Member,)
and A. L. PORTER, JR., Member)
and Secretary of the Commission,)
)
Defendants.)

ORDER DISSOLVING
TEMPORARY RESTRAINING ORDER

This matter having come on for hearing before the Court upon the motion of the Defendants to dissolve the Temporary Restraining Order issued in the above-captioned cause and the Court having considered the same,

IT IS THEREFORE ORDERED that the Temporary Restraining Order obtained by the Plaintiffs from this Court in the above-captioned cause is hereby dissolved as of _____, October _____, 1973, at the hour of _____, ____M.

THAT IT IS FURTHER ORDERED that the Temporary Restraining Order obtained by the Plaintiffs from this court in the above-captioned cause was null and void and of no legal effect from its inception.

DISTRICT JUDGE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission

Defendants.

No. 46933

ORIGINAL PLEADING

FILED ON 10-12-73

Santa Fe COUNTY

DISTRICT COURT CLERK'S OFFICE

MOTION

Comes now the Defendant in this action, The Oil Conservation Commission of the State of New Mexico, and moves that the Temporary Restraining Order issued by this Court on October 5, 1973, be dissolved on the following grounds:

1. The Plaintiffs are not entitled to the relief recited in the Temporary Restraining Order because, by their failure to obey warnings from the Defendant and from the purchaser of their gas to curtail production, which warnings were issued prior to the shut in order which is the subject of this suit, Plaintiffs violated the correlative rights of the owners of adjoining interests in the South Carlsbad-Morrow Gas Pool and have therefore not done equity as is required to receive equitable relief.

2. The Temporary Restraining Order was improperly granted in that no notice was served on members of the Commission as is required by NMSA Sec. 65-3-23(a).

3. The Temporary Restraining Order never became effective by reason of the failure of the Plaintiffs to post a bond as is required by NMSA Sec. 65-3-23(b), which requirement is non-waivable.

4. That the Temporary Restraining Order is defective on its face in that it fails to make the mandatory findings required by NMSA Section 65-3-23(a), those being:

(a) A finding of the nature and extent of the probable invalidity of the statute, regulation, rule or order involved in the suit, and

(b) A clear statement of the probable damage relied upon by the Court as justifying temporary injunctive relief.

5. That shut-in in accordance with the Defendants' notice will not cause irreparable damage to the well.

WHEREFORE DEFENDANT PRAYS:

1. That the Court dissolve that Temporary Restraining Order issued by it on October 5, 1973.

2. That the Court find that that Temporary Restraining Order issued on October 5, 1973, was null and void and of no legal effect from its inception.

DAVID C. NORVELL
Attorney General

WILLIAM F. CARR

THOMAS W. DERRYBERRY

Special Assistant Attorneys General
~~Oil Conservation Commission of the~~
State of New Mexico, P. O. Box 2088
Santa Fe, New Mexico

I hereby certify that on the 12th day of October, 1973, a copy of the foregoing pleading was hand delivered to opposing counsel of record.

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission

Defendants.

ORDER SETTING HEARING

This matter came before the court upon the motion of the defendants to dissolve the Temporary Restraining Order issued in the above-captioned cause, and the court having considered the same,

IT IS THEREFORE ORDERED that the application of the defendants for an order dissolving the Temporary Restraining Order in the above-captioned cause shall be heard in the Santa Fe County Courthouse, before the undersigned judge, on Friday, October 19, 1973, at the hour of 4 P.M.

IT IS FURTHER ORDERED that a copy of this Order shall be served upon the defendants forthwith, constituting notice to them of that hearing.

5
THOMAS A. DONNELLY
DISTRICT JUDGE

A TRUE COPY OF
ORIGINAL Order Setting Hearing
ENTERED October 12, 1973.
SUSIE M. MONTOYA
CLERK

By: James J. [Signature] Deputy



IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission

Defendants.

No. 46933

)
)
)
)
)
)
) ORIGINAL PLEADING
) FILED ON 10-12-73
) Santa Fe COUNTY
) DISTRICT COURT CLERK'S OFFICE
)

MOTION

Comes now the Defendant in this action, The Oil Conservation Commission of the State of New Mexico, and moves that the Temporary Restraining Order issued by this Court on October 5, 1973, be dissolved on the following grounds:

1. The Plaintiffs are not entitled to the relief recited in the Temporary Restraining Order because, by their failure to obey warnings from the Defendant and from the purchaser of their gas to curtail production, which warnings were issued prior to the shut in order which is the subject of this suit, Plaintiffs violated the correlative rights of the owners of adjoining interests in the South Carlsbad-Morrow Gas Pool and have therefore not done equity as is required to receive equitable relief.

2. The Temporary Restraining Order was improperly granted in that no notice was served on members of the Commission as is required by NMSA Sec. 65-3-23(a).

3. The Temporary Restraining Order never became effective by reason of the failure of the Plaintiffs to post a bond as is required by NMSA Sec. 65-3-23(b), which requirement is non-waivable.

4. That the Temporary Restraining Order is defective on its face in that it fails to make the mandatory findings required by NMSA Section 65-3-23(a), those being:

(a) A finding of the nature and extent of the probable invalidity of the statute, regulation, rule or order involved in the suit, and

(b) A clear statement of the probable damage relied upon by the Court as justifying temporary injunctive relief.

5. That shut-in in accordance with the Defendants' notice will not cause irreparable damage to the well.

WHEREFORE DEFENDANT PRAYS:

1. That the Court dissolve that Temporary Restraining Order issued by it on October 5, 1973.

2. That the Court find that that Temporary Restraining Order issued on October 5, 1973, was null and void and of no legal effect from its inception.

DAVID C. NORVELL
Attorney General

WILLIAM F. CARR

THOMAS W. DERRYBERRY

Special Assistant Attorneys General
Oil Conservation Commission of the
State of New Mexico, P. O. Box 2088
Santa Fe, New Mexico

I hereby certify that on the 12th day of October, 1973, a copy of the foregoing pleading was hand delivered to opposing counsel of record.

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission

Defendants.

ORDER SETTING HEARING

This matter came before the court upon the motion of the defendants to dissolve the Temporary Restraining Order issued in the above-captioned cause, and the court having considered the same,

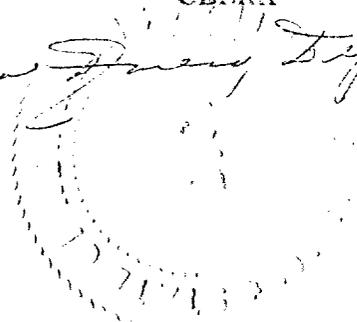
IT IS THEREFORE ORDERED that the application of the defendants for an order dissolving the Temporary Restraining Order in the above-captioned cause shall be heard in the Santa Fe County Courthouse, before the undersigned judge, on Friday, October 19, 1973, at the hour of 4 P.M.

IT IS FURTHER ORDERED that a copy of this Order shall be served upon the defendants forthwith, constituting notice to them of that hearing.

5
THOMAS A. DONNELLY
DISTRICT JUDGE

A TRUE COPY OF
ORIGINAL Order Setting Hearing
ENTERED October 12, 1973
SUSIE M. MONTOYA
CLERK

By: [Signature] Deputy



5. That on October 12, 1973, Defendant Commission presented to the Court a Motion in this cause to dissolve the Temporary Restraining Order entered on October 5, 1973.

6. That on October 25 and 26, 1973, Defendant Commission, after notice, held a hearing to determine the questions raised by Plaintiff's application referred to in No. 4 above.

7. That on October 27, Defendant Commission issued its Order No. R-4648 which upheld the shut in directive contained in Gas Supplement No. SF-3802 and ordered that the subject well be shut-in until such time that it be overproduced in an amount that was not in excess of the tolerance provided for by Rule 16(b).

8. That on November 2, 1973, Plaintiffs filed an application for rehearing of the application referred to in No. 4 above.

9. That the Defendant Commission agrees that the Court may stay the effect of its Shut-In Directive and Order if the Plaintiffs agree to make up production at a rate less than by complete shut-in, in accordance with the requirements set forth below.

10. Plaintiffs agree that commencing at 7:00 a.m. November 3, 1973, the daily rate of production from the subject well shall be reduced to a rate commensurate with the daily allowable for November, such rate being 6970 mcf per day.

11. Plaintiffs agree that for a period of two months following the date of this order they will continue producing the subject well at a rate which Plaintiffs in good faith believe is appropriate to reduce the well's overproduced status while avoiding material damage to the well.

12. If upon receipt of December production figures, it is Defendant Commission's opinion that the rate of production from November 3, 1973, through December 31, 1973, if projected to March 31, 1974, is not sufficiently low to bring the well into the permissible six times overproduced tolerance by March 31, 1974,

JMPG #

based on best known projection of allowables, a committee of three engineers will be formed within ten days: one of Plaintiffs' choice, one of Defendant Commission's choice, and a third of good repute designated by the other two engineers and at no cost to Defendant. This committee will determine the minimum rate of production possible without material damage to the well which will bring the well into the aforesaid permissible tolerance by March 31, 1974.

13. In any event, if upon receipt of March, 1974 production figures the Defendant determines that the well's overproduction has not been reduced to an amount which is not in excess of six times its average monthly allowable for the preceeding eleven and two-thirds months, according to the records of the Defendant, Plaintiffs agree that the well, upon directive from the Defendant, shall be thereupon shut in and remain shut in until the well's overproduction has been reduced to an amount that is not in excess of six times its average monthly allowable.

14. Plaintiffs agree to dismiss two actions pending against the Defendant Commission as follows: Eddy County Cause No. 28329 and Oil Conservation Commission Case No. 5085, Order No. R-4648; and agree not to appeal the pending decision in Eddy County Cause No. 28182.

IT IS, THEREFORE, ORDERED as follows:

1. The effect of the Shut-In Order No. R-4648 issued by Defendant Commission on October 27, 1973, is hereby stayed.
2. The parties herein are hereby ordered to comply with all stipulations hereinabove set forth.

Thomas A. Donnelly
DISTRICT JUDGE

APPROVE:

Michael P. Grace II
MICHAEL P. GRACE II
Plaintiff

Corinne Grace

CORINNE GRACE
Plaintiff

Attorneys for Plaintiffs

F. B. Howden

F. B. HOWDEN

Farrell L. Lines

FARRELL L. LINES

John P. Otto

JOHN P. OTTO

OIL CONSERVATION COMMISSION
Defendant

A. L. Porter, Jr.

A. L. PORTER, JR.
Secretary-Director

ATTORNEYS FOR DEFENDANT

Thomas W. Derryberry

THOMAS W. DERRYBERRY

William F. Carr

WILLIAM F. CARR

INTERVENORS

Donald G. Stevens

DONALD G. STEVENS
Attorney for Morris Antweil

Jason W. Kellahin

JASON W. KELLAHIN
Attorney for Cities Service
and Pennzoil

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

No. 46933

ORDER

This cause having come on for trial, and the following having been stipulated to on October 19, continued to November 2, 1973, by the parties hereto in open court, to wit:

1. That the Plaintiffs' Grace-Atlantic No. 1 well is over-produced beyond the tolerance provided for in Rule 15(b) of the Prorated Gas Pool Rules for Southeastern New Mexico, as promulgated by Commission Order No. R-1670, as amended.
2. That Defendant Commission on October 2 issued Gas Supplement No. SF-3802 ordering that the aforesaid well be shut in until such time that it be overproduced in an amount not in excess of the tolerance specified in Rule 15(b).
3. That on October 5, 1973, Plaintiffs obtained a Temporary Restraining Order in this Cause which purported to stay the effect of the aforesaid shut-in directive.
4. That concurrent with the application for the aforesaid Temporary Restraining Order, Plaintiffs filed an application for a public hearing before the Defendant Commission to determine, among other things, whether the well would incur material damage as a result of a shut-in and whether the well should be allowed to make up overproduction at a rate less than by complete shut in.

MPG II

5. That on October 12, 1973, Defendant Commission presented to the Court a Motion in this cause to dissolve the Temporary Restraining Order entered on October 5, 1973.

6. That on October 25 and 26, 1973, Defendant Commission, after notice, held a hearing to determine the questions raised by Plaintiff's application referred to in No. 4 above.

7. That on October 27, Defendant Commission issued its Order No. R-4648 which upheld the shut in directive contained in Gas Supplement No: SF-3802 and ordered that the subject well be shut-in until such time that it be overproduced in an amount that was not in excess of the tolerance provided for by Rule 16(b).

8. That on November 2, 1973, Plaintiffs filed an application for rehearing of the application referred to in No. 4 above.

9. That the Defendant Commission agrees that the Court may stay the effect of its Shut-In Directive and Order if the Plaintiffs agree to make up production at a rate less than by complete shut-in, in accordance with the requirements set forth below.

10. Plaintiffs agree that commencing at 7:00 a.m. November 3, 1973, the daily rate of production from the subject well shall be reduced to a rate commensurate with the daily allowable for November, such rate being 6970 mcf per day.

11. Plaintiffs agree that for a period of two months following the date of this order they will continue producing the subject well at a rate which Plaintiffs in good faith believe is appropriate to reduce the well's overproduced status while avoiding material damage to the well.

12. If upon receipt of December production figures, it is Defendant Commission's opinion that the rate of production from November 3, 1973, through December 31, 1973, if projected to March 31, 1974, is not sufficiently low to bring the well into the permissible six times overproduced tolerance by March 31, 1974,

JMPG #

based on best known projection of allowables, a committee of three engineers will be formed within ten days: one of Plaintiffs' choice, one of Defendant Commission's choice, and a third of good repute designated by the other two engineers and at no cost to Defendant. This committee will determine the minimum rate of production possible without material damage to the well which will bring the well into the aforesaid permissible tolerance by March 31, 1974.

13. In any event, if upon receipt of March, 1974 production figures the Defendant determines that the well's overproduction has not been reduced to an amount which is not in excess of six times its average monthly allowable for the preceeding eleven and two-thirds months, according to the records of the Defendant, Plaintiffs agree that the well, upon directive from the Defendant, shall be thereupon shut in and remain shut in until the well's overproduction has been reduced to an amount that is not in excess of six times its average monthly allowable.

14. Plaintiffs agree to dismiss two actions pending against the Defendant Commission as follows: Eddy County Cause No. 28329 and Oil Conservation Commission Case No. 5085, Order No. R-4648; and agree not to appeal the pending decision in Eddy County Cause No. 28182.

IT IS, THEREFORE, ORDERED as follows:

1. The effect of the Shut-In Order No. R-4648 issued by Defendant Commission on October 27, 1973, is hereby stayed.

2. The parties herein are hereby ordered to comply with all stipulations hereinabove set forth.

Thomas A. Donnelly
DISTRICT JUDGE

APPROVE:

Michael P. Grace II
MICHAEL P. GRACE II
Plaintiff

Corinne Grace

CORINNE GRACE
Plaintiff

Attorneys for Plaintiffs

F. B. Howden

F. B. HOWDEN

Farrell L. Lines

FARRELL L. LINES

John P. Gtto

JOHN P. GTTO

OIL CONSERVATION COMMISSION
Defendant

A. L. Porter, Jr.

A. L. PORTER, JR.
Secretary-Director

ATTORNEYS FOR DEFENDANT

Thomas W. Derryberry

THOMAS W. DERRYBERRY

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IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
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CORINNE GRACE,

Plaintiffs,

vs.

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
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1. That the Plaintiffs' Grace-Atlantic No. 1 well is over-produced beyond the tolerance provided for in Rule 15(b) of the Prorated Gas Pool Rules for Southeastern New Mexico, as promulgated by Commission Order No. R-1670, as amended.

2. That Defendant Commission on October 2 issued Gas Supplement No. SF-3802 ordering that the aforesaid well be shut in until such time that it be overproduced in an amount not in excess of the tolerance specified in Rule 15(b).

3. That on October 5, 1973, Plaintiffs obtained a Temporary Restraining Order in this Cause which purported to stay the effect of the aforesaid shut-in directive.

4. That concurrent with the application for the aforesaid Temporary Restraining Order, Plaintiffs filed an application for a public hearing before the Defendant Commission to determine, among other things, whether the well would incur material damage as a result of a shut-in and whether the well should be allowed to make up overproduction at a rate less than by complete shut in.

MPG II

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8. That on November 2, 1973, Plaintiffs filed an application for rehearing of the application referred to in No. 4 above.

9. That the Defendant Commission agrees that the Court may stay the effect of its Shut-In Directive and Order if the Plaintiffs agree to make up production at a rate less than by complete shut-in, in accordance with the requirements set forth below.

