

CASE 5858: Application of CORINNE  
GRACE FOR A DUAL COMPLETION AND  
UNORTHODOX LOCATION, EDDY COUNTY.

CASE No.

5058

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Application,

Transcripts,

Small Exhibits

ETC.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, September 5, 1973

IN THE MATTER OF:

Case No. 5058

Application of Corinne Grace for a dual  
completion and unorthodox location, Eddy  
County, New Mexico.

BEFORE: ELVIS A. UTZ,  
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 5058.

2 MR. CARR: Case 5058, Application of Corinne Grace  
3 for a dual completion and unorthodox location, Eddy  
4 County, New Mexico.

5 MR. LINES: Farrell Lines, appearing for Michael  
6 Grace. We have one witness, Kenneth F. Smith.

7 MR. UTZ: What's the name again?

8 MR. LINES: Farrell Lines, L-i-n-e-s.

9 MR. UTZ: Do we have other appearances?

10 MR. KELLAHIN: If the Examiner please, Jason  
11 Kellahin, Kellahin & Fox, appearing for Pennzoil Company.

12 MR. UTZ: Are there other appearances?

13 (No response.)

14 MR. UTZ: Call the witness to be sworn, please.

15 KENNETH F. SMITH,

16 a witness, having been first duly sworn according to law, upon  
17 his oath testified as follows:

18 DIRECT EXAMINATION

19 BY MR. LINES:

20 Q Would you state your name for the record, please, sir?

21 A Kenneth F. Smith.

22 Q Your occupation?

23 A I'm a petroleum engineer consultant.

24 Q And your educational background?

25 A I've already been qualified here.

1 Q Have you been qualified to appear before this Commission?

2 A Yes, I have.

3 Q Were you instrumental in assisting Mrs. Corinne Grace in  
4 making application for the unorthodox location?

5 A Yes, I was.

6 Q Are you familiar with this Application Form C-107 signed  
7 by Juanita Jones?

8 A Yes, I am.

9 Q Could you tell us, for the record, the location of the  
10 well in question?

11 A Well, it's 330 feet from the East line, 2500 feet from the  
12 North line, of Section 2, Township 23 South, Range 26  
13 East.

14 Q In connection with the application that was filed, did  
15 you file a map or a plat indicating the other wells that  
16 are there in the area?

17 A Yes, sir.

18 Q Could you give us the list of the other wells that are  
19 operating there?

20 A Well, we are offsetting the Grace Humble-Grace to the  
21 north and the Pennzoil-Gulf Federal Number, and Superior  
22 Oil Company's Collatt State Number 1. Those are the only  
23 ones that are real close by, I believe.

24 Q This is the ownership of all of the leases offsetting the  
25 proration unit, then?

1 A Well, Midwest to the west of the airport there also,  
2 Midwest Oil Company, New Mexico State 1-W, I believe it  
3 is.

4 Q Do you know whether or not notice was given to all of the  
5 offsetting units?

6 A Yes, we did.

7 Q Was this sent by certified mail?

8 A Yes, sir, it was, I believe.

9 Q I'd like to hand you copies of letters, let's go ahead  
10 and mark these as Exhibits 1 through 5.

11 (Whereupon, Applicant's Exhibits 1 through 5 were  
12 marked for identification.)

13 MR. LINES: These are the waivers of receipt filed.

14 MR. UTZ: For which zone, now?

15 THE WITNESS: For the Wolfcamp.

16 MR. LINES: This is the letter from Pennzoil Company,  
17 which would be noted as a waiver with a stipulation.

18 MR. UTZ: I believe we have a duplication here, do  
19 we not, on Midwest? I believe your Exhibit Number 5 is  
20 a copy of Exhibit Number 1, the way I see it here.

21 MR. LINES: Do you have Texas Oil and Gas?

22 MR. UTZ: We have Midwest, Texas Oil and Gas,  
23 Apeco --

24 MR. LINES: Superior and Pennzoil?

25 MR. UTZ: We don't have Pennzoil here as yet.

1 Now, is that all of them? The thing I would like  
2 to do is eliminate Exhibit 5 as a duplicate.

3 MR. LINES: Yes, this should be Exhibit Number 5,  
4 Pennzoil is the fifth offsetting proration unit oil owner.

5 Q (By Mr. Lines) Is the well in question in production at  
6 the present time, Mr. Smith?

7 A Yes, it is, from the Morrow.

8 Q It is from the Morrow at the present time?

9 A From the Morrow formation only.

10 Q All right. What kind of tubing do you propose to use in  
11 the well?

12 A Well, we will use the tubing that's in the well now.  
13 It's 2 and 3/8 around, N-80, and we will go with the  
14 packer we have in the well now, which is a mechanical  
15 retrievable 4 and 1/2 packer down in the liner, and we  
16 will run a crossover anchor packer in the 7-inch casing  
17 above the Wolfcamp and cross the Morrow production out  
18 into the annulus at that point, approximately 9400 feet.  
19 This will be done because the Morrow produces essentially  
20 no fluid and should produce through the annulus as  
21 efficiently as through the tubing. Hopefully, the  
22 Wolfcamp will produce more fluid so we will produce it  
23 better through the tubing.

