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:

	37 1		TT . 1
	Volume		Volume
<u>Day</u>	MCF at 15.025	<u>Da y</u>	MCF at 15.025
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 T	otal 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

- Jaka B. May Buden

JBM:Meh

cc: Michael P. Grace, II

El Paso Natural Gas Company

El Paso, Texas 19918

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 I d 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,

John B. Magruder, Director Gas Proration Department

John B. Mogruder

JBM:rvb

El Daso Matural Gas Conpany

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

John B. Mogradu

Gas Proration Department

JBM:bjs

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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico
Oil Conservation Commission, do hereby certify that the
attached is the original of William F. Carr's May 17, 1973,
memorandum to The New Mexico Oil Conservation Commission
regarding the Attorney General's letter reinstating prorationing
in the South Carlsbad-Morrow Gas Pool

Octobe

A. L. PORTER, Jr. Secretary-Director

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 11th day of October, 1973,

Notary Public

My Commission Expires:



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: THE NEW MEXICO OIL CONSERVATION COMMISSION

FROM: WILLIAM F. CARR, SPECIAL ASSISTANT ATTORNEY

GENERAL

RE: LETTER FROM THE ATTORNEY GENERAL CONCERNING THE

REINSTATEMENT OF PRORATIONING IN THE SOUTH CARLSBAD

MORROW GAS POOL

Attached is a letter from the Attorney General, dated May 16, in which he indicates that it is the position of his office that proration cannot be reinstated in the South Carlsbad Pool effective September 1, 1972.

It therefore appears that prorationing of this pool will have to be reinstated as of March 7, 1973.

We must receive, however, a statement from the Attorney General as to what his final position on this question will be. It is essential, to avoid unnecessary confusion, that we know his final position before we notify field operators of this change.

As you will note, a copy of this letter was sent to A. J. Losee. Since he has been retained to represent the Commission in this case, I suggest any action on this matter be first discussed with him.

dr/

May 17, 1973

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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico Oil Conservation Commission, do hereby certify that the attached is the original of my May 2, 1973, memorandum to all purchasers and producers in the South Carlsbad-Morrow Pool concerning prorationing.

A. L. PORTER, Jr. Secretary-Director

October 11, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 11th day of October, 1973.

Notary Public

My Commission Expires:

10-28-77



GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.

SECRETARY - DIRECTOR

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

87501

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.

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

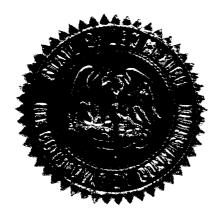
STATE GEOLOGIST A. L. PORTER, JR. SECRETARY – DIRECTOR

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico Oil Conservation Commission, do hereby certify that the attached is the original of my June 18, 1973, memorandum to all producers and purchasers in the South Carlsbad-Morrow Gas Pool concerning gas prorationing.

A. L. PORTER, Jr. Secretary-Director

October 11, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 11th day of October, 1973.

NOCALY Pub

My Commission Expires:

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

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 prorationing 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 prorationing 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

STATE OF NEW MEXICO



Office of the Attorney General

DEPARTMENT OF JUSTICE P. O. BOX 2246 Santa He, 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 researching the law, we come to a contrary conclusion.

DLN:lg

cc: A. J. Losee

100

incerely vours.

ØAVID L. NORVELL Attorney General



STATE OF NEW MEXICO

Office of the Attorney General

DEPARTMENT OF JUSTICE
P. O. BOX 2246

Santa Je, 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.



A. L. Porter, Page #2 June 15, 1973

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. NORVEL Attorney General

DLN:lg

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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico
Oil Conservation Commission, do hereby certify that the attached
is a true and correct copy from the files of the Oil Conservation
Commission of Grace Exhibit No. 8 admitted into evidence on October 25,
1973, in Case 5085 before the Oil Conservation Commission.

A. L. PORTER, Jr. Secretary-Director

November 2, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 2nd day of November, 1973.

Notary Public

My Commission Expires:

October 28, 1977

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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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico
Oil Conservation Commission, do hereby certify that the attached
is a true and correct copy of the Shut-In directive issued on
October 2, 1973, which directed that the Grace Atlantic No. 1 Well
be shut-in.

A. L. PORTER, Jr. Secretary-Director

November 2, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 2nd day of November, 1973.

Notary Public

My Commission Expires:

October 28, 1977

NEW MEXICO CONSERVATION COMMIS ON ROEMANS

BANTA FE, NEW MEXICO

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SHUT-IN DATA SHEET

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MOBTHLY ALLOW

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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico
Oil Conservation Commission, do hereby certify that the attached
are true and correct copies of the Grace-Atlantic Well No. 1
Well File.

A. L. PORTER, Jr. Secretary-Director

October 17, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 17th day of October, 1973.

Notary Public

My Commission Expires:

October 28 1977

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NEW MEXICO OIL CONSERVATION Co...MISSION REQUEST FOR ALLOWABLE

Form C-104

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÷	Grace Atlantic	رمد عو کو	1 1	rlshad 72 6 14 State, Feder	Lease No.
	Location			and the control of the property of the propert	
ÿ	linit letter	1980	Feet From The South : Lin	20 and 1980 Feet From	The Rost
-	J. 1.			1 eet 1 fom	116 1340 9
•	Line of Section 24	Tow	mship T22S Range 2	6E , ммрм, Ed	dy County
III.	DESIGNATION OF TRANS Name of Authorized Transporter		TER OF OIL AND NATURAL GA	AS Address (Give address to which appro	and consolidate for the territory
					-
	Navajo Crude Oi	of Cas	Inghead Gas or Dry Gas	P.O. Drawer 175, Artes	1a, New Mey1.co 60210
	Promise 1	,			
	If well produces oil or liquids,		Unit Sec. Twp. Rge.	Is gas actually connected? Wi	ien
	give location of tanks.		J 2h 22S 26%	Yes	pril 16, 1973
	If this production is comming	led with	h that from any other lease or pool,		
	COMPLETION DATA		· · · · · · · · · · · · · · · · · · ·		
	Designate Type of Com	nletio	Oll Well Gas Well	New Well Workover Deepen	Plug Back Same Res'v. Diff. Res'v.
			Date Compl. Ready to Prod.	Total Depth	10000
	Date Spudded		Date Compi. Heday to F.ou.	Total Depth	P.B.T.D.
	Elevations (DF, RKB, RT, GR,	etc.;	Name of Producing Formation	Top Ott/Gas Pay	Tubing Depth
	Perforations				Depth Casing Shoe
				CEMENTING RECORD	
	HOLESIZE		CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
i					
	· · · · · · · · · · · · · · · · · · ·				
v	TEST DATA AND REQUE	ST FO	RALLOWABLE (Test must be at	fter recovery of total volume of load oil	and must be equal to or exceed top allow-
	OIL WELL		able for this de	psh or be for full 24 hours)	
ĺ	Date First New Oil Run To Tan	4.5	Date of Test	Producing Method (Flow, pump, gas li	ft, etc.)
]			This December	Casing Pressure	Choke Size
ļ	Length of Test		Tubing Pressure	Cdsing Pressure	Chore size
1	Actual Prod. During Test		OII-Bb's.	Wgter-Bbls.	Gas-MCF
}					
ţ				<u> </u>	
	GAS WELL				
ſ	Actual Prod. Test-MCF/D		Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
	Testing Method (pitot, back pr.)		Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size
L					
i.	CERTIFICATE OF COMPI	LIANC	E	1	ATION COMMISSION
			labiana af Aba Oil Caranasa	APPROVED JUN 1 8 19	73
	Commission have been compl	lied wi	gulations of the Oil Conservation the and that the information given	7.1 12. 11	anno XA
1	above is true and complete	to the	best of my knowledge and belief.	BY CO. C.	Level
		/		TITLE PEL AUD GAS MAPE	7778
	\ \/	- 4	$A \cap A$		compliance with RULE 1104.
	\ //		- ~ · · / / /	i Titta foill ta to ba tited mi	entroperation control (1 W to to 1 1 V 7)

If this is a request for allowable for a newly drilled or despened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply

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

April 17, 1973

Mrs. Juanita L. Jones
P. O. Box 1418
Carlsbad, New Mexico 88220

Administrative Order TX-39

Dear Mrs. Jones:

Reference is made to your application for an exception to Rules 107(d)(2) and 107(d)(3) for the Michael P. Grace Grace Atlantic Well No. 1, located in Unit J of Section 24, Township 22 South, Range 26 East, South Carlsbad Morrow gas pool, Eddy County, New Mexico, to permit the production of gas through 4 1/2-inch tubing set at 11,000 feet. The uppermost perforation is at 11,424 feet.

Inasmuch as the gas produced from this well is very dry (gas-liquid ratio reported TSTM on 4-point test), it appears that this well can be produced in the manner proposed without causing waste. You are therefore granted the requested exception. The Commission does reserve the right, however, to rescind this authority if at any time it appears that the producing characteristics of the well have so changed that this method of production is causing or may cause waste.

- Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/DSN/dr

cc: Oil Conservation Commission - Artesia Oil & Gas Engineering Committee - Hobbs

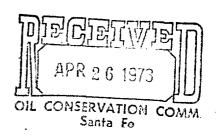
LLEGIBLE

4

OIL CONSERVATION COMMISSION

BOX 1980

, HOBBS, NEW MEXICO



NOTICE OF GAS CONNECTION

DATE April 23, 1973

the purchase of gas from the	Michael P. Grace II	, Grace Atlantic COM,
·. •	Operator	Lease
#1 (Morrow) J	24-22-26	Carlsbad Morrow South
Well Unit	S.T.R.	Pool
61-333-01	19000 4	El Paso Natural Gas Co
Meter Code was made on April 16, 1	Site Number 973	Name of Purchaser
	El Paso I	Natural Gas Company

Representative

Travis R. Elliott

Gas Production Status Analyst
Title

TRE:blo operator

Oil Conservation Commission - Santa Fe

Oil Conservation Commission - Artesia (2)

Proration

H. P. Logan

T. J. Crutchfield

File

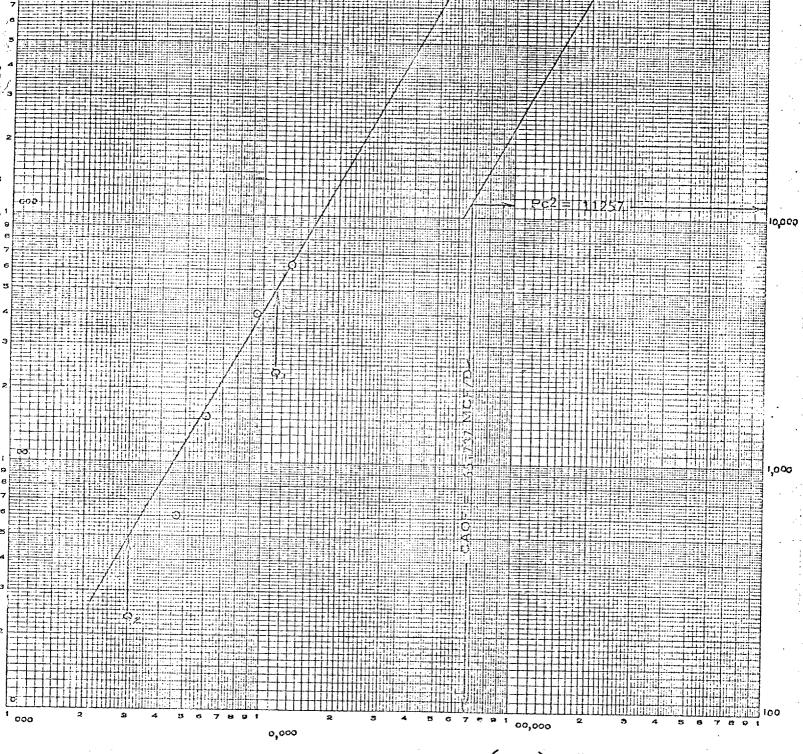
1 -

1.	DISTRIBUTION SANTA FE FILE U.S.G.S. LAND OFFICE TRANSPORTER OPERATOR PRORATION OFFICE	REQUEST AUTHORIZATION TO,TRA APR > 19		1 1973
	Operator Michael P	O.C.C. C. Grace II ARTESIA, OFF	ICE CORSERV	AHON COMM.
	Address P. O. Box	1418, Carlsbad, New Mexi	ico 88220	
	Reason(s) for filing (Check proper box New Well Recompletion Change in Ownership		Other (Please explain) and Come To lea	se home
	If change of ownership give name and address of previous owner		76-11-17-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	
11.	DESCRIPTION OF WELL AND Lease Name	Well No. Pool Name, Including F		
).	Grace-Atlantic Com,	1 Undes. So. Ca	State, Federa	il or Fee Fee
Ź		Feet From The South Lin	ne and 1980 Feet From	The East
	Line of Section 24 To	wnship T22S Range	26E , _{NMPM} , Ed	dy County
III.	DESIGNATION OF TRANSPOR' Name of Authorized Transporter of Oil	TER OF OIL AND NATURAL GA	AS Address (Give address to which appro	ved copy of this form is to be sent)
	Name of Authorized Transporter of Car	singhead Gas 🔽 or Dry Gas 🗌	Address (Give address to which appro	ved copy of this form is to be sent)
	El Paso Natural Gas C	ompany Unit Sec. Twp. Rge.	El Paso Nat'l. Gas Bld	
	If well produces oil or liquids, give location of tanks.	<u> </u>	Ho ges	4-16-73
	If this production is commingled wire COMPLETION DATA	th that from any other lease or pool,		1
	Designate Type of Completion	on - (X) Oil Well Gas Well	New Well Workover Deepen	Plug Back Same Res'v. Diff. Res'v.
	Date Spudded 1/28/73	Date Compl. Ready to Prod. 3/15/73	Total Depth	P.B.T.D. 11,740
	Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation	Top Oli/Gas Pay	Tubing Depth
	3162 GR	Morrow	11.424	11,000 Depth Casing Shoe
	11,424 - 11,444		CEMENTING RECORD	/1768
ļ	HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
	17 1/2	13 3/8	356	375 sks Class "C"
}	12 1/4	9 5/8	5402 11768	1250 sks Hal. 1t.&400C10
	<u>-8 3/lı</u>	h 1/2	11000	100 har.16. & 400 cr.n
		OR ALLOWABLE (Test must be a	fter recovery of total volume of load oil pth or be for full 24 hours)	and must be equal to or exceed top allow-
Ī	OIL WELL Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas li	ft, etc.)
	Length of Test	Tubing Pressure	Casing Pressure	Choke Size
	Faudtu or 1 ear	I during product		
<u> </u>	Actual Prod. During Test	Oil-Bbls.	Water - Bbls.	Gas-MCF
		1		
٢	GAS WELL Actual Prod. Test-MCF/D	Length of Teat	Bbls, Condensate/MMCF	Gravity of Condensate
	65.737	Į ₁	0	
	Testing Method (pitot, back pr.) back pr.	Tubing Pressure (shut-in) 2581	Casing Pressure (Shut-in) Pkr	Choke Size variable
VI.	CERTIFICATE OF COMPLIANC	CE	}.	TION COMMISSION
1	I hereby certify that the rules and s	egulations of the Oil Conservation	APPROVED APR 26 197	/3, 19
	Commission have been complied washove is true and complete to the	vith and that the information given	BY War	ressett
			TITLE <u>3M AND GAS INSPEC</u>	TOR
	Meanit	tah. Monis!	If this is a request for allow	compliance with RULE 1104.
-	(Signa		well, this form must be accompa tests taken on the well in accor	nied by a tabulation of the deviation
_	Agent		All sections of this form mu	at be filled out completely for allow-
	(Tie		able on new and recompleted we	ells.
-	(Da		well name or number, or transport	t be filed for each pool in multiply

1			_					
NO. OF COPIES RECEIV	ED -	3		-				Form C-103
DISTRIBUTION				•				Supersedes Old C-102 and C-103
SANTA FE		سا ا	NE NE	W WEXICO OIL	COME	ERVATION COMISE	1049	Effective 1-1-65
FILE			4				. –	
U.S.G.S.			-					State Fee XX
LAND OFFICE			-			MAR 2 2 1973		State State Oil & Gas Lease No.
OPERATOR			_					5. State Off & Gaz Lease No.
	<u> </u>	SUNDI	RY NOTICES	AND REPOR	TS ON	WELES . D. C.	•	
(DO NOT USE TH	USE "A	FOR PR	OPOSALS TO DRILL TION FOR PERMIT -	OR TO DEEPEN OF	FOR SUC	ACK TO A DIFFERENT ALS	ERVOIR.	
1. 01L WELL	GAS WELL	<u>~</u>	OTHER-					7. Unit Agreement Name
2. Name of Operator Michael	P. (3race	e II 🐖					8. Form or Lease Name Grace-Atlantic
2. Address of Operator				,				9. Well No.
P. O. Box	: 1418	3. Ca	arlsbad, Ne	ew Mexico	•			1
		- 1	1980	SO FROM THE	outh	LINE AND	80	10. Field and Pool, or Wildcat Und. S. Carlsbad Morrov
						26E range		
THE	LINE	, SECT	ION	TOWNSHIP		RANGE	NМРМ.	
			15. E	Elevation (Show 1	whether 3162	DF, RT, GR, etc.) GR		12 County Eddy
16.					cate N	ature of Notice, R	Report or Oth	ier Data
N	STICE	OF I	NTENTION T	0:		S	SUBSEQUENT	REPORT OF:
PERFORM REMEDIAL WOR	к 🗌			PLUG AND ABANDO	ON []	REMEDIAL WORK		ALTERING CASING
NODINARILY ABANDON						COMMENCE DRILLING OF	PNS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING				CHANGE PLANS		CASING TEST AND CEME	ХУ вос ти	F
			248.7			OTHER		
OTHER								
17. Describe Proposed work) SEE RULE 1	or Comp.	leted O	perations (Clear)	ly state all pertin	ent deta	ils, and give pertinent of	dates, including	estimated date of starting any proposed
3/12/73	and Clas	set (s "H	@ 11.768'.	Cemented own @ 2 p.:	With m. ur	jts. 23# ard 100 sks. Hall der 1250 psig.	iburton li	t. & 400 sks
273j	ŭs4 <u>‡</u> "	15.	50# C-75 PI	H6 Hydril '	Tubir	g set @ 11,000	' Tested	to 6000#
	Bake	er 8.	3 FA 47 Pk:	r seal ass	embly	set @ 11,000'		
	Per	fora	ted 11,424	· - 11,444	145	spf.		
							VATION CO	IIII
18. I hereby certify that	the info	rmation インタファ	above is true at	id complete to th	1	f my knowledge and beli gent	ief.	March 20, 1973
APPROVED BY	<u> </u>	7 >	Grissen	7		"L AND GAS INSPEC	TIB	DATE APR 2 6 1973