10. Plaintiffs agree that commencing at 7:00 a.m. November 3, 1973, the daily rate of production from the subject well shall be reduced to a rate commensurate with the daily allowable for November, such rate being 6970 mcf per day.

11. Plaintiffs agree that for a period of two months following the date of this order they will continue producing the subject well at a rate which Plaintiffs in good faith believe is appropriate to reduce the well's overproduced status while avoiding material damage to the well.

12. If upon receipt of December production figures, it is Defendant Commission's opinion that the rate of production from November 3, 1973, through December 31, 1973, if projected to March 31, 1974, is not sufficiently low to bring the well into the permissible six times overproduced tolerance by March 31, 1974,

JMPG A

based on best known projection of allowables, a committee of three engineers will be formed within ten days: one of Plaintiffs' choice, one of Defendant Commission's choice, and a third of good repute designated by the other two engineers and at no cost to Defendant. This committee will determine the minimum rate of production possible without material damage to the well which will bring the well into the aforesaid permissible tolerance by March 31, 1974.

13. In any event, if upon receipt of March, 1974 production figures the Defendant determines that the well's overproduction has not been reduced to an amount which is not in excess of six times its average monthly allowable for the preceeding eleven and two-thirds months, according to the records of the Defendant, Plaintiffs agree that the well, upon directive from the Defendant, shall be thereupon shut in and remain shut in until the well's overproduction has been reduced to an amount that is not in excess of six times its average monthly allowable.

14. Plaintiffs agree to dismiss two actions pending against the Defendant Commission as follows: Eddy County Cause No. 28329 and Oil Conservation Commission Case No. 5085, Order No. R-4648; and agree not to appeal the pending decision in Eddy County Cause No. 28182.

IT IS, THEREFORE, ORDERED as follows:

1. The effect of the Shut-In Order No. R-4648 issued by Defendant Commission on October 27, 1973, is hereby stayed.

2. The parties herein are hereby ordered to comply with all stipulations hereinabove set forth.

Thomas A. Donnelly
DISTRICT JUDGE

APPROVE:

Michael P. Grace II
MICHAEL P. GRACE II
Plaintiff

Corinne Grace

CORINNE GRACE
Plaintiff

Attorneys for Plaintiffs

F. B. Howden

F. B. HOWDEN

Farrell L. Lines

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John P. Otto

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OIL CONSERVATION COMMISSION
Defendant

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ATTORNEYS FOR DEFENDANT

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DONALD G. STEVENS
Attorney for Morris Antweil

Jason W. Kellahin

JASON W. KELLAHIN
Attorney for Cities Service
and Pennzoil

HIGH PLAINS-PENNSYLVANIAN POOL
Unorthodox Oil Location (Case 5089 - Dismissed)

Coquina Oil Corporation's application seeking to drill its No. 3 Cities Service well at an unorthodox High Plains-Pennsylvanian Pool location 1325 feet from the South and 660 feet from the East lines of Sec. 27, T-14-S, R-34-E, Lea County, was dismissed at the applicant's request.

* * * * *

OCC SHUT-IN ORDERS KILLED

Michael P. and Corinne Grace, operators of the Grace Atlantic well in the South Carlsbad-Morrow Pool, Eddy County, asked the Oil Conservation Commission to make certain stipulations Friday in Santa Fe District Court that would permit them to continue to produce this well which is overproduced more than six times its monthly allowable.

The Commission agreed to permit the well to continue to produce its regular monthly allowable until December 31, 1973. At this date the Graces are to inform the Commission of any plan they have for bringing the well into balance by March 31, 1973.

If the well is not in balance by March 31 it will then be subject to shut-in.

In return the Graces agreed not to carry to a higher court their fight to cancel the prorationing order entered by the OCC for the South Carlsbad-Strawn Pool. Their case before the State Supreme Court attempting to set aside the order calling for prorationing of the Morrow pool where the subject well is located is still under consideration. The hearing on this case was held some weeks ago but no decision has yet been made by the Supreme Court judges hearing it.

The OCC has yet to make any order stick that the Graces have found objectionable. Under state rules any well six times overproduced is subject to immediate shut-in.

* * * * *

INCIDENTAL INFORMATION - NINA LEE DU HAIME

We will probably learn early this coming week whether or not the OCC will hold an examiner hearing in December, and we will let you know how the gas nominations for January will be handled. New faces at the Oil Commission - Juanita Rosales, secretary-transcriber, who will be based near Tom Derryberry; Richard Sanchez, data processing department, programmer 1. New Mexico public schools are considering closing for one month this winter to save on the use of natural gas and other fuels used by the schools. The winter month would be made up when better weather arrives. Several petroleum dealers in northeastern New Mexico are protesting a proposed 24 per cent cut in their allocation of liquified petroleum gas to Governor Bruce King and three members of the State U. S. congressional delegation. Diamond Shamrock made the notification to the dealers. Matias Martinez, Sr., owner of the Martinez Oil & Gas Company of Las Vegas, spoke for the group saying, "We want to know why we were cut back and we also want to know where the gas is going." Martinez said the cut-backs would mean that schools, federal and state institutions, would not receive normal allotments this winter. Martha Buddecke, Albuquerque journalist, has replaced Jim Brown as executive director of the State Republican Party. Brown resigned to return to work in city government. Governor King's aide and energy advisor, Frank DiLuzio, said this week that action by White House energy advisor, John Love, of Colorado, could alleviate the propane-butane shortage developing in New Mexico. DiLuzio said the most pressing issue at the moment in this direction is the cutback proposed by Diamond Shamrock. Love, said DiLuzio, should go to the White House and return to the propane-butane allocation regulations the ten per cent reserve clause originally proposed for the gas and already adopted for other fuels. The clause would embargo reserves in storage for high-priced uses in the petrochemical industry, said DiLuzio. Graves Butane of Farmington has come forward and offered to keep the Navajo Community College heated this winter--which in northern New Mexico is about seven to eight months long as far as the need for heat goes. It was thought earlier the college would have to close as supplies of butane could not be found. It was estimated that schools in the state, heating with liquid gas, will pay a total of about \$190,000 more this year over last. Arthur Zimmerman, a career administrator for the Federal Bureau of Land Management, has taken over as the new director of the New Mexico office based in Santa Fe. This office also handles the federal lands of Oklahoma. Zimmerman was director in Oregon. He replaces W. J. Anderson who retired in June at the age of 54. El Paso Natural Gas Company has announced plans for a \$15 million "preliminary project" in connection with the development of its \$410 million coal gasification complex in San Juan County. The pilot program involves a developmental coal mine and gasification plant. Charles Hunter, EPNG administrative engineer, reports the plan tentatively calls for construction of the developmental plant to begin within 15 months. This plant will be used to develop by-products and markets and serve as a training ground. The agricultural Experiment Station of New Mexico State University, Las Cruces, has published a 100-page booklet on "The People of New Mexico." It goes into average age of the population (younger than the national average), the fact that New Mexicans earn less than the national average, and that educational

THE STATE OF NEW MEXICO

To MICHAEL P. GRACE, BRINGING WITH YOU TO PRODUCE AT THE TIME AND PLACE SET OUT
HEREIN, THE ORIGINALS OF THE LETTERS SENT TO YOU BY JOHN B. MAGRUDER CONCERNING
THE GRACE ATLANTIC #1 WELL DATED JULY 19, 1973 AND SEPTEMBER 7, 1973

Greeting:

You and each of you are hereby commanded to appear before Division I of the District Court of
the First Judicial District of the State of New Mexico, within and for the County of Santa Fe,
at the Court House of Santa Fe County, on November 2 1973, at the hour
of 9:00 am, then and there to testify in a cause therein pending wherein Michael P. Grace and
Corinne Grace
is Plaintiff and Oil Conservation Commission is Defendant, on the part of the New Mexico
Oil Conservation Commission

And this do you under penalty of the law.

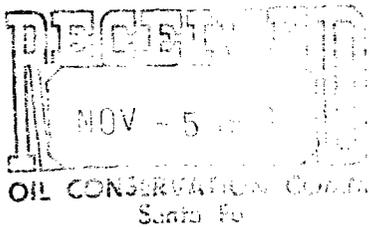
WITNESS The HON. SANTIAGO E. CAMPOS, Judge
of the First Judicial District Court of New Mexico, and
the Seal of said District Court, this 29th
day of October, A. D. 1973

SOBIE M. MONTOYA

Clerk of the District Court, First Judicial District

[Handwritten signature]

Deputy



SHERIFF'S RETURN

.....
.....
.....
.....
.....

Sheriff.

No. 46933.....

DISTRICT COURT

County of Santa Fe.....

MICHAEL P. GRACE

and CORINNE GRACE

vs.

OIL CONSERVATION COMMISSION

SUBPOENA

THE STATE OF NEW MEXICO

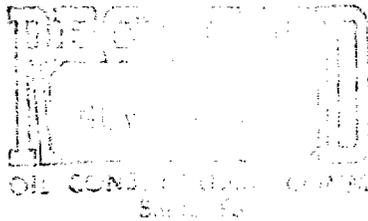
To MICHAEL P. GRACE, BRINGING WITH YOU TO PRODUCE AT THE TIME AND PLACE SET OUT HEREIN, THE ORIGINALS OF THE LETTERS SENT TO YOU BY JOHN B. MAGRUDER CONCERNING THE GRACE ATLANTIC #1 WELL DATED JULY 19, 1973 AND SEPTEMBER 7, 1973

Greeting:

You and each of you are hereby commanded to appear before Division I of the District Court of the First Judicial District of the State of New Mexico, within and for the County of Santa Fe, at the Court House of Santa Fe County, on November 2, 1973, at the hour of 9:00 am, then and there to testify in a cause therein pending wherein Michael P. Grace and Corinne Grace is Plaintiff and Oil Conservation Commission is Defendant, on the part of the New Mexico Oil Conservation Commission

And this do you under penalty of the law.

WITNESS The HON. SANTIAGO E. CAMPOS, Judge of the First Judicial District Court of New Mexico, and the Seal of said District Court, this 29th day of October, A. D. 1973



SANTIAGO E. MUNTOYA

Clerk of the District Court, First Judicial District

[Handwritten signature]

Deputy

SHERIFF'S RETURN

11-2-73 - Was unable to locate on Grace, was advised by his office that he did not in Carlsbad, Ca.

John Hanger Sheriff.
W. G. R. Mason Deputy

No. 46933

DISTRICT COURT

County of Santa Fe

MICHAEL P. GRACE

and CORINNE GRACE

vs.

OIL CONSERVATION COMMISSION

SUBPOENA

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 29, 1973

Sheriff of Eddy County
Courthouse
Carlsbad, New Mexico 88220

Dear Sir:

We are enclosing Subpoenas Duces Tecum for you to serve.
We would appreciate your serving this on Michael P. Grace at
your earliest convenience.

We will be happy to remit any charges.

Very truly yours,

WILLIAM F. CARR
Special Assistant Attorney General

WFC/dr

enclosure

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

October 18, 1973

C
O
P
Y
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79999

Attention: Mr. John B. Magruder

Dear Sir:

The New Mexico Oil Conservation is involved in a number of proceedings concerning the Grace-Atlantic Well No. 1, located in Unit J, Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

To properly resolve these controversies it is essential that we have the daily volumes of gas produced by this well for the month of September, 1973. It will be appreciated if you, as purchaser of the gas produced from this well, will supply the Commission with these production figures at your earliest convenience.

Very truly yours,

WILLIAM F. CARR
General Counsel

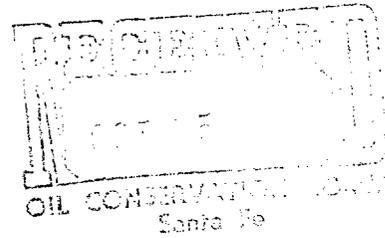
WFC/dr

cc: Mr. Michael P. Grace II
P. O. Box 1418
Carlsbad, New Mexico

El Paso Natural Gas Company

El Paso, Texas 79999

October 12, 1973



The State of New Mexico
Oil Conservation Commission

Attention: William Carr

Dear Sir:

In response to your telephone request on October 9, 1973, in which you requested the daily volumes of gas produced from the Michael P. Grace, Grace-Atlantic #1 for the month of September, we respectfully submit the following:

<u>Day</u>	<u>Volume</u> <u>MCF at 15.025</u>	<u>Day</u>	<u>Volume</u> <u>MCF at 15.025</u>
1	18,077	16	6,134
2	18,077	17	6,007
3	18,714	18	3,383
4	17,761	19	10,512
5	12,143	20	11,908
6	15,587	21	11,263
7	18,077	22	10,083
8	17,972	23	10,029
9	17,649	24	10,136
10	9,438	25	10,082
11	9,224	26	9,921
12	9,171	27	10,136
13	8,799	28	9,921
14	9,171	29	10,190
15	7,199	30	9,543
		Monthly Total	346,307

Please confirm your request for this information by letter as soon as possible.

Very truly yours,

John B. Magruder, Director
Gas Proration Department

JBM:Meh

cc: Michael P. Grace, II



STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT

CHAMBERS OF
GERALD D. FOWLIE
DISTRICT JUDGE
DIVISION FIVE

October 18, 1973

*hand delivered
by Farrell Lines
in Dist. Ct. - Oct. 19, 1973
William C. Carr*

P. O. BOX 488
ALBUQUERQUE, NEW MEXICO
87103

Mr. Farrell L. Lines
Attorney at Law
1011 Simms Building
Albuquerque, New Mexico 87101

Mr. William Carr
Attorney at Law
Oil Conservation Commission
Santa Fe, New Mexico

Re: Grace vs. Oil Conservation Commission
Santa Fe County No. 46933

Gentlemen:

Mr. Lines has inquired about the circumstances surrounding the temporary restraining order which I signed on October 5, 1973.

Mr. Samuel Francis, attorney, presented to me the motion and temporary restraining order. He explained that all Santa Fe judges were attending the New Mexico Bar Convention and explained the necessity for the order. I first determined that I had been designated by the three Santa Fe judges and then we discussed the ex parte nature of the order.

My best recollection is that I declined to sign the order until I heard from Mr. Norvell, New Mexico Attorney General. Mr. Francis stated that Mr. Norvell would call me and give his consent to the entry of the order. Mr. Norvell did call and gave his consent. I signed the order and Mr. Francis came to my office to pick it up.

Sincerely,

Gerald D. Fowlie
Gerald D. Fowlie

GDF/mt

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 18, 1973

C
O
P
Y
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79999

Attention: Mr. John B. Magruder

Dear Sir:

The New Mexico Oil Conservation is involved in a number of proceedings concerning the Grace-Atlantic Well No. 1, located in Unit J, Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

To properly resolve these controversies it is essential that we have the daily volumes of gas produced by this well for the month of September, 1973. It will be appreciated if you, as purchaser of the gas produced from this well, will supply the Commission with these production figures at your earliest convenience.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr

cc: Mr. Michael P. Grace II
P. O. Box 1418
Carlsbad, New Mexico



STATE OF NEW MEXICO
SECOND JUDICIAL DISTRICT

CHAMBERS OF
GERALD D. FOWLIE
DISTRICT JUDGE
DIVISION FIVE

October 18, 1973

P. O. BOX 488
ALBUQUERQUE, NEW MEXICO
87103

Mr. Farrell L. Lines
Attorney at Law
1011 Simms Building
Albuquerque, New Mexico 87101

Mr. William Carr
Attorney at Law
Oil Conservation Commission
Santa Fe, New Mexico

Re: Grace vs. Oil Conservation Commission
Santa Fe County No. 46933

Gentlemen:

Mr. Lines has inquired about the circumstances surrounding the temporary restraining order which I signed on October 5, 1973.

Mr. Samuel Francis, attorney, presented to me the motion and temporary restraining order. He explained that all Santa Fe judges were attending the New Mexico Bar Convention and explained the necessity for the order. I first determined that I had been designated by the three Santa Fe judges and then we discussed the ex parte nature of the order.

My best recollection is that I declined to sign the order until I heard from Mr. Norvell, New Mexico Attorney General. Mr. Francis stated that Mr. Norvell would call me and give his consent to the entry of the order. Mr. Norvell did call and gave his consent. I signed the order and Mr. Francis came to my office to pick it up.

Sincerely,

Gerald D. Fowlie
Gerald D. Fowlie

GDF/mt

order shall have the same validity as if a hearing with respect to the same had been held after due notice. The emergency rule, regulation or order permitted by this section shall remain in force no longer than fifteen days from its effective date, and, in any event, it shall expire when the rule, regulation or order made after due notice and hearing with respect to the subject matter of such emergency rule, regulation or order becomes effective.