24 MR. LINES: All right. At this time, I would move  
25 for the introduction of Exhibits 1 through 5.

1 MR. UTZ: Without objection, Exhibits 1 through 5  
2 will be entered into the record of this case.

3 MR. LINES: At this time, I believe that we have  
4 complied with all of the provisions of Rule 104-F and  
5 that the application has been filed in triplicate, it  
6 was accompanied by a plat showing all of the ownership of  
7 all offsetting proration units, all of the operators.  
8 All of the offsetting units have been notified; the  
9 application states that notice has been given, and we  
10 have waivers from all of the offset operators, and that  
11 we have also followed the provisions of Rule 112-A and,  
12 again, filing Form C-107 with the accompanying exhibits  
13 that are contained therein.

14 MR. UTZ: Do you wish these diagramatic sketches in  
15 107 be used as exhibits? Do you have some you would  
16 like to use or would you like to mark those?

17 (Whereupon, Applicant's Exhibit 6 was marked for  
18 identification.)

19 MR. LINES: I have no further questions of the  
20 witness. I would move at this time that that be admitted  
21 as Exhibit 6.

22 MR. UTZ: Without objection, Exhibit 6 will be  
23 entered into the record of this case.

24 MR. LINES: I would propose that the entire application,  
25 along with the exhibits required by the rule, be admitted



1 as one exhibit, as they are stapled together there, as  
2 Exhibit 6.

3 MR. UTZ: Even the letter from Juanita Jones?

4 MR. LINES: That meets the requirement of the rule  
5 wherein we have to show that all of the Applicant's have  
6 been notified.

7 MR. UTZ: Then, Exhibit 6, consisting of seven parts,  
8 will be entered into the record of this case. Does that  
9 conclude your testimony?

10 MR. LINES: Yes.

11 CROSS-EXAMINATION

12 BY MR. UTZ:

13 Q Mr. Smith, is this the same well that has previously had  
14 approval for a non-standard location for the Morrow zone?

15 A Yes, sir, I believe so.

16 Q And, referring to the diagramatic sketch of Exhibit 6,  
17 I believe I recall from your direct testimony that you  
18 stated the tubing was 2 and 3/8 N-80, which is the same  
19 tubing that is in the well now.

20 A Yes, sir.

21 Q You are going to use that in the dual completion?

22 A Yes, sir.

23 Q In addition to that, you are going to set a packer at  
24 9400 feet?

25 A Yes, sir.

- 1 Q And perforate the Wolfcamp beneath the packer and produce  
2 the Wolfcamp through a crossover in the tubing?  
3 A Into the tubing, yes, sir.  
4 Q Then, you will set another packer at 11,600 feet?  
5 A Yes, sir.  
6 Q In which you will produce the Morrow end of the tubing  
7 up to the crossover and the annulus from there to the  
8 surface?  
9 A Yes, sir.  
10 Q How much liquids do you have in the Morrow?  
11 A Very little. I can't remember, but it seems to me like  
12 it was making approximately one barrel of condensate  
13 on the last test, and maybe half a barrel or a barrel of  
14 water per day. It's very, very dry.  
15 Q What kind of a rate of flow are you getting from the  
16 Morrow?  
17 A About 300,000.  
18 Q In your opinion, in the 2 and 3/8 by -- what is the size  
19 of the casing, 7-inch?  
20 A Yes, sir.  
21 Q -- Annulus, will 300 mcf retain a velocity sufficient to  
22 lift the liquids?  
23 A Well, probably not, but, like I said, I don't believe  
24 the liquids will stack up in it because it's just not  
25 making that much. It just makes a vapor which apparently