											Test Do					·	
Y,	e fest	Initia	1	ſ	T A	Innual			∏ Spe	cial		29-7	73		, A. C.	•	240€
Con	pan Tries			: د مهد (دساک		Conne	ction										
	CORIN	NE G	PAC	E				To	Air ·						소명한	ida ili. Tada	 . gyzza:
Poo	-					Formu	tion							Unit			
				12.22	<u>.</u>				RROW		-	·					
Con	pletion Date			Total Depth				Plug Back	•		Elevation	on.			r Lease N		
	3-15-7			11.7				11,			3	174	GR		RACE A	TLA	NTIC
Csq	Size	WI		,d	1 -	1 AL		Perloration From 1		-Tr		,,,	•	Well N	o. •		
759	. Sizo	- 32		d		11.768		Perioration			° 11.	444		Unii	Sec.	7	p. Russ
1	17	15	.5#		11	1,000	,	From	OPEN	т	ent	ED		J	24		26E
				-G.G. or G.(Packer S	et At	······			County		22	20-
		SII	4GLE					•		11,					ED	DΥ	i
F'ro	lucing Thru		Heserv	oir Temp. *F		Mean Ar	inual	Temp. °F	Baro, Pr	935. ~	Pa	,		State			
4	J" TUBIN		190	9 11,500)'		0			13.2				N	EW ME	XIC	0
	L	H		G9		% CO 2		% N 2		% H ₂ S	3	Piov	91	Meter		Ta	
1	1000	//pe		0.580		0.01		000				L		1 4		17	Por seller
-	Prover			OW DATA							DATA				DATA	_	Duration
NO.	Line	X	Orliice Size	Press.		Diff.		Temp.	Pres p.s.i		Tom		Pros p.s.l		Temp • F	• .	of Flow
 SI	Size								2581		 		PACE				
1.	4" ×	3.0	O''	565.0	1	8.	0	93	2578		62	, -	FAC	7511	CHOK 12/6		72.0 0.5
2.		3.0		560.0		13.		85	2563		62				17/6		0.5
3.		3.0		700.0		25.		72	2525		- 60				23/6		0.5
4.		3.0		980.0		32.		66	2473		60				27/6		0.5
5.																	
				·		RAT	E OF	FLOW	CALCU	ATI	ONS						
	Coelile	ctent			- 1	Pres	aur o	Flow	Temp.		Gravity	,	5	Super		Rate	of Flow .
٠.ي.	(24 He	our)		-Vh _w P _m		P		1	actor F't.	ļ	Factor Fa) .	npress, tor, Fpv		Q.	Meld
1			 	CO 01						-						·····	
2	51.64 51.64		-	68.01 87.97		578 573			697 768	-	$\frac{1.31}{1.31}$			037 039	_		637 054
3	51.64		 	133.53		713		- F	887	ļ.,	1.31			054			435
4.	51.64			178-28		993			943	1	1,31		1	078			956
5.																	
NO.	P _t	Temp	. •a	Tr		z	Gas	Liquid Hyd	dracarbon	Ratio .		7	STM	-	 		Mcf/bbl.
		<u> </u>					A.P.	I, Gravity	of Liquid	Hydro	carbons	·	······································				Deg.
1.	0.85	55		1.58		930		ilic Gravii						- 	X_X	X X X	XXXXX
2.	0.85	54		1.56		927		ilic Gravit									•
3.	7.05	53		1.52		901		cal Pressu 1 m						P.S.1.)		P.S.I.A.
\$!	1.48	$\frac{1}{1}$	<u>u</u>	1-50		861	Critic	cal Tempe	ratufə			<u></u>			. R		R
	355.2	P. 2	11257					D 2			····			·	٦.		
NO	P _t ²	7	, .	P,,2	Pc2	- P _w ²	(1)_	$P_c^2 - P_c^2$	= -	17	.7276	•	(2)	Pc 4	" = -	5.	7739
1		334	5.2	11197		60.0		$P_c^2 - P_w^2$						$c^2 - F_w$	' <u>.</u>]		
2		333		11104	7	53.0			٠	- ,							
3		329	5.2	10858	3	99.0	AOF	= Q	Pc2	_ n	65	737					
		325	9.2	10622	6	امب5		L	P. 2 - P. 2								•
5		ــــــــــــــــــــــــــــــــــــــ								, 			,				
Abs				65,737											Slo	9, n_	0.570
				PRESSURE										,			
N	XAM:BTC	IMUM I	FLOW	RATE LIM	ITE	O BY	EST	EQUIPA	AENT ,	WHI	CH ACC	OUN.	rs Fo	R SMA	LL PER	CEN	TAGE
Ann	OF D	PAW-D		Conduct	d A	v:		T	Culculate	d Av			· · · · · · · · · · · · · · · · · · ·	Chacked	l Rv.		· · · · · · · · · · · · · · · · · · ·
ועעיי	Jisi Oy Co	.,,	•	Consuct		и.с. ⁻	r	ł	Jassinalo		W.		.	U11 ≈ UN art	-	v. W	,

BACK PRESSURE CURVE michael F. Grace II CORINNE GRAGE Legge GRACE ATLANTIC Well No. 1 County EDDY Field South CARLSBAD Location J, SEC 24, T22S, R26E Date of Test 3-29-73 Slope "n" 0-570 W.H. MCF/D Calc. Abs. Patential 65,737 Calc. W. H. Potential_



 $Q_1 = 11300 = 8.0530784$ $Q_2 = 3040 = 7.4828736$ N = -0.5702048

CAOF =
$$12956 \left(\frac{11257}{635.0}\right) \cdot 570$$

= 65,737 MCF/DAY 17.72755

1.2374432

Note: This well is

Operated by Michael

P. Grace II.

Mrs. Juanita L. Jones P. C. Box 1413 Carlobed, New Marico 88220

Administrative Order 72-39

Sear Mrs. Jones:

Federance is made to your application for an exception to Releas 107(3)(3) and 107(d)(3) for the Michael P. Crace Gross Atlentic Well Do. 1, located in Unit J of Section 24, Companie 32 Course, Mange 10 Mast. South Carlaced Perfor quarcol, 2007 County, New Masico, to permit the production of Q15 Chrosp 4 1/2-inch tubing set at 11,000 fast. The apparament perforation is at 11,000 fast.

included as the par produced from this wall is very dry (particuld ratio reported TETH on 4-point test), it species to char this value proposed without consider which the species of the reported the value of the residence of the resource the right. The description was resource the right. The description was resource the right. The section is essent to appears the chiral the producing characteristics of the well have so the least this rethret of production is causing or may exact when the rethret of production is causing or may

Yany cruly yours,

A. A. Johnna, Jr. Secretary-Sirector

N.7/953/42

co: Gil Conservation Commission - Artesia Gil & Gas Engineering Cormittee - Hobbs



NEW MEXICO OIL CONSERVATION COMMSSION MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Туг	e Test									1.	Test Date		1		
	X	Initial	L	ſ	\neg A	Annual			Spe	cial	3-29-	- 73	1		
Con	pany					Connec	ction				-				
	CORIN	VE GI	PACE	7	•.			To	Air						
		- CI				 			~~~				 		
Poo	-					Forma	tion	1.4-					Unit		
	South	CARLS							RROW					····	
Соп	pletion _. Date		- 1	Total Depth			. 1	Plug Back	TD	1	Elevation		Farmo	r Lease Na	ne ·
	3-15-7	3	- 1	11.7	68		- 1	11,	740	1	3174	GR	G	RACE AT	LANTIC
Csg		WI.	1,	d		AL	1	Perlomile					Well No	·	
l	7"	32	#		.	11.768	58 From 11,424 To 11,444				1				
Thq	. Sizo	Wt.		d		l At		Perloratio					Unit	Sec.	Twp. Rge.
1 /	12" +2"	15.	5#		1,	1,000	.].	From	OPEN	To	ENDED		J	24 2	25 26E
				-G,G, or G,0					Packer Se	ı At		 	County	24 2	20 20 -
1			IGLE						1		001		,	Enn	
<u> </u>	T. C 7-1			oir Temp. °F		14		T 0F		11.0			64-4	EDD	Y
1	ducing Thru			•	- 1			Temp. *F	1		a		State		-
4	F" TUBIN		190	e 11.500).	6	0			13.2			<u> </u>	EW MEX	ICO
	L	Н		Gg		% CO 2		% N 2	1	% H ₂ S	Pro	Yel	Meter	Run	Taps
١.	·			1							}		}		
			FL	OW DATA					TUB	ING C	DATA	C	SING	DATA	Duration
NO.	Frover	x C	rifice	Press.	\neg	Diff.		Temp.	Prese		Temp.	Pre		Temp.	10
١٩٠.	Line Size	^	Size	p.s.1.q.	-	hw		•F	p.s.i.		•F	p.s.		• 🖫	Flow
SI				 	- -				05.03			Dia		Cuare	70.0
1.			- 11	767 0					2581			PAC	KER	CHOKE	72.0
l	,	3.00		565.0		8.0		93	2578		62	ļ		12/64	
2.		3.00		560.0		13.	5_	85	2563	<u>.0</u>	62	ļ		17/64	
3.	4" ×			700-0		25.0	<u>a_</u>	72	2525		60_	<u> </u>		23/64	0.5
4.	4" ×	3.00)"	980-0		32.0	0	66	2473	•0	60			27/64	0.5
5.											-				
						RATE	Ξ OF	FLOW	CALCUL	ATIO	NS		·		
			1						w Temp.	1	Gravity		Super		
	Coeffic	lent		VhwPm	. [Press	ente	1 .	actor	1	Factor	1	mpress.	· R	ste of Flow
NO.	[24 Ho	ur)	1	A ,,A, w	1	P	n	' '	F't,		Fg		tor, Fpv		Q, Mcfd
1										-					
	51.64			_68.01_		578			26.97		1.313		037_		4637
2.	51.64		 	87 • 97		573			9768		1.313		039		6054
3.	51.64		ļ	133.53		713			9887		1.313		054		9435
4.	51.64			178.28		993.	<u>·2</u>		9943		1.313	1.	078		12956
5.			1												
	Pr	Temp.	• -	T _r		z	Gas (Liquid Hy	drocarbon F	Ratio		TSTM			Mci/bbl.
NO.	-r	l remp.	``\	1.5		-					arbons				Deg.
1.	0.86	55	3	1.58		930			·-	•	0			XXX	xxxxxx
2.	0.85	54		1.56		927						XXXX			<u> </u>
3.	1.06	53		1.52			-		ly Flowing	-		<u> </u>			
4.									ure			······································	P.S.I.		P.S.I.A.
	1.48	526	-	1.50	<u> </u>	861	Critic	cal lembe	rature		<u>350</u>			R	R
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FORM 2397