65-3-21. REPORTS OF GOVERNMENTAL DEPARTMENTS OR AGENCIES
AS TO MARKET DEMAND TO BE DEEMED PRIMA FACIE
CORRECT.

The reports, estimates, findings of fact, or similar documents or findings of the United States Bureau of Mines, or of any other department or agency of the United States Government, or of any bureau or agency under an interstate compact to which the State of New Mexico is a party made with respect to the reasonable market demand for crude petroleum oil, may be considered by the Commission or by any court and taken as being prima facie correct.

65-3-22. REHEARINGS - APPEALS.

(a) Within twenty (20) days after entry of any order or decision of the Commission, any person affected thereby may file with the Commission an application for rehearing in respect of any matter determined by such order or decision, setting forth the respect in which such order or decision is believed to be erroneous. The Commission shall grant or refuse any such application in whole or in part within ten (10) days after the same is filed and failure to act thereon within such period shall be deemed a refusal thereof and a final disposition of such application. In the event the rehearing is granted, the Commission may enter such new order or decision after rehearing as may be required under the circumstances.

(b) Any party to such rehearing proceeding, dissatisfied with the disposition of the application for rehearing, may appeal therefrom to the District Court of the county wherein is located any property of such party affected by the decision, by filing a petition for the review of the action of the Commission within twenty (20) days after the entry of the order following rehearing or after the refusal or rehearing as the case may be. Such petition shall state briefly the nature of the proceedings before the Commission and shall set forth the order or decision of the Commission complained of and the grounds of invalidity thereof upon which the applicant will rely; provided, however, that the questions

SHERIFF'S RETURN

Sheriff.

No. 46933

DISTRICT COURT

County of SANTA FE

MICHAEL P. GRACE and

CORINNE GRACE

vs.

OIL CONSERVATION COMMISSION

SUBPOENA

SUBPOENA DUCE TECUM

THE STATE OF NEW MEXICO

To JOHN B. MAGRUDER - BRINGING WITH YOU COPIES OF YOUR CORRESPONDENCE WITH THE PLAINTIFF
HEREIN CONCERNING THE GRACE-ATLANTIC WELL NO. 1 AND DAILY PRODUCTION FIGURES FOR THE
MONTH OF SEPTEMBER, 1973, FROM SAID WELL WHICH IS LOCATED IN UNIT J, SECTION 24,
TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO

Greeting:

You and each of you are hereby commanded to appear before Division I of the District Court of
the First Judicial District of the State of New Mexico, within and for the County of Santa Fe
at the Court House of Santa Fe County, on October 19 1973, at the hour
of 4 P.M., then and there to testify in a cause therein pending wherein Corinne Grace
are
Plainiff and Oil Conservation Commission is Defendant, on the part of the Defendant

Oil Conservation Commission of the State of New Mexico

And this do you under penalty of the law.

THOMAS A. DONNELLY
WITNESS The HON. ~~SAMUEL E. MONTANA~~, Judge
of the First Judicial District Court of New Mexico, and
the Seal of said District Court, this 18th
day of October, A. D. 19 73

Clerk of the District Court, First Judicial District

Deputy

DONALD G. STEVENS · ATTORNEY AT LAW

P. O. Box 1797
101 W. MARCY
SANTA FE, NEW MEXICO 87501
—
AREA CODE 505
982-8583

October 17, 1973

Mr. William F. Carr
Mr. Thomas W. Derryberry
Special Assistant Attorneys General
Oil Conservation Commission of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Enclosed are copies of Morris R. Antweil's Motion to Intervene and Motion of Intervention in Case No. 46933 First Judicial District, Santa Fe, New Mexico.

Yours very truly,


Donald G. Stevens

DGS/wl
Enc.

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
) Plaintiffs,)
)
vs.) No. 46933
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALES J. ARMIJO, Member,)
and A. L. PORTER, JR., Member)
and Secretary of the Commission)
)
Defendants.)

MOTION TO INTERVENE

Comes now Morris R. Antweil hereinafter referred to as "Movant" and respectfully moves the Court to allow intervention in the above-entitled cause, and in support thereof states:

1. Movant is the owner and operator of gas properties in the South Carlsbad-Morrow Gas Pool and will be directly affected by and subject to any Order entered by the Court in this proceeding in that the granting or dismissal of Plaintiffs' application will affect the value of Movant's property.

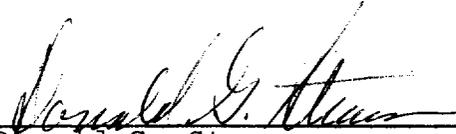
2. Movant is an indispensable party to the cause, whose interest in the controversy is such that no final judgment can be entered which will do justice between the parties without affecting the rights of Movant.

3. Movant is the owner of property involved in this proceeding so situated that the disposition of this action may impair or impede his ability to protect that interest, unless his interest is adequately represented in this proceeding.

4. A copy of Movant's Motion which he seeks leave to file is attached hereto and marked Exhibit A.

WHEREFORE, Movant seeks leave to intervene in the above cause and that he be granted leave to file the proposed Response, and for such other and further relief as the Court may deem proper in the premises.

DONALD G. STEVENS



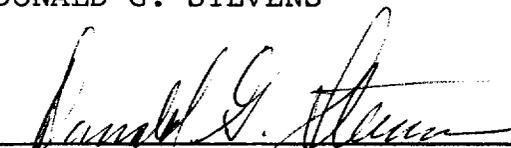
Donald G. Stevens
P.O. Box 1797
Santa Fe, New Mexico 87501

Attorney for Morris R. Antweil

C E R T I F I C A T E

I hereby certify that a true copy of the above and foregoing pleading, with all attachments, was served on all counsel of record by mailing a copy thereof this 17th day of October, 1973.

DONALD G. STEVENS



Attorney for Movant

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Plaintiffs,)
)
vs.) No. 46933
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALEX J. ARMIJO, Member,)
and A. L. PORTER, JR., Member)
and Secretary of the Commission)
)
Defendants.)

MOTION

Comes now Intervenor in the action, Morris R. Antweil,
and moves the dissolution of that Temporary Restraining Order
issued by this Court on October 5, 1973, on the following
grounds:

1. Said Order issued by this Court on October 5, 1973,
is defective in that:

(a) Due notice was not given to Members of the Commission
as is required by NMSA Sec. 65-3-23(a).

(b) No hearing was held at which it was clearly shown to
the Court that the shut-in order complained of was without
sanction of law, is invalid, and that, if enforced against
Plaintiffs, would cause an irreparable injury as is required by
NMSA Sec. 65-3-23(a).

(c) Said Order contained no recitation therein as to the
nature and extent of the probable invalidity of the shut-in
order nor a clear statement of the probable damage relied upon
by the Court as justifying temporary injunctive relief as is
required by NMSA Sec. 65-3-23(a).

(d) No bond was posted nor approved nor waived by the
Judge of this Court as is required by NMSA Sec. 65-3-23(b).

EXHIBIT A

2. Plaintiffs' continued production of the subject well violates the correlative rights of Movant in that Movant's gas is being drawn from under his property by the lowering of pressure occasioned by Plaintiffs' violation of the shut-in order.

3. Plaintiffs' continued production of said well denies to Movant his opportunity to produce his just and equitable share of the oil and gas in the Pool which right is given Movant under the provisions of NMSA Sec. 65-3-14(a) and is protected by the Commission's valid shut-in order issued pursuant to said statute and which is sought to be enjoined by this suit.

4. Said shut-in order will not cause Plaintiffs undue hardship, nor irreparable injury, nor will said well be damaged by said shut-in order since most wells in said South Carlsbad Morrow Gas Pool have been, at one time or another, shut-in with no damages accruing therefrom.

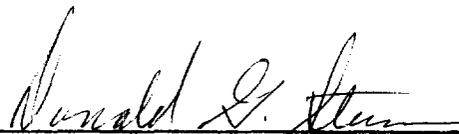
5. Plaintiffs' deliberate overproduction, failure to obey warnings of the New Mexico Oil Conservation Commission, and their violation of the correlative rights of the adjoining mineral interest owners in said pool by defectively obtaining the subject Temporary Restraining Order takes them out of the class of those entitled to equity since they have not done equity.

WHEREFORE, Intervenor prays:

1. That the Court dissolve that Temporary Restraining Order issued by it on October 5, 1973.

2. That the Court find that Temporary Restraining Order issued on October 5, 1973, was null and void and of no legal effect from its inception.

DONALD G. STEVENS



Donald G. Stevens
P.O. Box 1797
Santa Fe, New Mexico 87501

Attorney for Morris R. Antweil

DONALD G. STEVENS · ATTORNEY AT LAW

P. O. Box 1797, 101 W. MARCY

SANTA FE, NEW MEXICO 87501

(505) 982-8583

STATE OF NEW MEXICO

COUNTY OF SANTA FE

IN THE DISTRICT COURT

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

MOTION TO INTERVENE

COMES NOW Cities Service Oil Company, a corporation,
and respectfully moves the Court for leave to intervene
in the above-entitled cause, and in support thereof states:

1. Cities Service Oil Company is a corporation organized under the laws of the State of Delaware, and duly admitted to do business in the State of New Mexico.
2. The Grace Atlantic Well No. 1, which is the subject matter of this cause is located within the horizontal and vertical boundaries of the South Carlsbad-Morrow Gas Pool, as defined by the Oil Conservation Commission of New Mexico.
3. Cities Service Oil Company is the owner of oil and gas mineral interests in the South Carlsbad-Morrow Gas Pool, including properties adjacent to the lands on which the Grace Atlantic Well No. 1 is located, and is so situated that it will be directly affected by any order entered by the Court in this proceeding.

4. Cities Service Oil Company is the owner of properties in the South Carlsbad-Morrow Gas Pool, and is so situated that the disposition of this proceeding may impair or impede its ability to protect that interest unless its interest is adequately represented in this proceeding, and present parties to the proceeding cannot adequately represent moveants' interest.

5. A copy of Moveant's pleading which it seeks leave to file is attached hereto and marked Exhibit "A".

WHEREFORE, Moveant seeks leave to intervene in the above cause and moves that it be granted leave to file the proposed pleading, and for such other and further relief as the Court may deem proper in the premises.

KELLAHIN & FOX

BY Jason W. Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

I hereby certify that a true copy of the foregoing instrument was mailed to opposing counsel of record this _____ day of October, 1973

Jason W. Kellahin

ROBERT F. LEBLANC
P. O. Box 300
Tulsa, Oklahoma 74102

ATTORNEYS FOR CITIES SERVICE
OIL COMPANY

STATE OF NEW MEXICO

COUNTY OF SANTA FE

IN THE DISTRICT COURT

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

M O T I O N

COMES NOW Cities Service Oil Company, intervenor herein, and moves the Court that the Temporary Restraining Order issued by this Court on October 5, 1973, be dissolved as improvidently issued, for the following reasons:

1. The Temporary Restraining Order was granted contrary to the provisions of Section 65-3-23 (A) in that no notice was served on the members of the Oil Conservation Commission.

2. The Temporary Restraining Order was issued contrary to the provisions of Section 65-3-23 (b) in that no bond was required or posted, and the order therefore never became effective.

3. The Temporary Restraining Order does not comply with the provisions of Section 65-3-23 in that it does not recite in the order in that it does not recite the nature and extent of any probable invalidity of the statute or any provisions of the Oil Conservation Act, or any rule, regulation or order made thereunder involved in this cause, and there is no clear statement of the probable damage relied upon by the court as justifying temporary injunctive relief.

4. Plaintiffs have an adequate and complete remedy at

law.

5. The matters raised in Plaintiffs' Complaint herein have been fully litigated in Cause No. 28181, on the docket of the District Court for the Fifth Judicial District, Eddy County, New Mexico, and a Motion for Stay of Judgment which would have the same effect as the Temporary Injunction herein, was denied in said cause, and in Cause No. 9821 before the Supreme Court of the State of New Mexico. Plaintiffs' have filed Notice of Appeal in Cause No. 28181, Eddy County, New Mexico, and has an adequate and complete remedy at law in said appeal.

WHEREFORE INTERVENOR PRAYS:

1. That the Court dissolve the Temporary Restraining Order issued on October 5, 1973.

2. That the Court find the Temporary Restraining Order issued on October 5, 1973 was null and void and of no legal effect from its inception.

CITIES SERVICE OIL COMPANY

BY

JASON W. KELLAHIN
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEY FOR INTERVENOR

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member, and
A. L. PORTER, JR., Member and
Secretary of the Commission,

Defendants.

MOTION TO INTERVENE
AS A DEFENDANT

COMES Midwest Oil Corporation, acting by and through the undersigned attorneys, and moves for leave to intervene as a Defendant in this action in support of the order of the New Mexico Oil Conservation Commission relative to shutting in the Grace-Atlantic well No. 1 located in Unit J of Section 24, Township 22 South, Range 26 East, N.M.P.M. Eddy County, New Mexico, and in support of this motion respectfully shows:

1. Midwest Oil Corporation is the owner and holder of certain leasehold interests from which gas is being produced in the South Carlsbad Morrow Gas Pool in which the Plaintiffs' well is located and which is affected by the order of the Commission. To enjoin the New Mexico Oil Conservation Commission from enforcing its shut-in order will affect the correlative rights of lease owners in said pool, including Midwest Oil Corporation.

2. There is attached proposed Answer of Midwest Oil Corporation to be filed upon an order being entered allowing the intervention of Midwest as a Defendant.

HINKLE, BONDURANT, COX & EATON

BY 
Attorneys for Midwest Oil Corporation
P.O. Box 10
Roswell, New Mexico 88201

FILED BY DEPT. OF REVENUE
A COPY OF THE FOREGOING PLEADING IS
FILED OPPOSING COUNCIL OF RECORD THIS

11/24/73

Hinkle, Bondurant, Cox & Eaton

ATTORNEYS ROSWELL, N. M. 88201

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Plaintiffs)
vs.) No. 46933
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALEX J. ARMIJO, Member, and)
A. L. PORTER, JR., Member and)
Secretary of the Commission,)
et al,)
Defendants)
_____)

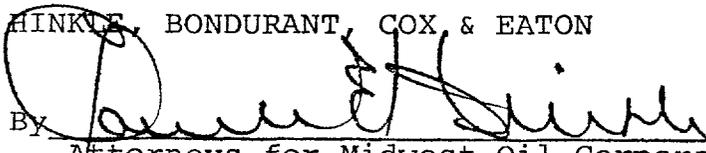
ANSWER OF MIDWEST OIL CORPORATION

COMES Midwest Oil Corporation who has intervened as a Defendant in this cause and for its answer to the Complaint states:

1. This Defendant admits the allegations contained in Paragraphs 1, 2 and 3.
2. This Defendant denies the allegations contained in Paragraph 4.
3. This Defendant admits the allegations contained in Paragraph 5.
4. This Defendant denies the allegations contained in Paragraphs 6, 7, 8, 9, 10 and 11.

WHEREFORE, this Defendant having fully answered the Complaint on file herein, prays that the Court deny the permanent restraining order against the New Mexico Oil Conservation Commission or any other relief prayed for by Plaintiffs.

HINKLE, BONDURANT, COX & EATON

By 

Attorneys for Midwest Oil Corporation
P.O. Box 10
Roswell, New Mexico 88201

FILED
CLERK OF THE DISTRICT COURT
COUNTY OF SANTA FE, NEW MEXICO
10/24/73

EXHIBIT "A"

STATE OF NEW MEXICO

COUNTY OF SANTA FE

IN THE DISTRICT COURT

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

MOTION TO INTERVENE

COMES NOW Pennzoil Company, a corporation, and respectfully moves the Court for leave to intervene in the above-entitled cause, and in support thereof states:

1. Pennzoil Company is a corporation organized under the laws of the State of Delaware, and duly admitted to do business in the State of New Mexico.

2. The Grace Atlantic Well No. 1, which is the subject matter of this cause is located within the horizontal and vertical boundaries of the South Carlsbad-Morrow Gas Pool, as defined by the Oil Conservation Commission of New Mexico.

3. Pennzoil Company is the owner of oil and gas mineral interests in the South Carlsbad-Morrow Gas Pool, including properties adjacent to the lands on which the Grace Atlantic Well No. 1 is located, and is so situated that it will be directly affected by any order entered by the Court in this proceeding.