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1 comes along with the gas. We ran a bottomhole pressure  
2 fluid level in the well in the tubing some two months ago,  
3 I guess, and there was no liquid in the tubing at all.  
4 Q And you do expect some liquids to come from the Wolfcamp?  
5 A Yes, sir.  
6 Q You haven't tested the Wolfcamp?  
7 A No, sir.  
8 Q Is the Wolfcamp produced in any area of this well?  
9 A I don't believe it is.  
10 Q You just think it will?  
11 A The log shows it has some possibilities, I think.  
12 Q And because you think that you will have some liquid from  
13 the Wolfcamp, that's the reason for your crossover?  
14 A Yes, sir, that and the Wolfcamp should have much higher  
15 shut-in pressures, which would make you inclined to hold  
16 it inside tubing and under packers rather than out in the  
17 7-inch casing.  
18 Q What kind of pressures are you anticipating from the  
19 Wolfcamp?  
20 A I would say 4000 pounds bottomhole pressure, something on  
21 that order, 3500 to 4000.  
22 Q Did you say what kind of pressures you have in the Morrow  
23 zone at the present time?  
24 A Bottomhole pressure is about 2500, that would be the  
25 static pressure.

1 MR. UTZ: Are there other questions of the witness?

2 MR. KELLAHIN: I'd like to ask a couple, if I may,  
3 please.

4 CROSS-EXAMINATION

5 BY MR. KELLAHIN:

6 Q Mr. Smith, you displayed the waivers, including the  
7 Pennzoil waiver. That particular waiver was conditional,  
8 was it not?

9 A Yes, sir, I just noticed that it is.

10 Q It's based on the stipulation that a rateable take factor  
11 be applied to the production of this well because of this  
12 location?

13 A Well, yes, I'm sure that's true; but, this is not a  
14 field yet. Aren't we getting in the cart before the horse?

15 Q I'm just asking about the waiver.

16 A Yes, I can see that, yes, sir.

17 Q Were any other waivers conditional?

18 A No, sir.

19 Q None? They just approved of the location and the dual  
20 completion, is that correct?

21 A Yes, sir.

22 Q What acreage do you propose to dedicate to this well?

23 A I haven't looked into that that much. I would assume --

24 Q Well, are you familiar with the Commission rules in a  
25 situation of this kind as to what acreage would be rateable

1 for dedication to the well?

2 A I would assume we would allocate the same acreage to that  
3 in the Wolfcamp that is allocated in the Morrow.

4 Q The Morrow is 320 acres?

5 A (No response.)

6 Q You are not familiar with the rule requiring 160 acres  
7 in wells less than Pennsylvanian Age?

8 A Well, that is correct. I was, too; I had forgotten it.

9 Q So it would be a 160-acre unit?

10 A Right.

11 Q You don't have any plans at the present time to ask for  
12 320-acre spacing, do you?

13 A I think that's premature.

14 Q Yes, sir. Now, the well in the Morrow is penalized as to  
15 its allowable, is it not?

16 A I believe so.

17 Q Based on the location?

18 A Yes, sir.

19 MR. KELLAHIN: That's all I have. Thank you, sir.

20 MR. UTZ: Are there other questions?

21 REDIRECT EXAMINATION

22 BY MR. LINES:

23 Q Mr. Smith, is there any other Wolfcamp in the area?

24 A Not that I know of. I don't believe there is.

25 MR. LINES: I have no further questions.

RECROSS-EXAMINATION

BY MR. UTZ:

Q This well, Mr. Smith, is crowding the East line of Section 2, is that correct?

A Yes, it is.

Q What part of Section 1 does Pennzoil own?

A I believe it's the South half, isn't it? Well, just a minute. I believe the South half. I am not certain on that, but I believe it is.

Q And Superior would own the North half?

A I think that's correct. No, I believe we had better back up on this. It looks like, from the well location, like it would be Pennzoil on the West half and Superior on the East half.

Q Yes, I'm inclined to agree with you.

MR. UTZ: Are there other questions?

REDIRECT EXAMINATION

BY MR. LINES:

Q Do you believe that you are crowding Pennzoil there?

A Well, we are only 330 off that lease line; they look like they are 1980 off of it. We would be about 2200 feet from them.

Q Would you consider that as crowding?

A No, I wouldn't.

MR. LINES: I have no further questions.

1 MR. UTZ: Are there other questions?

2 (No response.)

3 MR. UTZ: The witness may be excused. Do we have  
4 any further testimony in this case?

5 MR. KELLAHIN: We have one witness, Mr. Utz.

6 MR. UTZ: Mr Kellahin, you may call your witness to  
7 be sworn, please.

8 J. C. RANEY,

9 a witness, having been first duly sworn according to law, upon  
10 his oath testified as follows:

11 DIRECT EXAMINATION

12 BY MR. KELLAHIN:

13 Q Would you state your name, please?

14 A J. C. Raney.

15 Q By whom are you employed and in what position, Mr. Raney?

16 A I'm employed by Pennzoil Company as Petroleum Engineer.

17 Q Have you testified before the Oil Conservation Commission  
18 and made your qualifications a matter of record?

19 A Yes, I have.

20 MR. KELLAHIN: Are the witness's qualifications  
21 acceptable?

22 MR. UTZ: Yes, he's been previously qualified to  
23 testify before the Commission.

24 Q (By Mr. Kellahin) Mr. Raney, are you familiar with the  
25 application of Corinne Grace in Case Number 5058?

1 A Yes, I am.

2 Q What is the interest of Pennzoil Company in this case?

3 A Pennzoil Company, as an offset operator, the operator  
4 of the Gulf-Federal Number 1 in the West half of Section 1  
5 of Township 23 South, Range 26 East, is not opposed to  
6 the dual completion attempt in the Wolfcamp and Morrow  
7 zones; in fact, we encourage it.

8 But, we are opposed to the non-standard location  
9 of the well for the Wolfcamp zone the same as we were  
10 for the Strawn, Atoka, and Morrow zones in the August 5,  
11 1970 hearing.

12 Q What was the case number in that case?

13 A This was Case Number 4398. That was Grace's original  
14 application to drill the Gradonoco Number 1 at a non-  
15 standard location of 2500 feet from the North line and  
16 330 feet from the East line of Section 2, Township 23  
17 South, Range 26 East.

18 Q Now, the Commission did, by its Order Number R-4034,  
19 approve that location, did it not?

20 A Yes, they did.

21 Q And did they impose a penalty on that?

22 A They imposed a 12 percent rateable take factor for those  
23 considered Pennsylvanian or older, for those produced  
24 zones produced on 320-acre spacing.

25 Q Now, are you familiar with the spacing requirements under



1 the Commission rules in regard to Pennsylvanian Age or  
2 older?

3 A Yes, those that are Pennsylvanian and older, a standard  
4 location would be 1980 feet from the East line and 660  
5 feet from the South boundary.

6 Q And so the Gradonoco Well was an exception to that rule?

7 A Yes.

8 Q Now, are you familiar with the rules of the Commission  
9 in regard to formations of less than Pennsylvanian Age  
10 in this area?

11 A Yes, these would be considered, if in the thought that it  
12 would be productive of gas, then the well would be on  
13 160-acre spacing, and the well would be located no closer  
14 than 660 from the outer boundary.

15 Q And how close is this well located to the outer boundary  
16 of a 160-acre unit?

17 A It's 330 feet from the one boundary and 140 feet from the  
18 other boundary.

19 Q Now, if you will refer to what has been marked as Exhibit  
20 Number 1, would you identify that please?

21 A Exhibit Number 1 is a base map showing the ownership and  
22 location of each well, to the best of my knowledge; and  
23 this is a reproduced map; but, this is to show the  
24 location of the various wells, as indicated, in  
25 abbreviation, the various zones in which they are

1 completed in.

2 Q And the subject well is shown on this exhibit, is it not?

3 A Yes, in the North half of Section 2.

4 Q And you are the owner and operator of the well immediately  
5 offsetting that to the East?

6 A Yes, and we also -- we are forced pooled in the Grace  
7 Humble-Grace, the well in the South half of Section 2.  
8 We have some acreage in that well.

9 Q So you are an owner of the Grace Humble Well, too?

10 A After pay-out.

11 Q Is there anything else on Exhibit 1 that you want to  
12 refer to?

13 A No, sir.

14 Q Now, Pennzoil did give a conditional waiver to Corinne  
15 Grace, did it not?

16 A Yes, we did.

17 Q And is that Exhibit Number 2?

18 A Yes.

19 Q And that was a conditional waiver?

20 A Yes, sir, and I would like to read the waiver in its  
21 entirety, which we returned the original to the Oil  
22 Conservation Commission Office in Santa Fe with copies  
23 to the Graces.

24 "We have no objection to an attempt by Corinne  
25 Grace to dually complete in the Wolfcamp and Morrow

1 formations and her Gradonoco Number 1 Well located in  
2 Section 2, Township 23 South, Range 26 East, Eddy County,  
3 New Mexico, with the following stipulation: That the  
4 unorthodox location of this well be taken into account  
5 by the Commission if the above dual application is  
6 approved, and that a rateable take factor be applied to  
7 the Wolfcamp formation commensurate with that in effect  
8 for the Morrow formation."

9 Q Now, what rateable take factor does Pennzoil propose?

10 A Based on our knowledge of determining the rateable take  
11 factor, we would recommend a rateable take factor of 60  
12 percent be imposed for the Wolfcamp zone and the  
13 Gradonoco Number 1, and in the event of the pool proration,  
14 the acreage factor to be assigned for proration purposes  
15 should be 60 percent.