BACK PRESSURE CURVE

• / .		•						Wall No	
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NO. OF COPIES RECEIVED				Form C-105	•
DISTRIBUTION			_	Revised 1-1-	
SANTA FE		ONSERVATION COMM	ISSION	State State	e of Lease Fee X
U.S.G.S.	ELL COMPLETION OR RE	COMPLETION REP	OBI WHO FOC	5. State Oil & G	
LAND OFFICE		,	בט!	5, 5tate 511 g G	TO Deape Mo.
OPERATOR		455	Ä	mmm	mmm
Sur of mines 1		APR 2 19	73 💃		
la. TYPE OF WELL				7. Unit Agreeme	nt Name
O}L Well	GAS X DRY	J. C. G.			
b. TYPE OF COMPLETION	WELL LINE DRY E	100 PM	GET BETTER	8. Farm or Lease	
NEW WORK DEEPEN	PLUG DIFF. BACK RESVR.	OTHER		Grace-At	lantic
2. Name of Operator		1111 -00 - 01	073	9. Well No.	
Michael P. Grace II	<i>V</i>	M APR - 61		1	
P. O. Box 1418. Car	lahad Nov Morrico	OIL CONSERVAT	ION COMM	10. Field and Po	•
4. Location of Well	isbad, New Mexico	OIL CONSERVAL	Fe CO.	100 (1) 000	Isbad Inches
4, Location of Wall		Jamis			
UNIT LETTER LOCATED	1980 So	outh 19	80		
			FEET FROM	12, County	/////////////////////////////////////
THE East LINE OF SEC. 24 TW. 15. Date Spudded 16. Date T.D. Rec	22S 26E			Eddy	
15. Date Spudded 16. Date T.D. Rec	ached 17. Date Compl. (Ready t	o Prod.) 18. Elevation	s (DF, RKB, RT, GF	R, etc.) 19. Elev	· Cashinghead
1/28/73 3/11/73	3/15/73		3102 GK	.	<u>-</u>
20. Total Depth 21. Plug 11,772 11,	Back T.D. 22. If Mult	iple Compl., How 23.	Intervals Rotary Drilled By O-TI	Tools C	able Tools
24. Producing Interval(s), of this completion				l os w	las Dissertion of Community
				25. W	as Directional Survey
Morrow 11424- 44	4 4				Yes
26. Type Electric and Other Logs Run				27. Was W	ell Cored
Laterolog, Micro-Latero	olog, Gamma Ray Neut	ron, BHC Acoust	ilog	No)
23.		Peport all strings set in w			
CASING SIZE WEIGHT LB./F	T. DEPTH SET H	IOLE SIZE	CEMENTING RECO	ORD	AMOUNT PULLED
13 3/8 61#	356 1		ks Class "C'		circl.
9 5/8 36 % 1.0#			sks Hal.lt.8		"C" circl.
7 23#,26#,29	#,3 <u>2# 11768</u>	8 3/4 100 F	Hal.lt. & 400) Class"H"	
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	NER RECORD	30.		UBING RECORD	
SIZE TOP	BOTTOM SACKS CEMEN			,000	II,000
			1 1/2 1 11	,000	11,000
31. Perforation Record (Interval, size and r	number)	32. ACID, SI	HOT, FRACTURE, C	EMENT SOLES	ZE. ETC
·	,	DEPTH INTERV		NT AND KIND M	
11.424 - 11,444 4spf		None	None		
33.		ODUCTION		T.,, 1, =	
Date First Production Product	tion Method (Flowing, gas lift, pu	mping — Size and type pu	mp)	Well Status (Pr	•
Date of Test , Hours Tested	Choke Size Prod'n. For	Oil - Bbl. Gas	s — MCF Water	1	s - Oil Ratio
3/29/73 4	Test Period	1 -	point rate		Ing Ges
Flow Tubing Press. Casing Pressure	Calculated 24- Oil - Bbl.	Gas - MCF	Water — Bbl.	Oil Grav	rity - API (Corr.)
2473 pkr•	Hour Rate	65,737			
34. Disposition of Gas (Sold, used for fuel,			Test	Witnessed By	
To be sold	UAOF	65,737			
35, List of Attachments					
all/logs listed abo			,		
36. I hereby certify that the information sho	own on both sites of this form is	true and complete to the	vest of my knowledg	e and belief.	
M	A Sens TITLE	Agent		DATE April	2 1077

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state 1 and, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico. Northwestern New Mexico T. Canyon _____ T. Ojo Alamo ___ ____ T. Penn. "B"___ _______T. Strawn _______T. Kirtland-Fruitland _______T. Penn. "C" ______ T. Atoka ______ T. Pictured Cliffs _____ T. Penn, "D" _____ Yates _____ T. Miss _____ T. Cliff House ____ T. Leadville ____ 7 Rivers ______ T. Devonian _____ T. Menefee _____ T. Madison ____ T. Silurian T. Point Lookout T. Elbert Grayburg ______ T. Montoya _____ T. Mancos _____ T. McCracken _____ San Andres ______ T. Simpson _____ T. Galfup _____ T. Ignacio Qtzte _____ T. Glorieta ______ T. McKee _____ Base Greenhorn _____ T. Granite _____ T. Ellenburger T. Dakota T. T. T. Paddock ____ Blinebry _____ T. Gr. Wash ____ T. Morrison ____ T. ____ T. ______ T. Todilto ______ T. ____ _____T. Granite ___ Tubb ____ T. Drinkard ______ T. Delaware Sand _____ T. Entrada _____ T. Abo ______ T. Bone Springs _____ T. Wingate _____ T. T. Wolfcamp______T. _______T. Chinle_______T. _____ T. T. Permian T.

FORMATION RECORD (Attach additional sheets if necessary)

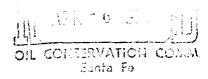
T Cisco (Bough C) _____ T. ____ T. Penn "A" ____ T. ____ T.

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Big West Drilling Company

1714 COMMERCE BUILDING FORT WORTH, TEXAS 76102

March 22, 1973



TO: MICHAEL P. GRACE

CORINNE GRACE

POST OFFICE BOX 1418

CARLSBAD, NEW MEXICO 88220

RECEIVED

APR 2 1973

WELL NAME AND LOCATION:

Grace Atlantic Well No. 1,

1980' FSL·1980' FEL, Sec. 24, T-22-S, R-26-E,

Eddy County, New Mexico

O. C. C.

EASTMAN DEVIATION RECORD

Date 1973	Depth	Degree of Deviation
1-28	2601	1/2
1-29	375 '	3/4
1-30	660 '	3/4
1-31	1,370'	1
2-1	1,860'	1 1/4
2-2	2,300'	1
	2,600'	1
2-3	3,095'	- 1 1/4
2-4	3,550'	1
2-5	4,125'	1
2-9	4,490'	1
2-13	5,396'	1
2-16	5,871'	1 1/4
2-17	6,368'	1 1/4
2-19	6,860'	1/2
2-20	7,340'	3/4
2-21	7,800'	1 1/2
2-22	8,290'	1 1/2
2-23	8,520'	1 1/2
2-24	9,010'	1 1/2
2-25	9,510'	1 1/2
2-27	9,980'	1 1/2
2-28	10,450'	2
3-1	10,6901	1 1/2
3-4	11,165'	1 1/2
	11,260'	1 3/4
3-6	11,470'	1 1/2
3-10	11,770'	1 3/4

APR - 6 1973

Td, Page 2 CONSERVATION COMM

Grace Atlantic Well No. 1, Eastman Deviation Record, Page Oil CONSERVATION COMM

I hereby certify that I have personal knowledge of the data and facts placed on this form, and that such information given above is true and complete.

JOHN E. WILSHER, Toolpusher BIG WEST DRILLING COMPANY

Operator Affidavit:

Before me, the undersigned authority, on this day personally appeared $\underbrace{\text{Michael P Grae}}_{\text{the person whose name is subscribed hereto, who, after being duly sworn, on oath states that he is the Operator of the well identified in this instrument, and that such well was not intentionally deviated from the vertical whatsoever.$

Signature of Affiant

Title of Affiant

Sworn and Subscribed to before me, this

day of

Notary Public in and for

County, New

Mexico.

 									
NO. OF COPIES RECEIVED		DEC	EIVED		•		Form C-103		
DISTRIBUTION		RED	h 1 4 LL =				Supersedes C-102 and		
SANTA FE	1 0	NE	W MEXICO OIL CO	ISERVATIO	ON COMMISSION		Effective 1		
FILE	3	FEB	1 9 1973						
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LAND OFFICE							State	Fee	e X
OPERATOR	8		C. C.			[3	. State Oil &	Gas Lease No.	
	<u> </u>	ARTES	IA, OFFICE			ļ			
	SUNDR'	Y NOTICES	AND REPORTS O	N WELLS			777777	77/1/1/1/	7771,
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WELL WELL	X	OTHER-			M				
2. Name of Operator	י כור הי	Grace IIv			III FEB 20 1	1010 1	. Form or Lea		
	ter r.	Grace IIV		ل,	<u> </u>		Grace-At	lantic	
3. Address of Operator	. Box 1) ₁ 18 Ca	rlsbad, New M	exico 🤅	IL CONSERVAT	ION CO	Well No.		
4. Location of Well					Santa		<u> </u>	D1 B/1 11	
4. Location of Well	19	80	South		1980			at Wildcat	e de la
UNIT LETTER			FROM THE	LINE A	ND FE	EET FROM	MJŦGG		7777
East		24	225		26E				11111
	INE, SECTIO	м м	TOWNSHIP	RAN	IGE	_ NMPM. [11111.
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		/////// 13. i	• •		n, etc.)		2. County		
16.	777777	77777	3162				Eddy		7777,
10.	Check A	Appropriate	Box To Indicate	Nature of	Notice, Report	or Othe	r Data		
NOTIC	E OF IN	TENTION T	0:		SUBSE	QUENT I	REPORT O	F:	
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PERFORM REMEDIAL WORK]		PLUG AND ABANDON	REMEDIA	L, WORK		ALT	ERING CASING	
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PULL OR ALTER CASING]		CHANGE PLANS	CASING T	EST AND CEMENT JOB	Z\			
				OTHER	!				_ 🔼
OTHER	· .]	Progress Re	port			
17. Describe Proposed or Co	mplated On	angtions (Class	lu stata all partinant d	stails and a	ina purtinant data i			6 - 4 - 4	
work) SEE RULE 1103.	mpreted Op-	sidifons (Oteu)	i, state att periment a	tans, ana g	ive periinem aaies, i	netating es	timatea date (oj starting any pi	oposea
2/114	- آ.	-55 8 rd.	of 40#, 85 j csg. to a dep th 1250 sx. c	th of 5	406' set@ 5:	390'.			
	w/ Ц1	/400 sks (L sacks.	Class C $w/3\#$ p Plug down. $5\frac{1}{2}$ hours. Tes	er sack	gilsonite.	Circul O.K.	ated out		
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18. I hereby certify that the i	nfermation	above is true a	nd complete to the hes	t of my know	ledge and belief				
		2	J	yow					
1/2.	-		6	Agent				2/16/73	3
SIGNED LEG	uliv		Me litle_	yRemo			DATE		
11,	8 G	,	x/ .	ie amb Ga	S INSPECTOR		ة حدة بننا	7 4 5 4575	į
APPROVED BY	100	ruse	CY TITLE	IL HIIU UN			DATE	3 1 0 1073	

CONDITIONS OF APPROVAL, IF ANY:

NO. OF COPIES RECEIVED		Form C-103
DISTRIBUTION	RECEIVEL	Supersedes Old C-102 and C-103
SANTA FE / i	NEW MEXICO OIL CONSERVATION COMMISSION	Effective 1-1-65
FILE /	1000	
U.S.G.S.	JAN 3 1 1973	5a. Indicate Type of Lease
LAND OFFICE		State Fee XX
OPERATOR /	O. C. C.	5. State Oil & Gas Lease No.
	ARTESIA, OFFICE	***************************************
SUNDF - (DO NOT USE THIS FORM FOR PR USE "APPLICA"	RY NOTICES AND REPORTS ON WELLS OPDSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. TON FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)	
l. OIL GAS XX WELL XX	OTHER-	7. Unit Agreement Name
2. Name of Operator Michael P. Gr	ace II ✓	8. Farm or Lease Name Grace-Atlantic
3. Address of Operator P. O. Box 141		9. Well No.
	0 - Cal 13500, Her Hextes	
4. Location of Well UNIT LETTER	980 FEET FROM THE South LINE AND 1980 FEET FROM	10. Field and Pool, or Wildcat Wildcat
THE <u>East</u> Line, secti	ON 24 TOWNSHIP 225 RANGE 26E NMPM	
	15. Elevation (Show whether DF, RT, GR, etc.)	12. County
	3162 GR	Eddy
16. Check	Appropriate Box To Indicate Nature of Notice, Report or Ot	her Data
		T REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON	COMMENCE DRILLING OPNS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CHANGE PLANS CASING TEST AND CEMENT JOB	Tess And Roansonmen.
	OTHERProgre	ss report X
OTHER		
17. Describe Proposed or Completed O work) SEE RULE 1103.	perations (Clearly state all pertinent details, and give pertinent dates, including	estimated date of starting any proposed
		,
356.65' GL w (1.32 cu.ft., pipe. Plug	/73. Cemented 13 3/8" J-55 Buttress 61# casing ith 375 sks. class "C" with # cacl/sk 14.8#/gal/sk) and reversed out 30 sacks. Left 30' cement down at 6:30 a.m. W.O.C. 18 hours. Tested to 5	slurry in
held.		-
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	A contract of the contract of	
	a	
18. I hereby certify that the information	above is true and complete to the best of my knowledge and belief.	
× 1/ - 1.	h.	
SIGNED Scarific	AUNIZ TITLE Agent	I/29/73
1.10 a		FEB 6 1973
APPROVED BY	LILE ON AND GAS 143.05070.9	DATE 13/3
CONDITIONS OF APPROVAL, IF ANY		

NO. OF COPIES RECEIVED 5				,	=	30-019	-20198
DISTRIBUTION	NEW	MEXICO OIL CONSE	RVATION COMMI	ISSION		orm C-101	, 20170
SANTA FE	₽ REC	EIVED				Revised 1-1-6	5
FILE					Γ	SA. Indicate	Type of Lease
u.s.g.s. 2	1201	1 7 4074			1	STATE	FEE X
LAND OFFICE	JAN	1 7 1973			F	5. State Oil	& Gas Lease No.
OPERATOR /					Ł		
		C. C.					
	FOR PERMARTES	BRALLIDEEPEN,	OR PLUG BAC	K ,		777777	
ia. Type of Work					İ	7. Unit Agre	ement Name
DRILL XX		DEEPEN	p	LUG BACK	: M		
b. Type of Well						8. Form or L	
	OTHER		ZONE XX	MULTIPLE ZONE			Atlantic
2. Name of Operator Gorisma Grace	1.					9. Well No.	7
3. Address of Operator	<i>y</i>					10 Field m	L Pool of Wildow
•				*.	und	12. Ca.	Pool, or Wildcat
	18 <u>Carlsbad,</u>	lew Mexico 882		<i>a</i>		777777	iiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiiii
4. Location of Well UNIT LETTER	noc	1980 LETA	FRET FROM THE	South	- rine		
AND 1980 FEET FROM TO	" East in	e of sec. 24	TWP. 22S RGE	. 26E	NNPM		
Pillinnnii Pilli	"immmii	mmm	innini	TITT		12. County	
						Eddy	
				4444	7777	TITT	
		1111111	19. Proposed Depth	19A. F	ormation		20. Rotary or C.T.
			12,100		Morro	M	Rotary
21. Elevations (Show whether DF, R	RT, etc.) 21A. Kind	& Status Plug. Bond	21B. Drilling Contro	actor		22. Approx	. Date Work will start
3162 GR	B1	anket	Big West	Drilli	ng Co.	1/	<u> 19/73 </u>
23.	Р	ROPOSED CASING AN	D CEMENT PROGR	:AM			
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOO	T SETTING DE	EPTH ISA	CKS OF	CEMENT	EST. TOP
17 1/2	13 3/8	61#	375	-1 111 071			
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					٤	Xblass	COMMET 18-73
IN ABOVE SPACE DESCRIBE PRO	POSED PROGRAM: IF R PROGRAM, IF ANY.	PROPOSAL IS TO DEEPEN	OR PLUG BACK, GIVE	DATA ON PRE	SENT PRO	DUCTIVE ZONE	AND PROPOSED NEW PRODUC
I hereby certify that the information	above is trie and com	olete to the best of my	knowledge and belie	εξ.			
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Signed Admitte	111. Johns	Ti:leAgent	,			ate	6/73
(This space for St	tate Use)						
1.10	() -t	·	m ta 1214 m m m m m = -			1/1	N 18 1973
APPROVED BY [N.C. S	Grescell	TITLE VIL AND 6	GAS INSPECTOR			PATE	1 10 13/3
CONDITIONS OF APPROVAL, IF	ANY:						

WELL LOCATION AND ACREAGE DEDICATION JAN 19 1973 All distances must be from the outer boundaries of the Se Operator GRACE ATLANTICOIL CONSERVATION Santa Fe Township County 22 South 26 EAST Actual Footage Location of Well: feet from the SOUTH EAST line and Ground Level Elev. Producing Formation Dedicated Acreage: 3174 Morrow 320 Acres . 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc? R-4432 If answer is "yes," type of consolidation __Force-pooling No. If answer is "no," list the owners and tract descriptions which have actually been consolidated. (I'se reverse side of No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commis-CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Agent Grace I 1/16/73 I hereby certify that the well location Hannifin & Cook shown on this plat was platted from field 1980' is true and correct to the best of my knowledge and belief. 980 Date Surveyed 1-6-73 Registered Protessional Engineer Merland Inc. Fee- Subdivided 676

I MEXICO OIL CONSERVATION COMMI!



city of carlsbad

PHONE 887-1191 • BOX 1569 • CARLSBAD, NEW MEXICO 88220

Mayor — Walter Gerrells

City Administrator — Claude Tabor

January 16, 1973

Mr. W. A. Gressett Oil Conservation Commission Drawer DD Artesia, New Mexico 88210

Dear Mr. Gressett:

This letter is to inform you that the City of Carlsbad has no objection to the following proposed location of Grace Oil Company Well in Section 24, Township 22 South, Range 26 East, N.M.P.M.:

A well site lying 1980' from the South line and 1980' from the East line of said Section.

I am informed that that location will not interfere with the operations of the Cavern City Air Terminal. As long as the well is drilled at the above location, the City of Carlsbad has no objection to drilling permits being issued.

Very truly yours,

Walter Gerrells Mayor

WG:vg

cc: Mr. A. L. Porter, Jr., Oil Conservation Commission

Mr. Claude F. Tabor, City Administrator

Mr. Claude McCausland, Cavern City Air Terminal

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW ME. 20

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

CASE NO. 5054 Order No. R-4432-A

APPLICATION OF D. L. HANNIFIN AND JOE DON COOK FOR DETERMINATION OF REASONABLE WELL COSTS AND FOR AN ORDER TERMINATING OPERATOR'S WITHHOLDING PERIOD.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 28 and 29, 1973, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of September, 1973, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That pursuant to Cases Nos. R-4819 and R-4836, heard before an examiner of the Oil Conservation Commission on September 27, 1972, Order No. R-4432 was issued which force pooled the S/2 of Section 24, Township 22 South, Range 26 East, NNPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That Order No. R-4432 created a standard communitized unit comprising 320 acres, named Michael P. Grace II the operator of said unit, established a risk factor of 25 percent to be assessed against any non-consenting working interest, and authorized the drilling of a well for the subject unit to be drilled at a standard location for the South Carlsbad-Morrow Gas Pool.
- (4) That the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, is subject to a royalty payment of 18.75 percent, and the working interest ownership of said SE/4 of Section 24 is 81.25 percent; that the SW/4 of said Section 24 is subject to a royalty and overriding royalty payment of 25.0 percent, and the working interest ownership of said SW/4 of Section 24 is 75.0 percent.

-2-Case No. 5.J4 Order No. R-4432-A

(5) That subsequent to the issuance of Order No. R-4432, D. L. Hannifin, as Non-Consenting Working Interest Owner, and Barbara E. Hannifin, his wife, filed with the Commission a "Statement of Non-Consent" executed January 4, 1973, wherein D. L. Hannifin and Barbara E. Hannifin, his wife, stipulated that D. L. Hannifin is the working interest owner under an Oil and Gas Lease covering the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, which said tract, together with the SW/4 of said Section 24, has been dedicated to a 320-acre standard location for the drilling of a test well in the Morrow formation underlying the S/2 of said Section 24; and that Michael P. Grace II has been designated by the New Mexico Oil Conservation Commission as the operator of the proposed well and unit. The Statement of Non-Consent stipulated further:

"The undersigned, D. L. Hannifin, non-consenting working interest owner, joined herein by his wife, Barbara E. Hannifin, hereby expressly elects not to pay his share of estimated well costs to Operator and in lieu thereof, hereby elects to pay his share of reasonable well costs out of production. The undersigned further certifies and agrees that \$135.00 per month should be fixed as a reasonable charge for the supervision (combined fixed rates) for the subject well; agrees to the 25% prorata risk share charge described in finding (7)(B); and agrees that Operator is authorized to withhold from production the proportionate share of such supervision charge attributable to the undersigned non-consenting working interest owner's interest, and Operator is authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to non-consenting working interest owner, all as more particularly defined in Order R-4432."

- (6) That on January 28, 1973, Michael P. Grace II as Operator of the S/2 of Section 24, Township 22 South, Range 26 East, caused to be commenced the drilling of a well designated the Grace-Atlantic Well No. 1, located 1980 feet from the South line and 1980 feet from the East line of said Section 24, to a proposed depth of 12,100 feet to test the Morrow formation, the S/2 of said Section 24 being dedicated to the well.
- (7) That on March 1, 1973, Michael P. Grace II and Corinne Grace, as "Seller," entered into a contract with El Paso Natural Gas Company, as "Buyer," for the sale of gas produced from those formations between the surface of the ground and the base of the Morrow formation underlying Seller's properties comprising certain lands, including the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico; that said

contract provides that Buyer shall pay Seller for gas purchased thereunder at the rate of \$0.52 per MCF commencing on the date of first deliveries and continuing through the month of December, 1973, subject to adjustment for the heating value of the gas produced, either more or less than 1,000 BTU's per MCF; and subject to certain escalations after December, 1973.