4. Pennzoil Company is the owner of properties in the South Carlsbad-Morrow Gas Pool, and is so situated that the disposition of this proceeding may impair or impede its ability to protect that interest unless its interest is adequately represented in this proceeding, and present parties to the proceeding cannot adequately represent moveants' interest.

5. A copy of Moveant's pleading which it seeks leave to file is attached hereto and marked Exhibit "A".

WHEREFORE Moveant seeks leave to intervene in the above cause and moves that it be granted leave to file the proposed pleading, and for such other and further relief as the Court may deem proper in the premises.

KELLAHIN & FOX

BY Jason W. Kellahi
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR PENNZOIL COMPANY

I hereby certify that a true copy of the foregoing instrument was mailed to opposing counsel of record this _____

day of October, 1973

Jason W. Kellahi

IN THE DISTRICT COURT

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member,
and Secretary of the Commission,

Defendants.

M O T I O N

COMES NOW Pennzoil Company, intervenor herein, and moves the Court that the Temporary Restraining Order issued by this Court on October 5, 1973, be dissolved as improvidently issued, for the following reasons:

1. The Temporary Restraining Order was granted contrary to the provisions of Section 65-3-23 (A) in that no notice was served on the members of the Oil Conservation Commission.

2. The Temporary Restraining Order was issued contrary to the provisions of Section 65-3-23 (B) in that no bond was required or posted, and the order therefore never became effective.

3. The Temporary Restraining Order does not comply with the provisions of Section 65-3-23 in that it does not recite in the order in that it does not recite the nature and extent of any probable invalidity of the statute or any provisions of the Oil Conservation Act, or of any rule, regulation or order made thereunder involved in this cause, and there is no clear statement of the probable damage relied

upon by the court as justifying temporary injunctive relief.

4. Plaintiffs have an adequate and complete remedy at law.

5. The matters raised in Plaintiffs' complaint herein have been fully litigated in Cause No. 28181, on the docket of the District Court for the Fifth Judicial District, Eddy County, New Mexico, and a Motion for Stay of Judgment which would have the same effect as the Temporary Injunction herein, was denied in said cause, and in Cause No. 9821 before the Supreme Court of the State of New Mexico, Plaintiffs' have filed Notice of Appeal in Cause No. 28181, Eddy County, New Mexico, and has an adequate and complete remedy at law in said appeal.

WHEREFORE INTERVENOR PRAYS:

1. That the Court dissolve the Temporary Restraining Order issued on October 5, 1973.

2. That the Court find the Temporary Restraining Order issued on October 5, 1973 was null and void and of no legal effect from its inception.

PENNZOIL COMPANY

BY _____

JASON W. KELLAHIN
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEY FOR INTERVENOR

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member
and A. L. PORTER, JR., Member
and Secretary of the Commission

Defendants.

No. 46933

)
)
)
)
)
)
) ORIGINAL PLEADING
) FILED ON 10-12-73
) Santa Fe COUNTY
) DISTRICT COURT CLERK'S OFFICE
)

MOTION

Comes now the Defendant in this action, The Oil Conservation Commission of the State of New Mexico, and moves that the Temporary Restraining Order issued by this Court on October 5, 1973, be dissolved on the following grounds:

1. The Plaintiffs are not entitled to the relief recited in the Temporary Restraining Order because, by their failure to obey warnings from the Defendant and from the purchaser of their gas to curtail production, which warnings were issued prior to the shut in order which is the subject of this suit, Plaintiffs violated the correlative rights of the owners of adjoining interests in the South Carlsbad-Morrow Gas Pool and have therefore not done equity as is required to receive equitable relief.

2. The Temporary Restraining Order was improperly granted in that no notice was served on members of the Commission as is required by NMSA Sec. 65-3-23(a).

3. The Temporary Restraining Order never became effective by reason of the failure of the Plaintiffs to post a bond as is required by NMSA Sec. 65-3-23(b), which requirement is non-waivable.

4. That the Temporary Restraining Order is defective on its face in that it fails to make the mandatory findings required by NMSA Section 65-3-23(a), those being:

(a) A finding of the nature and extent of the probable invalidity of the statute, regulation, rule or order involved in the suit, and

(b) A clear statement of the probable damage relied upon by the Court as justifying temporary injunctive relief.

5. That shut-in in accordance with the Defendants' notice will not cause irreparable damage to the well.

WHEREFORE DEFENDANT PRAYS:

1. That the Court dissolve that Temporary Restraining Order issued by it on October 5, 1973.

2. That the Court find that that Temporary Restraining Order issued on October 5, 1973, was null and void and of no legal effect from its inception.

DAVID C. NORVELL
Attorney General

WILLIAM F. CARR

THOMAS W. DERRYBERRY

Special Assistant Attorneys General
Oil Conservation Commission of the
State of New Mexico, P. O. Box 2088
Santa Fe, New Mexico

I hereby certify that on the 12th day of October, 1973, a copy of the foregoing pleading was hand delivered to opposing counsel of record.

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Plaintiffs,)
)
vs.)
)
OIL CONSERVATION COMMISSION,)
I. R. TRUJILLO, Chairman,)
ALEX J. ARMIJO, Member)
and A. L. PORTER, JR., Member)
and Secretary of the Commission)
)
Defendants.)

No. 46933

ORDER SETTING HEARING

This matter came before the court upon the motion of the defendants to dissolve the Temporary Restraining Order issued in the above-captioned cause, and the court having considered the same,

IT IS THEREFORE ORDERED that the application of the defendants for an order dissolving the Temporary Restraining Order in the above-captioned cause shall be heard in the Santa Fe County Courthouse, before the undersigned judge, on Friday, October 19, 1973, at the hour of 4 P.M.

IT IS FURTHER ORDERED that a copy of this Order shall be served upon the defendants forthwith, constituting notice to them of that hearing.

5
THOMAS A. DONNELLY
DISTRICT JUDGE

A TRUE COPY OF
ORIGINAL Order Setting Hearing
ENTERED October 12, 1973

SUSIE M. MONTOYA
CLERK

By: James Jones, Deputy

SUMMONS

SANTA FE

In the District Court of the First Judicial District, in and for the County of _____, State of New Mexico.

CASE No. 46923

MICHAEL P. GRACE and

OIL CONSERVATION COMMISSION,

CORRINE GRACE

vs.

I. R. TRUJILLO, Chairman,
Alex J. Armijo, Member Defendant
and A. L. PORTER, JR., Member
and Secretary of the Commission.

PlaintiffS

THE STATE OF NEW MEXICO

To

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman
ALEX J. ARMIJO, member,
and A. L. PORTER, JR., Member
and Secretary of the Commission.

marked copy up

DEFENDANT — GREETING:

You are hereby directed to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

You are notified that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

Witness the HON. LYLE E. TEUTSCH, JR., Judge of the First Judicial District Court of the State of New Mexico, and the seal of the District Court of _____ Santa Fe _____ County, this 5th day of October, A.D. 19 73.

SUSIEM. MONTOYA

Clerk of the District Court, First Judicial District

By

Suzanne M. Montoya
Deputy

Attorney or Attorneys for Plaintiff and Address:

F. B. HOWDEN, SAMUEL A. FRANCIS and FARRELL L. LINES

Attorneys for Plaintiffs.

400 Seventh Street, N. W.
Albuquerque, New Mexico 87101

Name and Address of Plaintiff, if no attorney:

ORIGINAL PLEADING
FILED ON 10-5-73
Arriaga COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORINNE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

C O M P L A I N T

COMES NOW the Plaintiffs by their attorneys F. B. Howden, Samuel A. Francis and Farrell L. Lines and for their complaint states and alleges as follows:

ADMIT w/A 1. That the Plaintiffs are the owners of interest in and operators of that certain gas production well in Eddy County, New Mexico known as the ~~Carlsbad Grace~~ **GRACE ATLANTIC** No. 1.

ADMIT 2. That they are informed and believed that on the 2nd of October, 1973, the Defendants issued the Shut-In Order, gas supplement No. (SE) SF-3802, a copy of which is attached hereto as Exhibit A and made a part hereof by reference.

ADMIT w/A 3. That concurrently herewith the Plaintiffs have filed their application with the Defendant Oil Conservation Commission for a moratorium on the shutting-in aforesaid by the Plaintiffs' attorney Farrell L. Lines who has been informed by members of the commission that he will refuse to grant a stay of Shut-In Order pending public hearing; that Mr. Lines's Affidavit is attached hereto, marked Exhibit B and made a part hereof by reference.

shut in
in name of

moratorium

STRIKE
(2/27)

see notes
refuse a stay

Damage to the well

DENY 4. That to Shut-In the well as aforesaid would be extremely dangerous and hazardous and tend to cause extreme damage to said well, all as is more fully shown by the Affidavit of Kenneth F. Smith, attached as part of Exhibit C and made a part hereof by reference, considering the energy crisis interalia.

ADMIT 5. That a copy of the application before the Oil Conservation Commission for moratorium is attached hereto marked Exhibit C and made a part hereof by reference.

DENY 6. As is better shown in the Affidavit of Kenneth F. Smith, attached as part of Exhibit C, the proposed action may cause material damage to the subject well, all of which should be avoided.

DENY 7. That the actions and denials to act on behalf of the defendants wherein elsewhere alleged and described constitute an absence of discretion on the part of said defendants.

DENY 8. That the rule referred to in Paragraph No. 2 above (The Shut-In Order) and the rules and regulations under which the same is made are contrary to the laws of the State of New Mexico and the Constitution of the State of New Mexico and the United States, and therefore are invalid.

DENY 9. That if the Shut-In Order referred to in Paragraph No. 2 above should be enforced it will cause irreparable injury.

DENY **STRIKE** 10. That any requirements for bond on the part of Plaintiff which might otherwise be made should be waived as there is full and adequate security in the premises. (PRAYER)

DENY 11. That the acts and omissions to act on the part of the defendants where in elsewhere referred to and alleged are without sanction of law.

WHEREFORE, Plaintiffs pray:

1. That the Court issue its Order Ex-Parte restraining and enjoining defendants from enforcing the Shut-In Order, Exhibit A.

STRIKE 12(F)

copy of application for moratorium

STRIKE 12(F)

absent discretion
Challenge
Due Diligence

irreparable injury

bond question

2. That the Court set a date for hearing upon which time said Order to restrain and enjoin should be made permanent or in the alternative continued in force until the commission has had a full public hearing under its rules upon the questions of damage to the well and moratorium.

3. That any and all requirements for bond which might otherwise be made of Plaintiffs be waived.

4. For such other and further relief as to the Court may appear just in the premises.

F. B. HOWDEN
SAMUEL A. FRANCIS and
FARRELL L. LINES

Attorneys for Plaintiffs.

By _____
Samuel A. Francis

400 Seventh Street, N. W.
Albuquerque, New Mexico 87101

12(F) motion to strike —
proper w/in 30 days
if no responsive pleading
required
used v. irrelevant + impertinent
material

IMPERTINENT: out of place,
superfluous, irrelevant.

Damage
moratorium

bond

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

MICHAEL P. GRACE, II, being first duly sworn on oath, deposes and states that he is the plaintiff in the above-entitled cause; that he has read, knows and understand the contents of the foregoing complaint and the allegations therein contained are true to the best of his information and belief.

Subscribed and sworn to before me this ____ day of
October, 1973.

Notary Public

My commission expires:

**NEW MEXICO
OIL CONSERVATION COMMISSION**
P. O. BOX 1048
SANTA FE, NEW MEXICO

GAS SUPPLEMENT NO. (NW) (SE) SF-3802 DATE 10/2/73

NOTICE OF WELL CONNECTION OR AUTHORITY TO ASSIGN ALLOWABLE
ALL VOLUMES EXPRESSED IN MCF

The operator of the following well has complied with all the requirements of the Oil Conservation Commission and may be assigned an allowable as shown below.

Date of Connection _____ Date of First Allowable or Allowable Change _____
Purchaser _____ Pool _____
Operator _____ Lease _____
Well No. _____ Unit Letter _____ Sec. _____ Twp. _____ Rnge. _____
Dedicated Acreage _____ Revised Acreage _____ Difference _____
Acreage Factor _____ Revised Acreage Factor _____ Difference _____
Deliverability _____ Revised Deliverability _____ Difference _____
A x D Factor _____ Revised A x D Factor _____ Difference _____

DIST. # _____

CALCULATION OF SUPPLEMENTAL ALLOWABLE

MONTH	% OF MO.	PREV. ALLOW	REV. ALLOW	PREV. PROD.	REV. PROD.	REMARKS
JANUARY						
FEBRUARY						
MARCH						
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTALS						
ALLOWABLE PRODUCTION DIFFERENCE - - - - -						
SCHEDULE O/U STATUS - - - - -						
REVISED O/U STATUS - - - - -						
EFFECTIVE IN SCHEDULE - - - - -						
PREVIOUS PERIOD ADJUSTMENTS - - - - -						CURRENT CLASSIFICATION TO

NOTICE OF SHUT-IN

For reason stated below, the following well is hereby directed to be shut in

~~_____~~
Purchaser El Paso Natural Gas Co. Pool South Carlsbad Morrow Date 10/2/73
Operator Michael P. Grace II Lease Grace Atlantic Com
Well No. 1 Unit Letter J Sec. 24 Twp. 22S Rnge. 26E
Effective date of Shut-in 10/2/73 Reason for Shut-In Well is overproduced more than
six times its average monthly allowable from date of connection April 16, 1973,
through August, 1973.

A. L. PORTER, Jr., Director
By [Signature]

SHUT-IN DATA SHEET

EFFECTIVE DATE OF SHUT-IN 10/2/73
 SHUT-IN NOTICE NO. ~~(SE)~~ (SE) SF-3802

PURCHASER ELPaso
 OPERATOR M.P. GRACE II
 LEASE GRACE-ATLANTIC
 WELL NO. 1
 UNIT LETTER J
 S.T.R. 24-225-26E
 POOL S. CARLSBAD-MORROW

YEAR 1973

BEGINNING SHUT-IN STATUS 1,061,302 MCF OVERPROD

MONTH	CURRENT ALLOWABLE	PRODUCTION	REDISTRIBUTION	STATUS	DATE RELEASED
JANUARY				OVER PRODUCTION	
FEBRUARY					
MARCH					
APRIL	<u>79,928</u>	<u>201,234</u>		<u>121,706 ✓</u>	
MAY	<u>111,346</u>	<u>492,613</u>		<u>502,973 ✓</u>	
JUNE	<u>161,275</u>	<u>601,074</u>	<u>388,190</u>	<u>554,582 ✓</u>	
JULY	<u>140,530</u>	<u>437,190</u>		<u>851,242</u>	
AUGUST	<u>204,584</u>	<u>414,644</u>		<u>1,061,302</u>	
SEPTEMBER	<u>209,381</u>	<u>346,309</u>		<u>1,198,230</u>	
OCTOBER					
NOVEMBER					
DECEMBER					

697663 2,147,155

YEAR

BEGINNING SHUT-IN STATUS

JANUARY					
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

REMARKS: AVE. MONTHLY ALLOW. = 149,489 MCF 6X AVE. MONTHLY ALLOW
AVE. = 896,934 MCF. AT END OF AUGUST WELL WAS OVERPRODUCED
1061,302 MCF, WHICH IS 164,374 MCF MORE THAN 6X AVE.
MONTHLY ALLOW

$697663 = 149,489 \times 4.661$ $6 \times 149,489 = 896,934$

<u>697663</u>	<u>1061,302</u>	<u>346309</u>	<u>1061302</u>
<u>209,381</u>	<u>896,934</u>	<u>209381</u>	<u>136928</u>
<u>907,044</u>	<u>164,368</u>	<u>136,928</u>	<u>1,198,230</u>
<u>160,051</u>			
<u>6</u>			
<u>960,342</u>			

EXHIBIT B

A F F I D A V I T

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Comes now FARRELL L. LINES, having been first duly sworn upon oath, and deposes and states as follows:

1. That I am an attorney and have been retained by Michael and Corinne Grace to represent them with regard to the Notice of Shut-in that they have received for their Grace-Atlantic well, more fully described as Well #1, Unit J, Section 24, Township 22-S, Range 26-F, in the South Carlsbad Morrow Pool.

15(e) 2. That Mr. and Mrs. Grace have filed a petition under Rule 15(E) promulgated by the Commission Order No. R-1670, as amended, alleging that material damage would be done to the well if it were shut in completely, and requesting that the Commission schedule a public hearing in this regard.

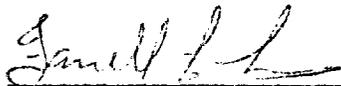
3. That Mr. and Mrs. Grace have further requested of the Commission that they stay their shut-in order until such time as the public hearing has been held, so as to protect the well from damage that might accrue if it is completely shut in for any length of time while arrangements are being made by the Commission for the public hearing.

4. That I have personally talked to A. L. Porter, Jr., member and secretary of the New Mexico Oil Conservation Commission, and he has

personally advised me that he will not grant a stay of the shut in order pending the public hearing.

5. That I fear that unless an injunction or protecting order is issued by the Court, the well might be materially damaged while the Commission is making arrangements for the public hearing.

6. That in view of the energy crisis which we are experiencing in the United States, which was defined by the President of the United States this week, the public interest would be harmed by allowing a well with the large production capacity as the well in question, to be damaged, and thus curtail potential gas production at a time when the country is facing an energy crisis.



FARRELL L. LINES

SUBSCRIBED AND SWORN TO before me this _____ day of
October, 1973, by FARRELL L. LINES,

NOTARY PUBLIC

My commission expires:

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MICHAEL P. GRACE, II, UNDER
RULES 15 (d), 15 (e), and 15 (g)
for a Moratorium on the shutting-in
of Well Number 1, Unit j, Section 24,
TWT 22S, RNG 26 S, South Carlsbad,
Morrow Pool.

COMES NOW Michael P. Grace, II, by his attorneys Samuel A. Francis, Frederick B. Howden, and Farrell L. Lines, and makes application to the Oil Conservation Commission for a moratorium of its shut-in order of October 2, Number SF-302, ordering that the Grace Atlantic Well, more fully described above, be shut-in as of October 2, 1975, and as grounds therefor states to the Commission as follows:

1. That the secretary-director of the Commission has been empowered under Rule 15 (d) as amended, to permit a well subject to shut-in to maintain limited production upon proper showing to the secretary-director that complete shut-in would cause undue hardship.

2. That attached hereto and made a part hereof is an affidavit by Kenneth F. Smith, the consulting engineer who has been familiar with the well since its first production, and who gives his professional opinion that undue hardship would accrue to the operator of the well because of the material damage that a complete shut-in will cause to the well.

3. That the Commission is under notice that the President of the United States declared this week a shortage of gas, and has proscribed drastic measures in an attempt to partially alleviate this crises; and that undue hardship will result to the general public if one of the largest producing wells in this State is shut-in during the very week of the national proclamation of gas shortage.

4. That the Commission is empowered under Rule 15 (e) as amended, to allow overproduction to be made up at a lesser rate, upon a showing of a public hearing that the same is necessary to avoid material damage to the well.

5. That reference is again made to the affidavit attached hereto and made a part hereof, by Kenneth F. Smith, the consulting engineer, who is more familiar with the well than any other person in the State, and has given his professional opinion that material damage will be done to the well if it is shut-in completely.

6. That the applicant requests an immediate public hearing to produce further testimony that material damage will be done to the well if it is complete shut-in, as is authorized in Rule 15 (e) as amended.

7. That the secretary-director of the Commission is empowered under Rule 15 (g), as amended, to grant a pool-wide moratorium of up to 3 months on the shutting in of gas wells in a pool during periods of high demand energy upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in.

8. The secretary-director of the Commission is under notice, after the declaration of the President of the United States, within the last week, that we are currently in a period of high-demand energy and that an emergency gas shortage exists, which is believed by the applicant to be proper showing of the existence of a gas shortage emergency.

9. That the south Carlsbad Morrow pool is at present significantly underproduced, and that all of the wells in the pool except for the subject well herein, and two others, are producing to capacity, and that if the underproduced allowables were not redistributed as they should be, and as they were in June, the subject well would not be more than six times overproduced.

10. That in addition to the subject well herein, that Go Pogo Well, more fully described as Well #2, Sec. 24, Township 22S, Range 26E is also borderline subject to shut-in pursuant to the provisions of the Commission's rules, and the subject well herein, the Go Pogo Well, represents 11% of the total production from the pool, and as such represents the significant number of the wells in the pool with regard to production capacity.

11. That because of the above showing, applicant requests that the secretary-director might grant the pool wide moratorium of up to 3 months while allocations are being redistributed, so that the wells can be curtailed to bring them within their allowable.

12. Applicant further requests that the Commission order a stay of its October 2, 1975, shut-in order pending the mandatory public hearing provision of Rule 15 (e), as amended, and such other hearings as are necessary to protect the rights of the applicant under the rules above mentioned, and to protect the interest of the general public during the time of the gas shortage crises.

SAMUEL A. FRANCIS
FREDERICK B. HOWDEN
FARRELL L. LINES
Attorneys for Applicant
400 Seventh, N.W.
Albuquerque, New Mexico 87101

A F F I D A V I T

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

COMES NOW KENNETH F. SMITH, having been first duly sworn upon his oath, and deposes and states as follows:

1. That I am an employee of Paul E. Cameron, Jr., Inc., a Petroleum Engineering Consulting firm based in Houston, Texas.

2. That I have been retained for a number of months by Michael Grace as an oil consultant.

3. That I have previously been qualified as an expert witness before the Oil Conservation Commission and have testified before the said Commission on a number of occasions in the past year.

4. That it is my understanding that a Shut-In Order has been issued by the New Mexico Oil Conservation Commission against the M. P. Grace II, Grace-Atlantic well located in Section 24, Township 22 S, Range 26 E, Eddy County, New Mexico.

5. That I have been familiar with the well during its entire production history. I have deliberately reduced the choke size on this well in small steps, testing its reaction along the way.

6. That because of the aggravated energy crises, El Paso Natural Gas requested of the Graces a substantial amount of gas production from this well to assist during the coming winter months.

7. In my opinion, a complete shut in, followed by a return to full production to meet the request of El Paso Natural Gas, would amount to rocking the well and would cause damage to the well.

8. This well has been flowing at its present rate with a surface pressure only 125 pounds per square inch short of 2,000 P.S.I. I have good reason to believe that this is by far the highest pressure of any well in this area and zone with a like amount of production and production rates.

9. If the well is treated as a majority of the other wells in the field, a shut in would have an even more drastic impact on the well, and could create more danger to the well itself than like actions would do to lesser wells in this field.

10. I make these statements based on my knowledge of the expert testimony presented to the New Mexico Oil Conservation Commission proration hearing on April 19, 1972. The extent of the above mentioned damage can only be ascertained in its fullest extent by a complete reservoir study.

S/
KENNETH F. SMITH

SUBSCRIBED AND SWORN TO before me this 4th day of October, 1973.

NOTARY PUBLIC

My Commission Expires:

ORIGINAL PLEADING
FILED ON 10-5-73
Santa Fe COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORRINE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

TEMPORARY RESTRAINING ORDER

THIS MATTER coming on to be heard upon the verified complaint of the Plaintiffs wherein the Plaintiff seeks inter alia a temporary restraining order restraining and enjoining the Defendants from enforcing the Notice of Shut-In, gas supplement No. (SE) SF-3802 issued October 2, 1973 against the Grace Atlantic Well No. 1; and said complaint being accompanied by the Affidavit of Farrell Lines, Attorney at Law and also by Affidavit of Kenneth S. Smith, the Court having considered said pleadings and having been advised by the Office of the Attorney General of the State of New Mexico that the latter consents and agrees to the entry of this Order,

IT IS, THEREFORE, ORDERED that the Defendants OIL CONSERVATION COMMISSION, I. R. TRUJILLO, Chairman, ALEX J. ARMIJO, Member, and A. L. PORTER, JR., Member and Secretary of the Commission, be and are restrained and enjoined pending a hearing before this Court upon the complaint and application to continue said restraining order from in any way asserting, advancing or seeking to enforce

that certain Notice of Shut-In, gas supplement No. (SE) SF-3802
of the New Mexico Oil Conservation Commission.

S/ Gerald R. Forlie
District Judge
by designation

SUMMONS

In the District Court of the First Judicial District, in and for the County of SANTA FE, State of New Mexico.

CASE No. 46933

MICHAEL P. GRACE and

OIL CONSERVATION COMMISSION,

CORRINE GRACE

vs.

I. R. TRUJILLO, Chairman, Alex J. Armijo, Member and A. L. PORTER, JR., Member and Secretary of the Commission.

Plaintiff s THE STATE OF NEW MEXICO

To

OIL CONSERVATION COMMISSION, I. R. TRUJILLO, Chairman ALEX J. ARMIJO, member, and A. L. PORTER, JR., Member and Secretary of the Commission.

DEFENDANT — GREETING:

You are hereby directed to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

You are notified that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

Witness the HON. LYLE E. TEUTSCH, JR., Judge of the First Judicial District Court of the State

of New Mexico, and the seal of the District Court of Santa Fe County,

this 5th day of October, A.D. 19 73

SUSIE M. MONTOYA Clerk of the District Court, First Judicial District By Virginia M. Montoya Deputy

Attorney or Attorneys for Plaintiff and Address:

F. B. HOWDEN, SAMUEL A. FRANCIS and FARRELL L. LINES

Attorneys for Plaintiffs.

400 Seventh Street, N. W. Albuquerque, New Mexico 87101

Name and Address of Plaintiff, if no attorney:

[Empty lines for name and address of plaintiff]

2713
ORIGINAL PLEADING
FILED ON 60-5-73
[Signature] COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORRINE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

TEMPORARY RESTRAINING ORDER

THIS MATTER coming on to be heard upon the verified complaint of the Plaintiffs wherein the Plaintiff seeks inter alia a temporary restraining order restraining and enjoining the Defendants from enforcing the Notice of Shut-In, gas supplement No. (SE) SF-3802 issued October 2, 1973 against the Grace Atlantic Well No. 1; and said complaint being accompanied by the Affidavit of Farrell Lines, Attorney at Law and also by Affidavit of Kenneth S. Smith, the Court having considered said pleadings and having been advised by the Office of the Attorney General of the State of New Mexico that the latter consents and agrees to the entry of this Order,

IT IS, THEREFORE, ORDERED that the Defendants OIL CONSERVATION COMMISSION, I. R. TRUJILLO, Chairman, ALEX J. ARMIJO, Member, and A. L. PORTER, JR., Member and Secretary of the Commission, be and are restrained and enjoined pending a hearing before this Court upon the complaint and application to continue said restraining order from in any way asserting, advancing or seeking to enforce

that certain Notice of Shut-In, gas supplement No. (SE) SF-3802
of the New Mexico Oil Conservation Commission.

Herold D. Rawlin

District Judge

by designation.

ORIGINAL PLEADING
FILED ON 10-5-73
San Jose COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORRINE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

C O M P L A I N T

COMES NOW the Plaintiffs by their attorneys F. B. Howden, Samuel A. Francis and Farrell L. Lines and for their complaint states and alleges as follows:

1. That the Plaintiffs are the owners of interest in and operators of that certain gas production well in Eddy County, New Mexico known as the Carlsbad Grace No. 1.

2. That they are informed and believed that on the 2nd of October, 1973, the Defendants issued the Shut-In Order, gas supplement No. (SE) SF-3802, a copy of which is attached hereto as Exhibit A and made a part hereof by reference.

3. That concurrently herewith the Plaintiffs have filed their application with the Defendant Oil Conservation Commission for a moratorium on the shutting-in aforesaid by the Plaintiffs' attorney Farrell L. Lines who has been informed by members of the commission that he will refuse to grant a stay of Shut-In Order pending public hearing; that Mr. Lines's Affidavit is attached hereto, marked Exhibit B and made a part hereof by reference.

4. That to Shut-In the well as aforesaid would be extremely dangerous and hazardous and tend to cause extreme damage to said well, all as is more fully shown by the Affidavit of Kenneth F. Smith, attached as part of Exhibit C and made a part hereof by reference, considering the energy crisis interalia.

5. That a copy of the application before the Oil Conservation Commission for moratorium is attached hereto marked Exhibit C and made a part hereof by reference.

6. As is better shown in the Affidavit of Kenneth F. Smith, attached as part of Exhibit C, the proposed action may cause material damage to the subject well, all of which should be avoided.

7. That the actions and denials to act on behalf of the defendants wherein elsewhere alleged and described constitute an absence of discretion on the part of said defendants.

8. That the rule referred to in Paragraph No: 2 above (The Shut-In Order) and the rules and regulations under which the same is made are contrary to the laws of the State of New Mexico and the Constitution of the State of New Mexico and the United States, and therefore are invalid.

9. That if the Shut-In Order referred to in Paragraph No. 2 above should be enforced it will cause irreparable injury.

10. That any requirements for bond on the part of Plaintiff which might otherwise be made should be waived as there is full and adequate security in the premises.

11. That the acts and omissions to act on the part of the defendants where in elsewhere referred to and alleged are without saction of law.

WHEREFORE, Plaintiffs pray:

1. That the Court issue its Order Ex-Parte restraining and enjoining defendants from enforcing the Shut-In Order, Exhibit A.

2. That the Court set a date for hearing upon which time said Order to restrain and enjoin should be made permanent or in the alternative continued in force until the commission has had a full public hearing under its rules upon the questions of damage to the well and moratorium.

3. That any and all requirements for bond which might otherwise be made of Plaintiffs be waived.

4. For such other and further relief as to the Court may appear just in the premises.

F. B. HOWDEN
SAMUEL A. FRANCIS and
FARRELL L. LINES

Attorneys for Plaintiffs.

By _____
Samuel A. Francis

400 Seventh Street, N. W.
Albuquerque, New Mexico 87101

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

MICHAEL P. GRACE, II, being first duly sworn on oath, deposes and states that he is the plaintiff in the above-entitled cause; that he has read, knows and understand the contents of the foregoing complaint and the allegations therein contained are true to the best of his information and belief.

Subscribed and sworn to before me this ____ day of
October, 1973.

Notary Public

My commission expires:

SHUT-IN DATA SHEET

EFFECTIVE DATE OF SHUT-IN 10/2/73
 SHUT-IN NOTICE NO. ~~(N)~~ (SE) SF-3802

PURCHASER ELPaso
 OPERATOR M.P. GRACE II
 LEASE GRACE-ATLANTIC
 WELL NO. 1
 UNIT LETTER J
 S.T.R. 24-22S-26E
 POOL S. CARLSBAD-MORROW

YEAR 1973

BEGINNING SHUT-IN STATUS 1,061,302 MCF OVERPROD.

MONTH	CURRENT ALLOWABLE	PRODUCTION	REDISTRIBUTION	STATUS	DATE RELEASED
JANUARY				OVER PRODUCTION	
FEBRUARY					
MARCH					
APRIL	<u>79,928</u>	<u>201,634</u>		<u>121,706</u>	
MAY	<u>111,346</u>	<u>492,613</u>		<u>502,973</u>	
JUNE	<u>161,275</u>	<u>601,074</u>	<u>388,190</u>	<u>554,582</u>	
JULY	<u>140,530</u>	<u>437,190</u>		<u>851,242</u>	
AUGUST	<u>204,584</u>	<u>414,644</u>		<u>1,061,302</u>	
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

YEAR _____

BEGINNING SHUT-IN STATUS _____

JANUARY					
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

REMARKS: Ave. Monthly Allow. = 149,482 MCF Gk Ave. Monthly Allow
AD. E = 896,934 MCF. AT END OF AUGUST WELL WAS OVERPRODUCED
1061,302 MCF, WHICH IS 164,374 MCF MORE THAN Gk Ave.
MONTHLY ALLOW

EXHIBIT B

A F F I D A V I T

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Comes now FARRELL L. LINES, having been first duly sworn upon oath, and deposes and states as follows:

1. That I am an attorney and have been retained by Michael and Corinne Grace to represent them with regard to the Notice of Shut-in that they have received for their Grace-Atlantic well, more fully described as Well #1, Unit J, Section 24, Township 22-S, Range 26-F, in the South Carlsbad Morrow Pool.

2. That Mr. and Mrs. Grace have filed a petition under Rule 15(E) promulgated by the Commission Order No. R-1670, as amended, alleging that material damage would be done to the well if it were shut in completely, and requesting that the Commission schedule a public hearing in this regard.

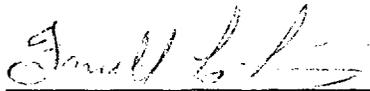
3. That Mr. and Mrs. Grace have further requested of the Commission that they stay their shut-in order until such time as the public hearing has been held, so as to protect the well from damage that might accrue if it is completely shut in for any length of time while arrangements are being made by the Commission for the public hearing.