- (8) That on March 15, 1973, the above-described Grace-Atlantic Well No. 1 was completed and ready to produce; that on March 29, 1973, said well was tested and found to have a calculated absolute open flow potential of 65,737 MCF per day from perforations in the Morrow formation from 11,424 feet to 11,444 feet.
- (9) That said Grace-Atlantic Well No. 1 was actually connected to the El Paso Natural Gas Company pipeline system April 16, 1973, and that gas production since that date has yielded, including the BTU adjustment described in Finding No. (7) above, \$0.62036 per MCF.
- (10) That on July 30, 1973, D. L. Hannifin and Joe Don Cook, through their attorney, made application to the Commission seeking a determination of the reasonable well costs of the Grace-Atlantic well, and a determination of when Michael P. Grace II had been fully compensated for all reasonable well costs and the 25 percent risk charges and the pro rata share of reasonable well costs attributable to Hannifin and Cook on the well.
- (11) That at the hearing the parties stipulated to the following facts:
 - (a) That the original cost of the well is \$439,986.35, one-half of which is subject to the 25 percent risk factor provided in Order No. R-4432.
 - (b) That additional charges have been incurred by the operator in the amount of \$25,694.75 and should be divided equally between the parties.
 - (c) That the Grace share of these costs (50 percent of the original costs and 50 percent of the additional costs) is \$232,840.56.
 - (d) That the Hannifin and Cook share of these costs (50 percent of the original costs, a 25 percent penalty thereon and 50 percent of the additional costs) is \$287,838.84.
 - (e) That the total well costs are \$520,679.40.

- (f) That each party should pay 50 percent of the reasonable charge for supervision (combined fixed rates).
- (g) That the reasonable charge for supervision pursuant to Commission Order No. R-4432, is \$135 per month which totals \$405 for the months of April, May and June, 1973, \$202.50 of which should be paid by each of the two parties.
- (h) That the Grace total share of all costs is \$233,043.06.
- (i) That the Hannifin and Cook share of all costs is \$288,041.34.
- (12) That each of the 160-acre tracts communitized by Commission Order No. R-4432 should stand on its own insofar as royalty and overriding royalty payments are concerned; that accordingly, the working interest attributable to the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, Lea County, New Mexico, is 40.625 percent of the pooled unit interests as a whole; that the royalty interest underlying said SE/4 of Section 24 is 9.375 percent of the pooled unit interests as a whole; that the working interest attributable to the SW/4 of said Section 24 is 37.5 percent of the pooled unit interests as a whole; and the combined royalty interests and overriding royalty interests underlying said SW/4 of Section 24 total 12.5 percent of the pooled unit interests as a whole.
- (13) That the current sales price for gas produced from the subject well is \$0.52 per MCF plus \$0.10036 per MCF BTU adjustment for a total of \$0.62036 per MCF. That the royalty under the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, is 18.75 percent of the production attributable to said tract. That the current rate of taxation on the production from the subject well is 6.419 percent of the value received for said production. That these are the proper factors to be used in determining the date on which production, less royalty and taxes, attributable to the subject SE/4 of Section 24 has paid out the stipulated costs chargeable to Hannifin and Cook through June, 1973, which total \$288,041.34.
- (14) That from April 16, 1973, through 7 o'clock a.m. on June 26, 1973, the subject Grace-Atlantic Well No. 1 produced a total of 1,243,813 MCF of gas. That applying the factors described in Finding No. (13) above to this production indicates that at 7 o'clock a.m. on June 26, 1973, the portion of production attributable to the subject SE/4 of Section 24, less royalty and taxes, had paid out the costs attributable to Hannifin and Cook plus an additional \$661.09, or a total of \$288,702.43.

Case No. 505 Order No. R-4432-A

- (15) That according to the evidence, gas is currently being sold from the subject well under a contract signed pursuant to the Federal Power Commission's Order No. 428-428 A dealing with Small Producer sales; that the sale of gas under such contracts is currently in litigation; that depending upon the outcome of such litigation, the sales price for gas from the subject well could be changed.
- (16) That the Commission is in no position to determine what the final sales price for gas from the subject well will be, and can only rely upon the current price.
- (17) That certain monies derived from the sale of gas from the subject well have been placed in escrow with the American Bank of Carlsbad, Carlsbad, New Mexico, pending the determination of payout of the well.
- (18) That inasmuch as it has been determined that the Hannifin and Cook portion of total well costs was paid out at 7 o'clock a.m. June 26, 1973, plus \$661.09, it would appear that monies held in escrow from production after that date should be released to the applicants, Hannifin and Cook.
- (19) That it should be up to the working interest owners in the subject well to arrive at a suitable arrangement regarding payment of funds derived from sale of gas from the subject well which may be excessive should the sales price of gas be adjusted retroactively and be subject to refund.

IT IS THEREFORE ORDERED:

- (1) That the 18.75 percent royalty of the Hannifin portion of the subject unit, being the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and the 25.0 percent royalty for the Grace portion of the subject unit being the SW/4 of said Section 24, are independent and separate from each other and cannot be pooled or averaged at the discretion of the operator into a uniform royalty percentage for the purpose of determining the payout date of the Michael P. Grace II Grace-Atlantic Well No. 1, located 1980 feet from the South line and 1980 feet from the East line of said Section 24.
- (2) That the 18.75 percent royalty applicable to the SE/4 of said Section 24 shall be applied to one-half of the total production from the well, and the 25 percent royalty and overriding royalty applicable to the SW/4 of said Section 24 shall be applied to the other half of the total production from the well.

- (3) That a tax rate of 6.419 percent of the production attributable to the SE/4 of said Section 24 shall be used in determining date of payout for the total share of well costs attributable to Hannifin and Cook through June, 1973.
- (4) That the gas price to be used in determining the date of payout for the subject well shall be \$0.52 per MCF plus \$0.10036 per MCF BTU adjustment, for a total of \$0.62036 per MCF of gas.
- (5) That the original well costs for the subject well are \$439,986.35, one-half of which, or \$219,993.18, are to be borne by Michael P. Grace II and one-half of which plus a 25 percent charge for risk, or \$274,991.47, are to be borne by D. L. Hannifin and Joe Don Cook.
- (6) That additional costs incurred, totalling \$25,694.75, are not subject to any charge for risk, and shall be shared equally by the two parties to this hearing, Michael P. Grace II, and Hannifin and Cook.
- (7) That Michael P. Grace II's total share of original well costs and additional costs incurred shall be \$232,840.56.
- (8) That Hannifin and Cook's share of original well costs plus the 25 percent charge for risk, and their share of additional costs incurred, shall be \$287,838.84.
- (9) That \$135.00 per month is a reasonable charge for supervision (combined fixed rates) for the subject well and totals \$405.00 for the months of April, May, and June, 1973. That this charge for supervision shall be borne equally by Michael P. Grace II and by Hannifin and Cook, thereby making each party's share \$202.50.
- (10) That Michael P. Grace II's total share of reasonable well costs (defined as original well costs and additional costs incurred) and charge for supervision through June, 1973, shall be \$233,043.06.
- (11) That Hannifin and Cook's total share of reasonable well costs (as defined above) plus a 25 percent penalty on the original well costs, and charge for supervision through June, 1973, shall be \$288,041.34.
- (12) That \$288,041.34, being the total share of reasonable well costs (as defined above) plus a 25 percent penalty on the original well costs, and charge for supervision through June, 1973, attributable to Hannifin and Cook, is hereby determined to have been paid out by production attributable to the SE/4 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, less royalty and taxes, at 7 o'clock on June 25, 1973, with an additional overpayment attributable to Hannifin and Cook of \$661.09.

- (13) That any funds derived from the sale of gas from the subject well after 7 o'clock a.m. June 26, 1973, attributable to D. L. Hannifin and Joe Don Cook, and held in escrow by American Bank of Carlsbad shall be released to said Hannifin and Cook subject to agreement in writing between Hannifin and Cook and Michael P. Grace II as to future arrangements, escrow, bonding or whatever may be satisfactory to the parties involved, covering the difference, if any, between the current sales price of gas from the subject well and the future sales price of gas.
- (14) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

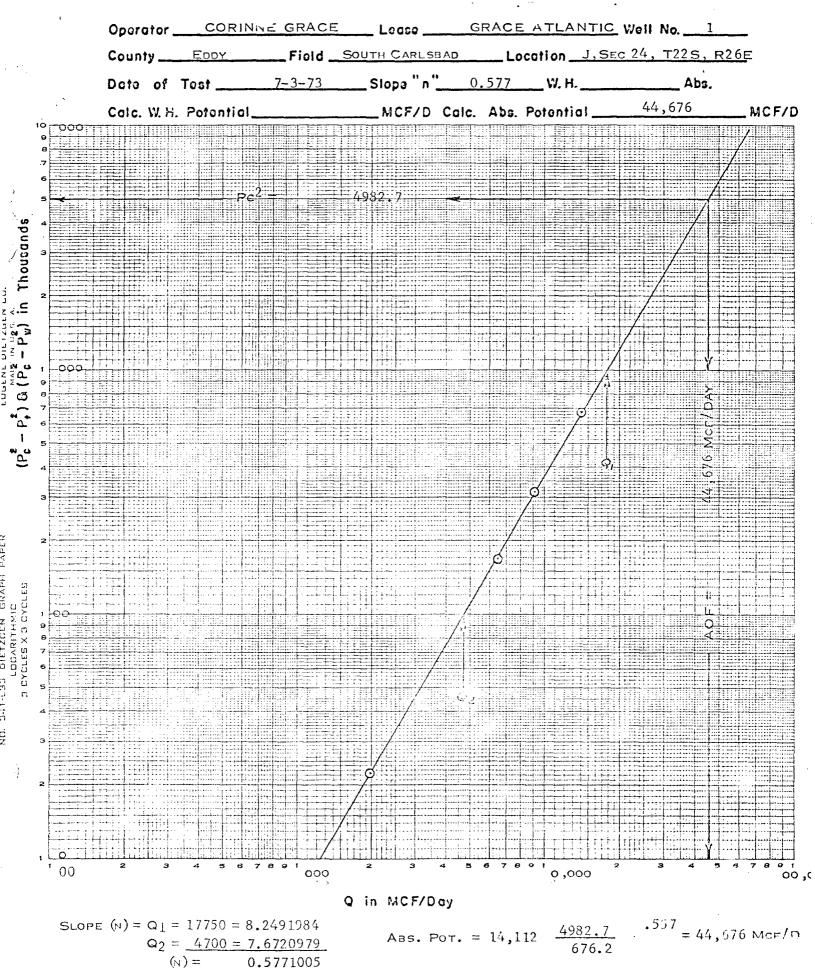
ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

SEAL

MULTIPOID AND ONE POINT BACK PRESSURE IT FOR GAS WELL

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SANTA FE FILE U.S.G.S

NEW MEXICO OIL CONSERVATION CO SSION REQUEST FOR ALLOWABLL AND

Form C-104
Supersedes Old C-104 and C-110
Elfective 1-1-65

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ļ		Tubing Preseure	Casing Preseure	Choze Size
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		10/1-95/-	Water - Bole,	Gas • MCF
!	Actual Prod. During Test	Ott-Bbla.	1	- 1701

GAS WELL Sala, Condenagte/MMCF Astual Prog. Test-MCF/D Gravity of Condensate Length of Test (al-sta) eweeers pales Choke Size Tubing Presewe (Shuc-in)

VI. CERTIFICATE OF COMPLIANCE

Testing Method (pitot, back pr.)