4. That I have personally talked to A. L. Porter, Jr., member and secretary of the New Mexico Oil Conservation Commission, and he has

personally advised me that he will not grant a stay of the shut in order pending the public hearing.

5. That I fear that unless an injunction or protecting order is issued by the Court, the well might be materially damaged while the Commission is making arrangements for the public hearing.

6. That in view of the energy crisis which we are experiencing in the United States, which was defined by the President of the United States this week, the public interest would be harmed by allowing a well with the large production capacity as the well in question, to be damaged, and thus curtail potential gas production at a time when the country is facing an energy crisis.



FARRELL L. LINES

SUBSCRIBED AND SWORN TO before me this _____ day of
October, 1973, by FARRELL L. LINES.

NOTARY PUBLIC

My commission expires:

EXHIBIT C

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MICHAEL P. GRACE, II, UNDER
RULES 15 (d), 15 (e), and 15 (g)
for a Moratorium on the shut-in
of Well Number 1, Unit j, Section 24,
TWT 228, RSM 24 1/2, South Carlisbal,
Morrow Pool.

COMES NOW Michael P. Grace, II, by his attorneys Samuel
A. Francis, Frederick G. Howden, and Farrell L. Lines, and makes
application to the Oil Conservation Commission for a moratorium
of its shut-in order of October 2, Number SF-302, ordering that
the Grace Atlantic Well, more fully described above, be shut-in
as of October 2, 1977, and as grounds therefor states to the
Commission as follows:

1. That the secretary-director of the Commission has
been empowered under Rule 15 (a) as amended, to permit a well
subject to shut-in to maintain limited production upon proper
showing to the secretary-director that complete shut-in would
cause undue hardship.

2. That attached hereto and made a part hereof is an
affidavit by Kenneth E. Swift, the consulting engineer who has
been familiar with the well since its first production, and who
gives his professional opinion that undue hardship would accrue
to the operator of the well because of the material damage that
a complete shut-in will cause to the well.

3. That the Commission is under notice that the President
of the United States declared this week a shortage of gas, and
has prescribed drastic measures in an attempt to partially
alleviate this crisis; and that undue hardship will result to
the general public if one of the largest producing wells in this
State is shut-in during the very week of the national proclamation
of gas shortage.

ILLEGIBLE

5(2) 500
MCF/mo
administrative

4. That the Commission is empowered under Rule 15 (e) as amended, to allow overproduction to be made up at a lesser rate, upon a showing of a public hearing that the same is necessary to avoid material damage to the well.

5. That reference is again made to the affidavit attached hereto and made a part hereof, by Kenneth F. Smith, the consulting engineer, who is more familiar with the well than any other person in the State, and has given his professional opinion that material damage will be done to the well if it is shut-in completely.

6. That the applicant requests an immediate public hearing to produce further testimony that material damage will be done to the well if it is complete shut-in, as is authorized in Rule 15 (e) as amended.

7. That the secretary-director of the Commission is empowered under Rule 15 (g), as amended, to grant a pool-wide moratorium of up to 3 months on the shutting in of gas wells in a pool during periods of high demand energy upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in.

8. The secretary-director of the Commission is under notice, after the declaration of the President of the United States, within the last week, that we are currently in a period of high-demand energy and that an emergency gas shortage exists, which is believed by the applicant to be proper showing of the existence of a gas shortage emergency.

9. That the south Carlsbad Morrow pool is at present significantly underproduced, and that all of the wells in the pool except for the subject well herein, and two others, are producing to capacity, and that if the underproduced allowables were not redistributed as they should be, and as they were in June, the subject well would not be more than six times overproduced.

*15(e)
make up OP
less than
complete
SI or 500 MCF/mo
material damage
to well -
notice & hrg*

*15(g) 3-mo
poolwide moratorium*

ILLEGIBLE

10. That in addition to the subject well herein, that Go Pogo Well, more fully described as Well #2 Sec. 24, Township 225, Range 26E is also borderline subject to shut-in pursuant to the provisions of the Commission's rules, and the subject well herein, the Go Pogo Well, represents 11% of the total production from the pool, and as such represents the significant number of the wells in the pool with regard to production capacity.

11. That because of the above showing, applicant requests that the secretary-director might grant the pool wide moratorium of up to 3 months while allocations are being redistributed, so that the wells can be curtailed to bring them within their allowable.

12. Applicant further requests that the Commission order a stay of its October 2, 1973, shut-in order pending the mandatory public hearing provision of Rule 15 (e), as amended, and such other hearings as are necessary to protect the rights of the applicant under the rules above mentioned, and to protect the interest of the general public during the time of the gas shortage crises.

SAMUEL A. FRANCIS
FREDERICK B. HOWDEN
FARRELL L. LINES
Attorneys for Applicant
400 Seventh, N.W.
Albuquerque, New Mexico 87101

ILLEGIBLE

A F F I D A V I T

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

COMES NOW KENNETH F. SMITH, having been first duly sworn upon his oath, and deposes and states as follows:

1. That I am an employee of Paul E. Cameron, Jr., Inc., a Petroleum Engineering Consulting firm based in Houston, Texas.

2. That I have been retained for a number of months by Michael Grace as an oil consultant.

3. That I have previously been qualified as an expert witness before the Oil Conservation Commission and have testified before the said Commission on a number of occasions in the past year.

4. That it is my understanding that a Shut-In Order has been issued by the New Mexico Oil Conservation Commission against the M. F. Grace II, Grace-Atlantic well located in Section 24, Township 22 S, Range 26 E, Eddy County, New Mexico.

5. That I have been familiar with the well during its entire production history. I have deliberately reduced the choke size on this well in small steps, testing its reaction along the way.

6. That because of the aggravated energy crises, El Paso Natural Gas requested of the Graces a substantial amount of gas production from this well to assist during the coming winter months.

7. In my opinion, a complete shut in, followed by a return to full production to meet the request of El Paso Natural Gas, would amount to rocking the well and would cause damage to the well.

ILLEGIBLE

8. This well has been flowing at its present rate with a surface pressure only 125 pounds per square inch short of 2,000 P.S.I. I have good reason to believe that this is by far the highest pressure of any well in this area and zone with a like amount of production and production rates.

9. If the well is treated as a majority of the other wells in the field, a shut in would have an even more drastic impact on the well, and could create more danger to the well itself than like actions would do to lesser wells in this field.

10. I make these statements based on my knowledge of the expert testimony presented to the New Mexico Oil Conservation Commission proration hearing on April 19, 1972. The extent of the above mentioned damage can only be ascertained in its fullest extent by a complete reservoir study.

KENNETH F. SMITH.

SUBSCRIBED AND SWORN TO before me this 4th day of October, 1973.

NOTARY PUBLIC

My Commission Expires:

ILLEGIBLE

SUMMONS

In the District Court of the First Judicial District, in and for the County of SANTA FE, State of New Mexico.

CASE No. 46923

MICHAEL P. GRACE and

OIL CONSERVATION COMMISSION,

CORRINE GRACE

vs.

I. R. TRUJILLO, Chairman, Alex J. Armijo, Member Defendant and A. L. PORTER, JR., Member and Secretary of the Commission.

Plaintiff S

THE STATE OF NEW MEXICO

To

OIL CONSERVATION COMMISSION, I. R. TRUJILLO, Chairman ALEX J. ARMIJO, member, and A. L. PORTER, JR., Member and Secretary of the Commission.

DEFENDANT — GREETING:

You are hereby directed to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

You are notified that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

Witness the HON. LYLE E. TEUTSCH, JR., Judge of the First Judicial District Court of the State of New Mexico, and the seal of the District Court of Santa Fe County, this 5th day of October, A.D. 19 73.

SUSIE M. MONTOYA

Clerk of the District Court, First Judicial District

By [Signature] Deputy

Attorney or Attorneys for Plaintiff and Address:

F. B. HOWDEN, SAMUEL A. FRANCIS and FARRELL L. LINES

Attorneys for Plaintiffs.

400 Seventh Street, N. W. Albuquerque, New Mexico 87101

Name and Address of Plaintiff, if no attorney:

(Sheriff's return when service is made personally on defendants.)

STATE OF NEW MEXICO, }
County of } ss.

I, Sheriff of County,
State of New Mexico, do hereby certify, that I served the within summons on the
day of by delivering a copy thereof, with copy of complaint attached,
in the county aforesaid, in person to

Dated: , Sheriff
Fees: By , Deputy

(Sheriff's return when service is made on defendants by leaving copy at usual place of abode.)

STATE OF NEW MEXICO, }
County of } ss.

I, Sheriff of County,
State of New Mexico, do hereby certify, that I served the within summons on the
day of by delivering a copy thereof, with copy of complaint attached,
in the county aforesaid, to
a person over fifteen years of age, residing at the usual place of abode of defendant.....
..... who at the time of such service was absent therefrom.

Dated: , Sheriff
Fees: By , Deputy

(Return when service is made personally on defendants by other than Sheriff.)

STATE OF NEW MEXICO, }
County of } ss.

..... being duly sworn, upon his oath says, I am over the age
of eighteen years, I served the within summons on the day of by
delivering a copy thereof, with copy of complaint attached, in the county aforesaid, in person to

Fees:
Subscribed and sworn to before me this day of, 19.....

(Return when service is made on defendants by other than Sheriff by serving some one residing
at usual place of abode of defendant who is then absent.)

STATE OF NEW MEXICO, }
County of } ss.

..... being duly sworn, upon his oath says, I am over the age
of eighteen years, I served the within summons on the day of by
delivering a copy thereof, with copy of complaint attached, in the county aforesaid to
..... a person over fifteen years of age, residing at the usual
place of abode of defendant.....
..... who at the time of such service was absent therefrom.

Fees:
Subscribed and sworn to before me this day of, 19.....

ORIGINAL PLEADING
FILED ON 10-5-73
San Jose COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORRINE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

C O M P L A I N T

COMES NOW the Plaintiffs by their attorneys F. B. Howden, Samuel A. Francis and Farrell L. Lines and for their complaint states and alleges as follows:

1. That the Plaintiffs are the owners of interest in and operators of that certain gas production well in Eddy County, New Mexico known as the Carlsbad Grace No. 1.
2. That they are informed and believed that on the 2nd of October, 1973, the Defendants issued the Shut-In Order, gas supplement No. (SE) SF-3802, a copy of which is attached hereto as Exhibit A and made a part hereof by reference.
3. That concurrently herewith the Plaintiffs have filed their application with the Defendant Oil Conservation Commission for a moratorium on the shutting-in aforesaid by the Plaintiffs' attorney Farrell L. Lines who has been informed by members of the commission that he will refuse to grant a stay of Shut-In Order pending public hearing; that Mr. Lines's Affidavit is attached hereto, marked Exhibit B and made a part hereof by reference.

4. That to Shut-In the well as aforesaid would be extremely dangerous and hazardous and tend to cause extreme damage to said well, all as is more fully shown by the Affidavit of Kenneth F. Smith, attached as part of Exhibit C and made a part hereof by reference, considering the energy crisis interalia.

5. That a copy of the application before the Oil Conservation Commission for moratorium is attached hereto marked Exhibit C and made a part hereof by reference.

6. As is better shown in the Affidavit of Kenneth F. Smith, attached as part of Exhibit C, the proposed action may cause material damage to the subject well, all of which should be avoided.

7. That the actions and denials to act on behalf of the defendants wherein elsewhere alleged and described constitute an absence of discretion on the part of said defendants.

8. That the rule referred to in Paragraph No. 2 above (The Shut-In Order) and the rules and regulations under which the same is made are contrary to the laws of the State of New Mexico and the Constitution of the State of New Mexico and the United States, and therefore are invalid.

9. That if the Shut-In Order referred to in Paragraph No. 2 above should be enforced it will cause irreparable injury.

10. That any requirements for bond on the part of Plaintiff which might otherwise be made should be waived as there is full and adequate security in the premises.

11. That the acts and omissions to act on the part of the defendants where in elsewhere referred to and alleged are without saction of law.

WHEREFORE, Plaintiffs pray:

1. That the Court issue its Order Ex-Parte restraining and enjoining defendants from enforcing the Shut-In Order, Exhibit A.

2. That the Court set a date for hearing upon which time said Order to restrain and enjoin should be made permanent or in the alternative continued in force until the commission has had a full public hearing under its rules upon the questions of damage to the well and moratorium.

3. That any and all requirements for bond which might otherwise be made of Plaintiffs be waived.

4. For such other and further relief as to the Court may appear just in the premises.

F. B. HOWDEN
SAMUEL A. FRANCIS and
FARRELL L. LINES

Attorneys for Plaintiffs.

By _____
Samuel A. Francis

400 Seventh Street, N. W.
Albuquerque, New Mexico 87101

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

MICHAEL P. GRACE, II, being first duly sworn on oath,
deposes and states that he is the plaintiff in the above-entitled
cause; that he has read, knows and understand the contents of
the foregoing complaint and the allegations therein contained
are true to the best of his information and belief.

Subscribed and sworn to before me this _____ day of
October, 1973.

Notary Public

My commission expires:

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

GAS SUPPLEMENT NO. (NW) (SE) SF-3802 DATE 10/2/73

**NOTICE OF WELL CONNECTION OR AUTHORITY TO ASSIGN ALLOWABLE
ALL VOLUMES EXPRESSED IN MCF**

The operator of the following well has complied with all the requirements of the Oil Conservation Commission and may be assigned an allowable as shown below.

Date of Connection _____ Date of First Allowable or Allowable Change _____
 Purchaser _____ Pool _____
 Operator _____ Lease _____
 Well No. _____ Unit Letter _____ Sec. _____ Twp. _____ Rnge. _____
 Dedicated Acreage _____ Revised Acreage _____ Difference _____
 Acreage Factor _____ Revised Acreage Factor _____ Difference _____
 Deliverability _____ Revised Deliverability _____ Difference _____
 A x D Factor _____ Revised A x D Factor _____ Difference _____

DIST. # _____

CALCULATION OF SUPPLEMENTAL ALLOWABLE

MONTH	% OF MO.	PREV. ALLOW	REV. ALLOW	PREV. PROD.	REV. PROD.	REMARKS
JANUARY						
FEBRUARY						
MARCH						
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTALS						
ALLOWABLE PRODUCTION DIFFERENCE - - - - -						
SCHEDULE O/U STATUS - - - - -						
REVISED O/U STATUS - - - - -						
EFFECTIVE IN SCHEDULE - - - - -						
PREVIOUS PERIOD ADJUSTMENTS - - - - -						
						CURRENT CLASSIFICATION TO

NOTICE OF SHUT-IN

For reason stated below, the following well is hereby directed to be shut in:

~~_____~~
 Purchaser El Paso Natural Gas Co. Pool South Carlsbad Morrow Date 10/2/73
 Operator Michael P. Grace II Lease Grace Atlantic Com
 Well No. 1 Unit Letter J Sec. 24 Twp. 22S Rnge. 26E
 Effective date of Shut-in 10/2/73 Reason for Shut-In Well is overproduced more than six times its average monthly allowable from date of connection April 16, 1973, through August, 1973.

A. L. PORTER, Jr., Director
 By A. L. Porter, Jr.

SHUT-IN DATA SHEET

EFFECTIVE DATE OF SHUT-IN 10/2/73
 SHUT-IN NOTICE NO. ~~(ND)~~ (SE) SF-3802

PURCHASER EL PASO
 OPERATOR M. P. GRACE II
 LEASE GRACE-ATLANTIC
 WELL NO. 1
 UNIT LETTER J
 S.T.R. 24-225-26E
 POOL S. CARLSBAD-MORROW

YEAR 1973

BEGINNING SHUT-IN STATUS 1,061,302 MCF OVERPROD.

MONTH	CURRENT ALLOWABLE	PRODUCTION	REDISTRIBUTION	STATUS	DATE RELEASED
JANUARY				OVER PRODUCTION	
FEBRUARY					
MARCH					
APRIL	<u>79,928</u>	<u>201,634</u>		<u>121,706</u>	
MAY	<u>111,346</u>	<u>492,613</u>		<u>502,973</u>	
JUNE	<u>161,275</u>	<u>601,074</u>	<u>388,170</u>	<u>554,582</u>	
JULY	<u>140,530</u>	<u>437,190</u>		<u>851,242</u>	
AUGUST	<u>204,584</u>	<u>414,644</u>		<u>1,061,302</u>	
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

YEAR _____

BEGINNING SHUT-IN STATUS _____

JANUARY					
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

REMARKS: AVE. MONTHLY ALLOW. = 149,482 MCF 6X AVE. MONTHLY ALLOW
AVE. = 896,934 MCF. AT END OF AUGUST WELL WAS OVERPRODUCED
1,061,302 MCF, WHICH IS 164,374 MCF MORE THAN 6X AVE.
MONTHLY ALLOW

A F F I D A V I T

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

Comes now FARRELL L. LINES, having been first duly sworn upon oath, and deposes and states as follows:

1. That I am an attorney and have been retained by Michael and Corinne Grace to represent them with regard to the Notice of Shut-in that they have received for their Grace-Atlantic well, more fully described as Well #1, Unit J, Section 24, Township 22-S, Range 26-F, in the South Carlsbad Morrow Pool.

2. That Mr. and Mrs. Grace have filed a petition under Rule 15(E) promulgated by the Commission Order No. R-1670, as amended, alleging that material damage would be done to the well if it were shut in completely, and requesting that the Commission schedule a public hearing in this regard.

3. That Mr. and Mrs. Grace have further requested of the Commission that they stay their shut-in order until such time as the public hearing has been held, so as to protect the well from damage that might accrue if it is completely shut in for any length of time while arrangements are being made by the Commission for the public hearing.

4. That I have personally talked to A. L. Porter, Jr., member and secretary of the New Mexico Oil Conservation Commission, and he has

personally advised me that he will not grant a stay of the shut in order pending the public hearing.

5. That I fear that unless an injunction or protecting order is issued by the Court, the well might be materially damaged while the Commission is making arrangements for the public hearing.

6. That in view of the energy crisis which we are experiencing in the United States, which was defined by the President of the United States this week, the public interest would be harmed by allowing a well with the large production capacity as the well in question, to be damaged, and thus curtail potential gas production at a time when the country is facing an energy crisis.



FARRELL L. LINES

SUBSCRIBED AND SWORN TO before me this _____ day of
October, 1973, by FARRELL L. LINES,

NOTARY PUBLIC

My commission expires:

EXHIBIT C

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MICHAEL P. GRACE, II, UNDER
RULES 15 (d), 15 (e), and 15 (g)
for a Moratorium on the shutting-in
of Well Number 1, Unit j, Section 24,
TWT 22S, RNG 26 S, South Carlsbad,
Morrow Pool.

COMES NOW Michael P. Grace, II, by his attorneys Samuel A. Francis, Frederick B. Howden, and Farrell L. Lines, and makes application to the Oil Conservation Commission for a moratorium of its shut-in order of October 2, Number SF-302, ordering that the Grace Atlantic Well, more fully described above, be shut-in as of October 2, 1975, and as grounds therefor states to the Commission as follows:

1. That the secretary-director of the Commission has been empowered under Rule 15 (d) as amended, to permit a well subject to shut-in to maintain limited production upon proper showing to the secretary-director that complete shut-in would cause undue hardship.

2. That attached hereto and made a part hereof is an affidavit by Kenneth F. Smith, the consulting engineer who has been familiar with the well since its first production, and who gives his professional opinion that undue hardship would accrue to the operator of the well because of the material damage that a complete shut-in will cause to the well.

3. That the Commission is under notice that the President of the United States declared this week a shortage of gas, and has prescribed drastic measures in an attempt to partially alleviate this crises; and that undue hardship will result to the general public if one of the largest producing wells in this State is shut-in during the very week of the national proclamation of gas shortage.

4. That the Commission is empowered under Rule 15 (e) as amended, to allow overproduction to be made up at a lesser rate, upon a showing of a public hearing that the same is necessary to avoid material damage to the well.

5. That reference is again made to the affidavit attached hereto and made a part hereof, by Kenneth F. Smith, the consulting engineer, who is more familiar with the well than any other person in the State, and has given his professional opinion that material damage will be done to the well if it is shut-in completely.

6. That the applicant requests an immediate public hearing to produce further testimony that material damage will be done to the well if it is complete shut-in, as is authorized in Rule 15 (e) as amended.

7. That the secretary-director of the Commission is empowered under Rule 15 (g), as amended, to grant a pool-wide moratorium of up to 3 months on the shutting in of gas wells in a pool during periods of high demand energy upon proper showing that such emergency exists, and that a significant number of the wells in the pool are subject to shut-in.

8. The secretary-director of the Commission is under notice, after the declaration of the President of the United States, within the last week, that we are currently in a period of high-demand energy and that an emergency gas shortage exists, which is believed by the applicant to be proper showing of the existence of a gas shortage emergency.

9. That the south Carlsbad Morrow pool is at present significantly underproduced, and that all of the wells in the pool except for the subject well herein, and two others, are producing to capacity, and that if the underproduced allowables were not redistributed as they should be, and as they were in June, the subject well would not be more than six times over-produced.

10. That in addition to the subject well herein, that Go Pogo Well, more fully described as Well #2, Sec. 24, Township 225, Range 26E is also borderline subject to shut-in pursuant to the provisions of the Commission's rules, and the subject well herein, the Go Pogo Well, represents 11% of the total production from the pool, and as such represents the significant number of the wells in the pool with regard to production capacity.

11. That because of the above showing, applicant requests that the secretary-director might grant the pool wide moratorium of up to 3 months while allocations are being redistributed, so that the wells can be curtailed to bring them within their allowable.

12. Applicant further requests that the Commission order a stay of its October 2, 1973, shut-in order pending the mandatory public hearing provision of Rule 15 (e), as amended, and such other hearings as are necessary to protect the rights of the applicant under the rules above mentioned, and to protect the interest of the general public during the time of the gas shortage crises.

SAMUEL A. FRANCIS
FREDERICK B. HOWDEN
FARRELL L. LINES
Attorneys for Applicant
400 Seventh, N.W.
Albuquerque, New Mexico 87101

A F F I D A V I T

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

COMES NOW KENNETH F. SMITH, having been first duly sworn upon his oath, and deposes and states as follows:

1. That I am an employee of Paul E. Cameron, Jr., Inc., a Petroleum Engineering Consulting firm based in Houston, Texas.

2. That I have been retained for a number of months by Michael Grace as an oil consultant.

3. That I have previously been qualified as an expert witness before the Oil Conservation Commission and have testified before the said Commission on a number of occasions in the past year.

4. That it is my understanding that a Shut-In Order has been issued by the New Mexico Oil Conservation Commission against the M. P. Grace II, Grace-Atlantic well located in Section 24, Township 22 S, Range 26 E, Eddy County, New Mexico.

5. That I have been familiar with the well during its entire production history. I have deliberately reduced the choke size on this well in small steps, testing its reaction along the way.

6. That because of the aggravated energy crises, El Paso Natural Gas requested of the Graces a substantial amount of gas production from this well to assist during the coming winter months.

7. In my opinion, a complete shut in, followed by a return to full production to meet the request of El Paso Natural Gas, would amount to rocking the well and would cause damage to the well.

8. This well has been flowing at its present rate with a surface pressure only 125 pounds per square inch short of 2,000 P.S.I. I have good reason to believe that this is by far the highest pressure of any well in this area and zone with a like amount of production and production rates.

9. If the well is treated as a majority of the other wells in the field, a shut in would have an even more drastic impact on the well, and could create more danger to the well itself than like actions would do to lesser wells in this field.

10. I make these statements based on my knowledge of the expert testimony presented to the New Mexico Oil Conservation Commission proration hearing on April 19, 1972. The extent of the above mentioned damage can only be ascertained in its fullest extent by a complete reservoir study.

S/
KENNETH F. SMITH

SUBSCRIBED AND SWORN TO before me this 4th day of October, 1973.

NOTARY PUBLIC

My Commission Expires:

ORIGINAL PLEADING
FILED ON 4-10-5-73
San Jose COUNTY
DISTRICT COURT CLERK'S OFFICE

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
FOR THE COUNTY OF SANTA FE, STATE OF NEW MEXICO

MICHAEL P. GRACE and
CORRINE GRACE,

Plaintiffs,

vs.

No. 46933

OIL CONSERVATION COMMISSION,
I. R. TRUJILLO, Chairman,
ALEX J. ARMIJO, Member,
and A. L. PORTER, JR., Member
and Secretary of the Commission,

Defendants.

TEMPORARY RESTRAINING ORDER

THIS MATTER coming on to be heard upon the verified complaint of the Plaintiffs wherein the Plaintiff seeks inter alia a temporary restraining order restraining and enjoining the Defendants from enforcing the Notice of Shut-In, gas supplement No. (SE) SF-3802 issued October 2, 1973 against the Grace Atlantic Well No. 1; and said complaint being accompanied by the Affidavit of Farrell Lines, Attorney at Law and also by Affidavit of Kenneth S. Smith, the Court having considered said pleadings and having been advised by the Office of the Attorney General of the State of New Mexico that the latter consents and agrees to the entry of this Order,

IT IS, THEREFORE, ORDERED that the Defendants OIL CONSERVATION COMMISSION, I. R. TRUJILLO, Chairman, ALEX J. ARMIJO, Member, and A. L. PORTER, JR., Member and Secretary of the Commission, be and are restrained and enjoined pending a hearing before this Court upon the complaint and application to continue said restraining order from in any way asserting, advancing or seeking to enforce

that certain Notice of Shut-In, gas supplement No. (SE) SF-3802
of the New Mexico Oil Conservation Commission.

J. Gerald R. Foulie
District Judge
by designation

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MICHAEL P. GRACE, II, UNDER
RULES 15 (d), 15 (e), and 15 (g)
for a Moratorium on the shut-in
of Well Number 1, Unit j, Section 24,
TWT 22S, RNG 26 S, South Carlsbad,
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1. That the secretary-director of the Commission has been empowered under Rule 15 (d) as amended, to permit a well subject to shut-in to maintain limited production upon proper showing to the secretary-director that complete shut-in would cause undue hardship.
2. That attached hereto and made a part hereof is an affidavit by Kenneth F. Smith, the consulting engineer who has been familiar with the well since its first production, and who gives his professional opinion that undue hardship would accrue to the operator of the well because of the material damage that a complete shut-in will cause to the well.
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11. That because of the above showing, applicant requests that the secretary-director might grant the pool wide moratorium of up to 3 months while allocations are being redistributed, so that the wells can be curtailed to bring them within their allowable.

12. Applicant further requests that the Commission order a stay of its October 2, 1973, shut-in order pending the mandatory public hearing provision of Rule 15 (e), as amended, and such other hearings as are necessary to protect the rights of the applicant under the rules above mentioned, and to protect the interest of the general public during the time of the gas shortage crises.


SAMUEL A. FRANCIS
FREDERICK B. HOWDEN
FARRELL L. LINES
Attorneys for Applicant
400 Seventh, N.W.
Albuquerque, New Mexico 87101

A F F I D A V I T

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

COMES NOW KENNETH F. SMITH, having been first duly sworn upon his oath, and deposes and states as follows:

1. That I am an employee of Paul E. Cameron, Jr., Inc., a Petroleum Engineering Consulting firm based in Houston, Texas.

2. That I have been retained for a number of months by Michael Grace as an oil consultant.

3. That I have previously been qualified as an expert witness before the Oil Conservation Commission and have testified before the said Commission on a number of occasions in the past year.

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10. I make these statements based on my knowledge of the expert testimony presented to the New Mexico Oil Conservation Commission proration hearing on April 19, 1972. The extent of the above mentioned damage can only be ascertained in its fullest extent by a complete reservoir study.

KENNETH F. SMITH

SUBSCRIBED AND SWORN TO before me this 17th day of October, 1973.

S/
NOTARY PUBLIC

My Commission Expires:

— BNC402(1718)(2-158761E276)PD 10/03/73 1718

L-200-3

ICS IPMBNGZ CSP

5058875583 TDBN CARLSBAD NM 39 10-03 0518P EST

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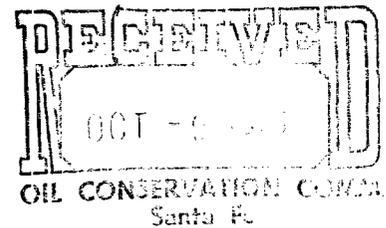
NEW MEXICO OIL CONSERVATION COMMISSION, URGENT-PLS RUSH

ATTN A L PORTER JR PO BOX 2088

SANTA FE NM 1973

UNABLE TO GET AUTHORITY AT PRESENT TIME RE: NOTICE OF SHUT-IN
SF3802 MRS GRACE SOMEWHERE IN WASHINGTON DC MR GRACE SOMEWHERE
IN ALBUQUERQUE UNABLE TO LOCATE THEM AT THIS TIME, BUT WILL
CONTINUE TO TRY TO LOCATE THEM.

JUANITA JONES



B2 124 10-3 6.50p
B2 124 10-3 .158p

TO	J.R.	BY	4/3	TO BE	Med
DATE	10-3-73	TIME	6:41pm		

B- 119322

TELEGRAM - OCTOBER 3, 1973

TO: A. L. PORTER, Jr., SECRETARY-DIRECTOR
NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO

UNABLE TO GET AUTHORITY AT PRESENT TIME. RE: NOTICE
OF SHUT IN SF 3802. MRS. GRACE SOMEWHERE IN WASHINGTON,
D. C., MR. GRACE SOMEWHERE IN ALBUQUERQUE. UNABLE TO
LOCATE THEM AT THIS TIME, BUT WILL CONTINUE TO TRY TO
LOCATE THEM.

JUANITA JONES
CARLSBAD, NEW MEXICO

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

OCTOBER 4, 1973

M E M O R A N D U M

TO: COMMISSIONERS TRUJILLO AND ARMIJO
FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR
SUBJECT: GAS WELL SHUT-IN DIRECTIVE

With further reference to our telephone conversation yesterday, the following attachments will explain my action in directing that the Grace Atlantic #1 well be shut-in:

Memorandum dated June 18, 1973

El Paso letter dated July 19, 1973

El Paso letter dated September 7, 1973

Gas Supplement #SF 3802

Shut-in Data Sheet

ALP/ir

Attachments

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

JUNE 18, 1973

MEMORANDUM

TO: ALL PRODUCERS AND PURCHASERS IN THE SOUTH CARLSBAD-MORROW GAS POOL

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: GAS PRORATIONING

The gas proration schedule for July 1973 will contain a section for the South Carlsbad Gas Pool showing gas prorationing beginning April 11, 1973. It will include allowables for a portion of April and all of the months of May, June and July. You are directed to disregard all previously assigned allowables. An explanation follows:

In February of 1972 an application upon the motion of the Commission was docketed for an examiner hearing in Santa Fe on March 1, 1972 to consider prorating the South Carlsbad-Morrow Gas Pool. At the request of an operator the case was dismissed and readvertised to be heard by a quorum of the Commission in Hobbs on April 19, 1972.

After considering testimony which required the better part of two days, the Commission entered an order on June 30, 1972 which established prorationing effective September 1, 1972. On August 31, 1972 a stay order was issued by the district court which prohibited the Commission order being made effective on September 1.

Due to a succession of circumstances a petition by the Commission to have the stay order set aside was not heard until March 7, 1973. Upon that date the court ruled in favor of the Commission. The court order was filed on April 11, 1973. On May 2, 1973 a memorandum to all purchasers and producers in the pool announced that prorationing was being made effective September 1, 1972. Pending the

Memorandum - June 18, 1973

outcome of the court action allowables had been published monthly in the proration schedule, but the proration schedules bore the following notation: "Proration suspended by court order until further notice." All purchasers had been notified to this effect. The memorandum also suspended the shut-in provisions of Rule 15A of Commission Order No. R-1670-L until December 31, 1973.

Following the above-described action, Mr. William F. Carr, Commission Attorney, received a letter from Mr. David Norvell (copy attached) advising Mr. Carr to in turn advise the Commission that prorating should not be made retroactive. On May 17, 1973 Mr. Carr issued a memorandum to the Commission to which he attached the letter of the attorney general. On May 21 the purchasers connected to overproduced wells were notified by telephone and in writing that curtailment of production in the South Carlsbad-Morrow Pool would not be required pending the outcome of certain legal questions which were to be resolved in District Court in early June of 1973.

The District Court heard the Case on June 5, 1973 and upheld the Commission's order. On June 14, 1973 the Commission's Director and attorney talked with Mr. Norvell concerning his letter of May 16, 1973, since the letter indicated that a further review of the data and research of the law would be made. Mr. Norvell gave us his answer in a letter dated June 15, 1973 (copy attached.) In compliance with this letter I have directed the gas proration department to make gas prorating effective in the South Carlsbad-Morrow Gas Pool on April 11, 1973.