I hereby certify that the rules and regulations of the Gil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

0015 13 1130	The Company of the Co
	De La Donald
	Company of the second
	(Serinature)
	June 13 1913
	Care

OIL CONSERVATION COMMISSION

JUN 1 8 1973

TITLE OIL AND GAS INSPECTOR

This form is to be filed in compliance with AULE 1104.

If this is a request for allowable for a newly drilled or despended well, this form must be accompanied by a tabulation of the deviation tasts taken on the well in accordance with AULE 111.

All actions of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I. II. III, and VI for changes of owner, well name or number, or transporter or other such change of condition. Separate Forms C-194 must be filed for each pool in multiply

OIL CONSERVATION COMMISSION

BOX 1980

HOBBS, NEW MEXICO

RECEIVED

APR 26 1973

D. C. C. ARTESIA, DEFICE

NOTICE OF GAS CONNECTION

DATE April 23, 1973

Title

;		
This is to notify the (Oil Conservation Commission	that connection for
the purchase of gas from the	Michael P. Grace II	Grace Atlantic ,
	Operator	Lease
#1 (Morrow) J	24-22-26	Carlsbad Morrow South
Well Unit	S.T.R.	Pool
•		·
61-333-01	19000 4	El Paso Natural Gas Co
Meter Code	Site Number	Name of Purchaser
was made on April 16,	El Paso	Natural Gas Company Purchaser Representative Elliott
	Gas Prod	uction Status Analyst

TRE:bl operator

Oil Conservation Commission - Santa Fe

Oil Conservation Commission - Artesia (2)

Proration

H. P. Logan

T. J. Crutchfield

File

Grace Atlantic Well No. 1, Eastman Deviation Record; Page 2

I hereby certify that I have personal knowledge of the data and facts placed on this form, and that such information given above is true and complete. WILSHER, Toolpusher BIG WEST DRILLING COMPANY Operator Affidavit: Before me, the undersigned authority, on this day personally Michael P Grace II, known to me to be the person whose name is subscribed hereto, who, after being duly sworn, on oath states that he is the Operator of the well identified in this instrument, and that such well was not intentionally deviated from the vertical whatsoever. Sworn and Subscribed to before me, this County, New

Mexico.

Big West Drilling Company

1714 COMMERCE BUILDING FORT WORTH, TEXAS 76102

March 22, 1973

RECEIVED

TO: MICHAEL P. GRACE

CORINNE GRACE

POST OFFICE BOX 1418

CARLSBAD, NEW MEXICO 88220

APR 2 1973

D. C. C. ARTESIA, DEFICE

WELL NAME AND LOCATION:

Grace Atlantic Well No. 1, 1980' FSL 1980' FEL,

Sec. 24, T-22-S, R-26-E, Eddy County, New Mexico

EASTMAN DEVIATION RECORD

Date 1973	Depth	Degree of Deviation
1-28	260	1/2
1-29	375'	3/4
1-30	6601	3/4
1-31	1,370'	1
2-1	1,8601	1 1/4
2-2	2,300'	1
	2,600	1
2-3	3,095	1 1/4
2-4	3,550'	1
2-5 7 7 7 7 7 1	4,125'	1
2-9	4,490	<i>-</i> ≥ 1
2-13	ر 5,396	1
2-16	5,871'	1 1/4
2-17	6,368'	1 1/4
2-19	6,860'	1/2
2-20	7,3401	3/4
2-21	7,800'	1 1/2
2-22	8,290'	1 1/2
2-23	8,520'	1 1/2
2-24	9,010'	1 1/2
2-25	9,510'	1 1/2
2-27	9,980'	1 1/2
2-28	10,450'	2
3-1	10,690'	1 1/2
3-4	11,165'	1 1/2
	11,260'	1 3/4
3-6	11,470'	1 1/2
3-10	11,770'	1 3/4

Continued

michael. Groce II

D.S.T.'s

GRACE-ATLANTIC # 1

 $S^{\frac{1}{2}}$ Section 24, T22S, R26E Eddy County, New Mexico

RECETVED

APR 6 1973

D. C. C. ARTESIA, OFFICE

#1 38' from 4462 to 4490. Tool open for I.F. gas to surface in 18 min.
w/strong blow gradually weakening to medium blow (45 min.) Tool shut for
I.S.I.P. tool open for second flow. (1½ hr.)
1½ hr. I.S.I.P. 1986

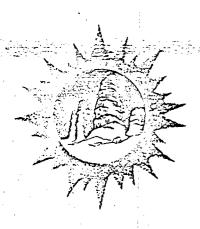
3 hr. F.S.I.P. 2052

I.F. 107 Hy.2304 Final Flow 444 Sampler: 300 cc water 600 cc oil 1.2 c.f.gas 'gas volume TSTM Rec 300' good oil 642' oil & gas cut drilling fluid Bottom hole temp 82°

#2 11h79' Tool open for I.F. gas to surface in 32 min.
30 min pre-flow 3267
1\frac{1}{4} hr. I.S.I.P. 3h19
1 hr. #2 Flow 3267
2 hr. F.S.I.P. 3h19
appr. 12 mcf Sampler 3150 p.s.i. no fluid 14.05 cu.ft.gas
Hy 55h5

#3 11477-620 143' 1/2 hr. open w/good blow inc. to strong blow g.t.s. in 28 mkn 1 hr. s.i. 1½ hr. f.f. 375# on 1/4 ck. 1/2 m.c.f. 3 hr. f.s.i.p. rec. 668' g.c.d.m. sampler 450# p.s.i. 4.0 cu ft. gas (dry) no fluid I.S.I.P. 4808 F.S.I.P. 4808 I.F.P. 241 F.F.P. 745 Hy. 5653

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.s.g.s.	124 "	LLL COMPL	ETION OR REC	RE'	1, 5, 1, 0, E	D 200 5. 5	State Oil &	Gas Lease No.
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NEW I WOI	* · ·	PLUG BACK	DIFF.	ОТНЕЯ			Grace-	Atlantic
Name of Operator	· DEEPEN	BACK	· HESVA.	I OTHER		9. (Well No.	
Michael	P. Grace II	•					·· 1	
Address of Operator		,				10.	Field and	Pool, or Wildcat
P. 0. Bo	x 1418. Car	lsbad, New	N-Mexico					
Location of Well			<u>. The second of the second of</u>	A-11-11-11-11-11-11-11-11-11-11-11-11-11	?		TSOUTH	7777 PEPELTER
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,	COUNTED	FELT F	NOM THE	TTTTT	mini		County	~~}}
East Line of	24	225	26E				Eddy	
Date Spudded	16. Date T.D. Re	eached 17 Date	Compl. (Ready to	Prod. 18.	Elevations (DF.	RKB. RT. GR. e	(c.) 19. El	lev. Cashinghead
1/28/73	3/11/73	3	3/15/73	201	3162	GR		lev. Cashinghead
Total Depth		Back T.D.	22. If Multip	le Compl., Ho	w 123 Intervo	ls Rotary To	ols	Cable Tools
11,772	11,	740	Many	ic compil, ite	Drilled	By O-TD		2
Producing interval(s			m Name			→ :	105	. Was Directional Survey
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. Type Electric and C			na Par Nauta	on BHC	Acoustilos			NO
	WIGLO-Pacet		na Ray Neutr					
_		L.A.						
					s set in well)			
CASING SIZE	WEIGHT LB./	FT. DEPT	H SET HO	LE SIZE	CEMEN	ITING RECORD		AMOUNT PULLED
CASING SIZE	61#	FT. DEPT	н SET но	LE SIZE	CEMEN 375 sks C	lass "C"	0. 03.00	circl.
CASING SIZE 13 3/8 0 5/8	61# 35 & h0#	FT. DEPT 356 51:02	н seт но 17	1/2 1/1/2	CEMEN 375 sks C 1250 sks	lass "C" Hal.lt.&40	00 Clas	circl.
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city of carisbad

PHONE 887-1191 • BOX 1569 • CARLSBAD, NEW MEXICO 88220 Mayor — Walter Gerrells City Administrator — Claude Tabor

January 16, 1973

Mr. W. A. Gressett Oil Conservation Commission Drawer DD Artesia, New Mexico 88210

Dear Mr. Gressett:

This letter is to inform you that the City of Carlsbad has no objection to the following proposed location of Grace Oil Company Well in Section 24, Township 22 South, Range 26 East, N.M.P.M.:

A well site lying 1980' from the South line and 1980' from the East line of said Section.

I am informed that that location will not interfere with the operations of the Cavern City Air Terminal. As long as the well is drilled at the above location, the City of Carlsbad has no objection to drilling permits being issued.