Since producers in the pool have not had an opportunity to know the amount of the allowables for April, May, and June, any wells that may be overproduced in excess of six times the average monthly allowable for the months available will be allowed until September 30, 1973 to become less than six times overproduced. Lack of evidence of a good faith effort to compensate for overproduction may result in a complete shut-in order by the Commission.

cc: Commissioners Trujillo and Armijo
Attorney General David Norvell
Governor Bruce King

ALP/ir



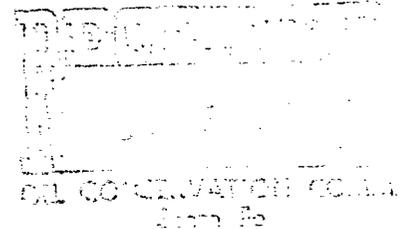
DAVID L. NORVELL
ATTORNEY GENERAL

STATE OF NEW MEXICO
Office of the Attorney General
DEPARTMENT OF JUSTICE
P. O. BOX 2246
Santa Fe, N. M. 87501

June 15, 1973

OLIVER E. PAYNE
DEPUTY ATTORNEY GENERAL

A. L. Porter, Jr.
Secretary - Director
Oil Conservation Commission
Land Office Building
Santa Fe, New Mexico



Dear Mr. Porter:

Pursuant to our conversation yesterday in which Mr. Carr and Mr. Payne were in attendance, and our subsequent conversation with Mr. Carr this morning, and in view of the complexity of and differing opinions regarding the issue of retroactivity, it has fallen upon this office pursuant to your request to respond.

Mr. Carr, desiring to perform the duties of his office commensurate with the desire of his superiors and at the same time desiring to fulfill his commitment as a Special Assistant Attorney General under this office, has requested that we advise you directly as to the official position of this office as to the retroactivity of the decision of the court entered earlier this month.

After meeting with you yesterday, we expanded upon the research previously done by this office and reflected by memorandum dated May 24, 1973, which has heretofore been submitted to you.

We have reviewed the memorandum of Mr. Carson, talked with Mr. Carr, and are well convinced that the law better supports the position of prospective application of the court's ruling on proration dated earlier this month, although it is not absolutely clear cut.

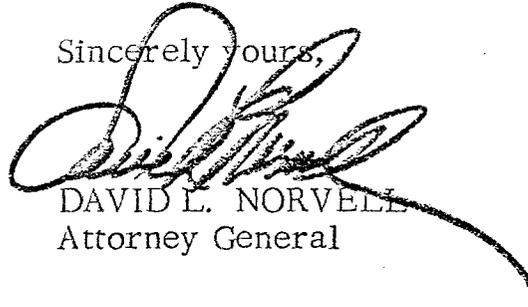
Therefore, it is the judgment of this office that proration of the field covered in the Grace hearing be applied prospectively only from the date this year when the order was signed by Judge Snead and was filed.

To do otherwise, in my opinion, would be contrariwise to what appears to be the majority rule in this matter.

We trust this matter can be resolved quickly and trust that you will provide this office with a copy of your proration order pursuant to the judgment of the court and opinion of this office.

Although admittedly this is a close question, it is the considered judgment of both Mr. Payne and myself that this position is far preferable than the alternatives which are available.

Sincerely yours,



DAVID L. NORVELL
Attorney General

DLN:lg



DAVID L. NORVELL
ATTORNEY GENERAL

STATE OF NEW MEXICO
Office of the Attorney General

DEPARTMENT OF JUSTICE

P. O. BOX 2246

Santa Fe, N. M. 87501

May 16, 1973

OLIVER E. PAYNE
DEPUTY ATTORNEY GENERAL

William F. Carr
Special Assistant Attorney General
Oil Conservation Commission
Land Office Building
Santa Fe, New Mexico

Re: Effect of Order Staying Oil Conservation Commission
Order.

Dear Mr. Carr:

I am at this time reviewing the memorandum of Joel Carson concerning the effect of the order staying the Oil Conservation Commission order.

My initial reaction is that the order dissolving the stay order can be prospective only and that no penalty can be assessed which in effect would make the order retroactive, particularly in view of the clear language of the court on the day of the hearing which is included in the transcript, which to me clearly indicates the court intended the matter to operate prospectively only.

Therefore, I am advising you this date to, in turn, advise the Commission that no proration orders shall issue on the Carlsbad field in question which would have the effect of making this matter retroactive; and this shall be the position of the Office of the Attorney General until such time as we advise you to the contrary if, after reviewing the data we have received and re-searching the law, we come to a contrary conclusion.

Sincerely yours,

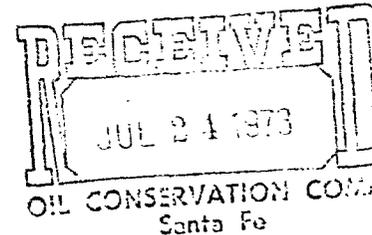
DAVID L. NORVELL
Attorney General

DLN:lg
cc: A. J. Losee

El Paso Natural Gas Company

El Paso, Texas 79978

July 19, 1973



Michael P. Grace II and Corrine Grace
1141 East Bethany Home Road
Phoenix, Arizona 85017

Re: Grace Atlantic #1 Well
South Carlsbad-Morrow Pool

Dear Mr. and Mrs. Grace:

We have just completed a review of the wells in the South Carlsbad-Morrow Pool which are connected to our pipeline system. From this review we have determined that your Atlantic #1 Well will be overproduced approximately 1.1 billion cubic feet by the end of July, 1973. This overproduction will amount to approximately eight times the well's monthly allowable set by the New Mexico Oil Conservation Commission. As you are aware, the Commission may shut in any well which is overproduced in an amount exceeding six times its monthly allowable. To enable us to rely upon production from your well during the upcoming winter season, it is imperative that the well enter the winter season in a balanced or underproduced status. Unless we are allowed to immediately curtail production from this well it may be shut in during this winter's period of peak demand.

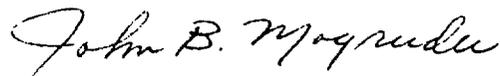
The result of legal action surrounding the prorationing of the South Carlsbad-Morrow Pool is that such prorationing is effective from and after April 11, 1973. It is now appropriate for us to make every effort to comply with this legal mandate and to purchase gas from this pool only in compliance with the rules, regulations and orders of the New Mexico Oil Conservation Commission. These rules, regulations and orders are designed to prevent the waste of natural resources and to protect correlative rights. We spend considerable time and money establishing and maintaining operations which are designed to assure each individual well interest owner, whether he be a major company or a small producer, that we will purchase his fair share of gas from the pool.

A pipeline company experiences severe fluctuations in the demand for gas from its many customers, and these fluctuations necessitate considerable flexibility in the pipeline company's takes from its producers. The need to curtail production from your well has arisen and we would greatly appreciate your cooperation in allowing us to curtail our takes from your well. If commenced immediately, a conscientious program of curtailment will prevent your well from having to be shut in during the 1973-74 winter season.

Michael P. Grace II and Corrine Grace
July 19, 1973
Page two

Should you have any questions or care to discuss this matter, please contact us at your earliest convenience.

Very truly yours,

A handwritten signature in cursive script that reads "John B. Magruder".

John B. Magruder, Director
Gas Proration Department

JBM:rvb

El Paso Natural Gas Company

El Paso, Texas 79978

September 7, 1973

Michael P. Grace II and Corrine Grace
1141 East Bethany Home Road
Phoenix, Arizona 85017

Dear Mr. and Mrs. Grace:

Grace Atlantic #1 Well
South Carlsbad-Morrow Pool

Reference is made to our July 19, 1973 letter concerning the subject well.

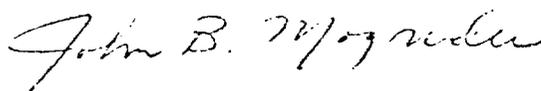
This well reflects a 851, 242 MCF overproduced status as of July 31, 1973 in the September, 1973 NMOCC Gas Proration Schedule and is marked as being more than six times overproduced. During August, 1973, the well produced more than twice its current allowable, and at the end of August is approximately 1, 080, 000 MCF overproduced.

The well will be marked as being more than six times overproduced in the October, 1973 Gas Proration Schedule, and it is our understanding that the mandatory shut-in provisions by the NMOCC will commence on September 30, 1973 in this field.

In the meantime, we recommend your shutting-in the well now. This is essential when considering the level of current allowables if we are to be able to rely upon production from your well during the upcoming winter season.

Should you have any questions or desire to discuss this matter, please contact us at your earliest convenience.

Very truly yours,



JOHN B. MAGRUDER, Director
Gas Proration Department

JBM:bjs

*Perman Distribution
made 9-7-73.*

*File under
Sanicini*

**NEW MEXICO
OIL CONSERVATION COMMISSION**
P. O. BOX 2068
SANTA FE, NEW MEXICO

GAS SUPPLEMENT NO. (NW) (SE) SF-3802 DATE 10/2/73

**NOTICE OF WELL CONNECTION OR AUTHORITY TO ASSIGN ALLOWABLE
ALL VOLUMES EXPRESSED IN MCF**

The operator of the following well has complied with all the requirements of the Oil Conservation Commission and may be assigned an allowable as shown below.

Date of Connection _____ Date of First Allowable or Allowable Change _____
Purchaser _____ Pool _____
Operator _____ Lease _____
Well No. _____ Unit Letter _____ Sec. _____ Twp. _____ Rnge. _____
Dedicated Acreage _____ Revised Acreage _____ Difference _____
Acreage Factor _____ Revised Acreage Factor _____ Difference _____
Deliverability _____ Revised Deliverability _____ Difference _____
A x D Factor _____ Revised A x D Factor _____ Difference _____

DIST. # _____

CALCULATION OF SUPPLEMENTAL ALLOWABLE

MONTH	% OF MO.	PREV. ALLOW	REV. ALLOW	PREV. PROD.	REV. PROD.	REMARKS
JANUARY						
FEBRUARY						
MARCH						
APRIL						
MAY						
JUNE						
JULY						
AUGUST						
SEPTEMBER						
OCTOBER						
NOVEMBER						
DECEMBER						
TOTALS						
ALLOWABLE PRODUCTION DIFFERENCE - - - - -						
SCHEDULE O/U STATUS - - - - -						
REVISED O/U STATUS - - - - -						
EFFECTIVE IN SCHEDULE - - - - -						
PREVIOUS PERIOD ADJUSTMENTS - - - - -						
						CURRENT CLASSIFICATION TO

NOTICE OF SHUT-IN

For reason stated below, the following well is hereby directed to be shut in:

~~Well No. 1, Unit Letter J, Sec. 24, Twp. 22S, Rnge. 26E~~
Purchaser El Paso Natural Gas Co. Pool South Carlsbad Morrow Date 10/2/73
Operator Michael P. Grace II Lease Grace Atlantic Com
Well No. 1 Unit Letter J Sec. 24 Twp. 22S Rnge. 26E
Effective date of Shut-in 10/2/73 Reason for Shut-In Well is overproduced more than
six times its average monthly allowable from date of connection April 16, 1973,
through August, 1973.

A. L. PORTER, Jr., Director
By *[Signature]*

SHUT-IN DATA SHEET

EFFECTIVE DATE OF SHUT-IN 10/2/72
 SHUT-IN NOTICE NO. ~~(NW)~~ (SE) SF-3802

PURCHASER EL PASO
 OPERATOR M. P. GRACE II
 LEASE GRACE-ATLANTIC
 WELL NO. 1
 UNIT LETTER J
 S.T.R. 24-225-26E
 POOL S. CARLSBAD-MORROW

YEAR 1973

BEGINNING SHUT-IN STATUS 1,061,302 MCF OVERPROD.

MONTH	CURRENT ALLOWABLE	PRODUCTION	REDISTRIBUTION	STATUS	DATE RELEASED
JANUARY				OVER PRODUCTION	
FEBRUARY					
MARCH					
APRIL	<u>79,928</u>	<u>201,634</u>		<u>121,706</u>	
MAY	<u>111,346</u>	<u>492,613</u>		<u>502,973</u>	
JUNE	<u>161,275</u>	<u>601,074</u>	<u>388,190</u>	<u>554,582</u>	
JULY	<u>140,530</u>	<u>437,190</u>		<u>851,242</u>	
AUGUST	<u>204,584</u>	<u>414,644</u>		<u>1,061,302</u>	
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

YEAR _____

BEGINNING SHUT-IN STATUS _____

JANUARY					
FEBRUARY					
MARCH					
APRIL					
MAY					
JUNE					
JULY					
AUGUST					
SEPTEMBER					
OCTOBER					
NOVEMBER					
DECEMBER					

REMARKS: Ave. Monthly Allow. = 149,482 MCF Gx Ave. Monthly Allow
896,934 MCF. AT END OF AUGUST WELL WAS OVERPRODUCED
1061,302 MCF, WHICH IS 164,374 MCF MORE THAN Gx AVE.
MONTHLY ALLOW

El Paso Natural Gas Company

El Paso, Texas 79978

September 7, 1973

Michael P. Grace II and Corrine Grace
1141 East Bethany Home Road
Phoenix, Arizona 85017

Dear Mr. and Mrs. Grace:

Grace Atlantic #1 Well
South Carlsbad-Morrow Pool

Reference is made to our July 19, 1973 letter concerning the subject well.

This well reflects a 851,242 MCF overproduced status as of July 31, 1973 in the September, 1973 NMOCC Gas Proration Schedule and is marked as being more than six times overproduced. During August, 1973, the well produced more than twice its current allowable, and at the end of August is approximately 1,080,000 MCF overproduced.

The well will be marked as being more than six times overproduced in the October, 1973 Gas Proration Schedule, and it is our understanding that the mandatory shut-in provisions by the NMOCC will commence on September 30, 1973 in this field.

In the meantime, we recommend your shutting-in the well now. This is essential when considering the level of current allowables if we are to be able to rely upon production from your well during the upcoming winter season.

Should you have any questions or desire to discuss this matter, please contact us at your earliest convenience.

Very truly yours,

John B. Magruder

JOHN B. MAGRUDER, Director
Gas Proration Department

JBM:bjs

*Ferman Distribution
made 9-7-73.*

61-333

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El Paso Natural Gas Company

El Paso, Texas 79978

July 19, 1973

Michael P. Grace II and Corrine Grace
1141 East Bethany Home Road
Phoenix, Arizona 85017

Re: Grace Atlantic #1 Well
South Carlsbad-Morrow Pool

Dear Mr. and Mrs. Grace:

We have just completed a review of the wells in the South Carlsbad-Morrow Pool which are connected to our pipeline system. From this review we have determined that your Atlantic #1 Well will be overproduced approximately 1.1 billion cubic feet by the end of July, 1973. This overproduction will amount to approximately eight times the well's monthly allowable set by the New Mexico Oil Conservation Commission. As you are aware, the Commission may shut in any well which is overproduced in an amount exceeding six times its monthly allowable. To enable us to rely upon production from your well during the upcoming winter season, it is imperative that the well enter the winter season in a balanced or underproduced status. Unless we are allowed to immediately curtail production from this well it may be shut in during this winter's period of peak demand.

The result of legal action surrounding the prorationing of the South Carlsbad-Morrow Pool is that such prorationing is effective from and after April 11, 1973. It is now appropriate for us to make every effort to comply with this legal mandate and to purchase gas from this pool only in compliance with the rules, regulations and orders of the New Mexico Oil Conservation Commission. These rules, regulations and orders are designed to prevent the waste of natural resources and to protect correlative rights. We spend considerable time and money establishing and maintaining operations which are designed to assure each individual well interest owner, whether he be a major company or a small producer, that we will purchase his fair share of gas from the pool.

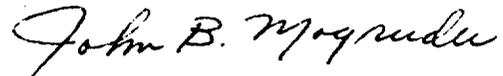
A pipeline company experiences severe fluctuations in the demand for gas from its many customers, and these fluctuations necessitate considerable flexibility in the pipeline company's takes from its producers. The need to curtail production from your well has arisen and we would greatly appreciate your cooperation in allowing us to curtail our takes from your well. If commenced immediately, a conscientious program of curtailment will prevent your well from having to be shut in during the 1973-74 winter season.

✓

Michael P. Grace II and Corrine Grace
July 19, 1973
Page two

Should you have any questions or care to discuss this matter, please contact us at your earliest convenience.

Very truly yours,

A handwritten signature in cursive script that reads "John B. Magruder".

John B. Magruder, Director
Gas Proration Department

JBM:rvb