Very truly yours,

Walter Gerrells

Mayor

WG:vg

cc: Mr. A. L. Porter, Jr., Oil Conservation Commission

Mr. Claude F. Tabor, City Administrator

Mr. Claude McCausland, Cavern City Air Terminal

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128

	ACE J		GRACE ATL	ANTIC		wer res.
init Letter J	Section 24	Township 22 SOUTH	Range 26 EAST	County	Y	
Actual Footsque Loc 1980	feet from the SOL			⇒t Irom the	EAST	line
Ground Lyvel Elev. 3174'	Producing For Morro	,	Fildest Lo. C.	inlified)	nanow 32	ated Acceage: 20 Access
-		ted to the subject we				
	an one lease is ad royalty).	dedicated to the well,	outline each and id	dentify the	ownership thereof	(both as to working
	ommunitization, u	ifferent ownership is d nitization, force-poolin	g. etc?			
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		or until a non-standard				
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			1		tained herein is	true and complete to the
	1		1	·	best of my knowl	eage and belief.
	 				(Zine)	te L. Jones
	· !		1		Agent	
	i r				}	Grace II
	was what for		.		1/16/7	73
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=16	race 175				shown on this pl	lar was platted from Leld
			1980'		1	surveys made by me or ission, and that the same
	JOHN W WOOD	A.			is true and cor knowledge and b	rect to the best of my elief.
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NO. OF COPIES RECEIVED	4	Form C-103
DISTRIBUTION	RECEIVED	Supersedes Old
SANTA FE	NEW MEXICO OIL CONSERVATION COMMISSION	C-102 and C-103 Effective 1-i-65
FILE 1 L	•	. Shootive 14-05
U.S.G.S.	JAN 3 1 19 73	5a. Indicate Type of Lease
LAND OFFICE		State Fee XX
OPERATOR /	o. c. c.	5. State Cil & Gas Lease No.
<u></u>	ARTESIA, OFFICE	
SUNDD	Y NOTICES AND DEDODES ON WELLS	
DO NOT USE THIS FORM FOR PRO	Y NOTICES AND REPORTS ON WELLS POSALS TO DRILL OR TO DEEPEN ON PLUG BACK TO A DIFFERENT RESERVOI ON FOR PERMIT (FORM C-101) FOR SUCH PROPOSALS.)	«. (
1.	ON FOR PERMIT TO (FORM C-101) FOR SUCH PROPUSALES.)	7. Unit Agreement Name
OIL GAS XX	OTHER.	
2. Name of Operator		8. Farm of Lease Name
Hichael P. Gr	ace II/	Grace-Atlantic
3. Address of Operator		9. Well No.
P. O. Box 1418	B Carlsbad, New Mexico	1
4. Location of Well		LIO. Field and Pool, or Wildoot
	000	10. Field and Pool, or Wilder news. WildCat
UNIT LETTER,	980 FEET FROM THE SOUTH LINE AND 1980	FEET FROM
	245	
THE FAST LINE, SECTIO	N 24 TOWNSHIP 22S RANGE 26E	NMPM. {{}}}}
	15. Elevation (Show whether DF, RT, GR, etc.)	12. County
	3162 GR	Eddy ·
Check A	Appropriate Box To Indicate Nature of Notice, Repo	ort or Other Data
NOTICE OF IN	TENTION TO: SUBS	SEQUENT REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON	COMMENCE DRILLING OPHS.	PLUG AND ABANDONMENT
PULL OR ALTER CASING	CHANGE PLANS CASING TEST AND CEMENT JQ	
•	OTHER	Progress report X
OTHER		
17 Departus Processed or Completed On	erations (Clearly state all pertinent details, and give pertinent dates	including actions and days of actions are actions and
work) SEE RULE 1 103.		, including estimated date of starting any proposed
	·if	· · ·
Spudded 1/28/	73. Cemented 13 3/8" J-55 Buttress 51# c	asing at
356-651 GI WI	th 375 sks. class "C" with 2# cacl/sk 14.	.8#/gal sturry
(1-32 cuafta/	sk) and reversed out 30 sacks. Left 301	cement in
nina. Plun d	own at 6:30 a.m. W.O.C. 18 hours. Teste	4 4- 5004 0
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held.		
		~
		· Note that the second of the
18. I hereby certify that the information	above is true and complete to the best of my knowledge and belief.	
1/ +x.	M b	
signed Steamen	Agent Agent	1/29/73
12 0 1		rrn a 4070
APPROVED BY N.C.	PLASSES THE OIL AND GAS INSPECTOR	FEB 6 1973
· · · · · · · · · · · · · · · · · · ·		

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CONDITIONS OF APPROVAL, IF ANY:

DISTRIBUTION SANTA FE	NEW	CENES MEXICO OIL CONS EB 1 9 1973		MISSION	Form C-103 Supersedes Old C-102 and C-10 Effective 1-1-6)3
u.s.g.s.				:	5a. Indicate Type	 -1
LAND OFFICE OPERATOR		D. C. C.			5. State Oil & Gas	Fee X
GFERATOR 11		RTESIA, OFFICE		* 4	5, 5,4,5 5,7 6 643	Lease No.
SUN (DO HOT USE THIS FORM FOR USE "APPL	IDRY NOTICES AND PROPOSALS TO DRILL OR ICATION FOR PERMIT -"	ID REPORTS ON TO DEEPEN OF PLUG B.	WELLS ACK TO A DIFFERENT H PROPOSALS.)	RESERVOIR.		
OIL GAS WELL X	OTHER.			٠.	7. Unit Agreement	Name
2. Name of Operator Michael I	P. Grace II ✓	•			8. Form or Lease 1 Grace-Atla	
3. Address of Operator P. O. Bo	x 1418 Carl	sbad, New Mex	rico		9. Well No.	
4. Location of Well J UNIT LETTER	1980	South	19	80	l" 'Mildeat	, og Wildcat
East LINE, SE	214	225	26 range			
	15. Elev	ration (Show whether 3162GF			12. County Eddy	
NOTICE OF PERFORM REMEDIAL WORK TEMPORARILY ABANDON PULL OR ALTER CASING		UG AND ABANDON	REMEDIAL WORK COMMENCE DRILLI. CASING TEST AND	NG OPNS.		G CASING DABANDONMENT
OTHER			OTHERPros	gress Report		<u>Č</u>
17. Describe Proposed or Complete work) SEE RULE 1103. 2/14/73	Ran 50 jts. of J-55 8 rd. cs cemented with w/400 sks Cla 41 sacks. Pl	of 40#, 85 jts sg. to a depti 1250 sx. of ass C w/3# pes ag down.	s. of 36# am n of 5406': Halliburton r sack gilso	nd 3 jts. of set @ 5396'. n Lt. Wt. cer onite. Circ	40# 9 5/8"	
	W. U. U. 20g	nours. lesu	D.O.I. 00 /	.000//		
	,				e a company	***************************************
	•					
				. 4.		
18. I hereby certify that the informa	tion above is true and d	/	f my knowledge an Agent	d belief.	DATE	2/16/73
410.	Aunest	/ mi!	aya gas iysp	ectoo	TER	1 9 1973

CONDITIONS OF APPROVAL, IF ANY:

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NO. OF COPIES RECEN	/co 3	1				Form <b>C-103</b>	
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BEFORE THE OIL CONSERVATION COMMISSION THE STATE OF NEW MEXICO

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

CASES NOS. 4819 AND 4836 Order No. R-4432

APPLICATION OF D. L. HANNIFIN FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

APPLICATION OF MICHAEL P. GRACE II AND CORINNE GRACE FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 27, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of November, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That in Case No. 4819, the applicant, D. L. Hannifin, seeks an order pooling all mineral interests underlying the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, to form a standard 320-acre unit to be dedicated to a well to be drilled 1980 feet from the South line and 1980 feet from the East line of said Section 24.
- (3) That in Case No. 4836, the applicants, Michael P. Grace II and Corinne Grace, seek an order pooling all mineral interests down to and including the Morrow formation underlying the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre unit to be dedicated to a well to be drilled at an orthodox location for said unit.

Cases Nos. 4819 and 4836 Order No. R 132

- (4) That both applicants, D. L. Hannifin and Michael P. Grace II and Corinne Grace, seek to be named operator of the unit to be pooled.
- (5) That Cases Nos. 4819 and 4836 were consolidated as both cases involve the same lands.
- (6) That the evidence indicates that the entire S/2 of the above-described Section 24 can reasonably be presumed productive of gas from the South Carlsbad Gas Pool.
- (7) That the evidence indicates that the entire S/2 of the above-described Section 24 can be efficiently and economically drained and developed by a well located at a point 1980 feet from the South line and 1980 feet from the East line of said Section 24.
- (8) That there are interest owners in the proposed 320-acre proration unit who have not agreed to pool their interests.
- (9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in the unit the opportunity to receive without unnecessary expense his just and fair share of the gas in the pool, all mineral interests in the Morrow formation underlying the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, should be pooled to form a 320-acre standard unit to be dedicated to a well to be drilled at a standard location in said Section 24.
- (10) That Michael P. Grace II should be designated the operator of the proposed well and unit.
- (11) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.
- (12) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 25% thereof as a reasonable charge for the risk involved in the drilling of the well.
- (13) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.
- (14) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his

share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

- (15) That \$135.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.
- (16) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

- (1) That all mineral interest, whatever they may be, in the South Carlsbad-Morrow Gas Pool underlying the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a 320-acre proration unit to be dedicated to a well to be drilled at a standard location in Section 24.
- (2) That Michael P. Grace II is hereby designated the operator of the subject well and unit.
- (3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs within 30 days following the date of this order.
- (4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.
- (5) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 60 days following completion of the well; that if no objection to the actual well

-4Cases Nos. 48 and 4836
Order No. R-4432

costs are received by the Commission, and the Commission has not objected within 60 days following completion of the well, the actual well costs shall be the reasonable well costs: provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

- (6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.
- (7) That the operator is hereby authorized to withhold the following costs and charges from production:
 - (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 60 days from the date the schedule of estimated well costs is furnished to him.
 - (E) As a charge for the risk involved in the drilling of the well, 25% of the pro rata share
 of reasonable well costs attributable to each
 non-consenting working interest owner who has
 not paid his share of estimated well costs
 within 30 days from the date the schedule of
 estimated well costs is furnished to him.
- (8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.
- (9) That \$135.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.
- (10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

- (11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- (12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.
- (13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

TBRUCE KING, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

SEAL

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

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico
Oil Conservation Commission, do hereby certify that the attached
is a true and correct copy of the Prorated Wells - South
Carlsbad-Morrow Gas Pool.

A. L. PORTER, Jr. Secretary-Director

October 19, 1973



IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 19th day of October, 1973.

Notary Public

My Commission Expires:

Lettere 28, 1977

PRORATED WELLS - SOUTH CARLSBAD-MORROW GAS POOL

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PRORATED WELLS - SOUTH CARLSBAD-MORROW GAS POOL

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