16 Q Now, referring to what has been marked as Exhibit Number  
17 3, would you discuss how you arrived at this figure?

18 A Yes, Exhibit Number 3 is a plat drawn to scale, and it  
19 should be noted here that the original exhibit, which is  
20 Exhibit Number 3 that the Commission has, has a scale of  
21 1 inch equals 1000 feet. The reproduced copies are  
22 reduced by 23 percent, and this should be taken into  
23 account when trying to match any numbers. The well shown  
24 as the Gradonoco Number 1 is located at a distance of  
25 2500 feet from the North line and 330 feet from the East

1 line, a circle was drawn around the well at the  
2 unorthodox location whose radius squared times pi is  
3 equal to 160 acres; this radius being 1489 feet for the  
4 160-acre spaced wells. Then, a well was spotted at a  
5 standard location of 660 feet from the East line and 660  
6 feet from the South line, or 660 feet from the outer  
7 boundaries; and then a circle of the same radius as 1489  
8 feet was drawn around the well at the standard location.  
9 The ratio of the area within the circle within the leased  
10 boundary around the unorthodoxed location to the area  
11 within the circle within the leased boundary around the  
12 standard location is a rateable take factor for the non-  
13 standard located well on 160-acre spacing; and, in short  
14 terms, it is a ratio of the red crosshatched area to the  
15 blue crosshatched area on Exhibit Number 3.

16 Q Now, would a well located as the Gradonoco Well is  
17 located, and if it's completed in the Wolfcamp, will that  
18 result in drainage of your acreage that cannot be  
19 compensated for by counterdrainage?

20 A Well, it will result in our correlative rights being  
21 violated because of the non-standard location. It's  
22 not the distance between wells as much as it is,  
23 according to the New Mexico Oil Conservation Commission  
24 rules, the distance from the boundary lines which have  
25 been set up for this spacing of 160-acre spacing.

1 Q And you are assuming, of course, radial drainage in  
2 making your computation?

3 A Yes.

4 Q Is there any other way that you can compute drainage on  
5 this area from the information you now have?

6 A No, sir.

7 Q Were Exhibits 1, 2, and 3 prepared by you or under your  
8 supervision?

9 A Yes, sir.

10 MR. KELLAHIN: I offer into evidence Exhibits 1,  
11 2, and 3.

12 MR. UTZ: Without objection, Exhibits 1 through 3  
13 will be entered into the record of this case.

14 MR. KELLAHIN: That's all we have on direct  
15 examination.

16 CROSS-EXAMINATION

17 BY MR. UTZ:

18 Q Mr. Raney, your entire testimony here has to do with the  
19 penalty factor, is that correct?

20 A Yes, sir. We do not oppose the dual completion attempt;  
21 in fact, we encourage it.

22 Q Did I understand you correctly in that your ratio where  
23 you arrived at a factor of 60 percent was a ratio between  
24 the blue crosshatched area in the Northeast Quarter of  
25 Section 2 and the red crosshatched area in the same

1 quarter?

2 A Yes, sir. Now, you have to take into consideration that  
3 I couldn't draw the blue crosshatched area all the way  
4 across the red. The blue area takes in the part in the  
5 red area and it's a ratio of the red to the blue within  
6 the leased boundary.

7 Q Now, unless I am colorblind, the one circle around the  
8 standard location is blue.

9 A Yes, sir.

10 Q And the circle around the actual location is red?

11 A Right.

12 Q Would not the arc described between the blue and red  
13 circle to the Southeast line in the South half be more  
14 properly in the Southeast Quarter of Section 2 and the  
15 East half of Section 1, wouldn't that represent the  
16 acreage that the unorthodox location would drain over the  
17 standard location?

18 A That would not be entitled to at this location. But, this  
19 was the method at which I arrived at and went back to  
20 previous cases which I was familiar with, one being our  
21 old Gulf-Federal Number 2, which was a non-standard  
22 location, and I arrived at the same rateable take factor,  
23 and it may have been a coincidence, but what I was taking  
24 into account was the acreage within the leased boundaries  
25 of the two locations; that would be what that well would

1 be entitled to.

2 I know that you do drain more than what you are  
3 entitled to because of the spacing of the wells, but this  
4 is a method at which I arrived at this number, and I used  
5 this same method to check the previous rateable take  
6 factor that had been assigned on a 320-acre spacing for  
7 this particular well. This is how I determined for sure  
8 if this is the way that the Commission had been doing  
9 this previously.

10 Q Well, the circle I mentioned in my question does represent  
11 the additional acreage that the non-standard location  
12 would drain, is that correct?

13 A Yes.

14 MR. UTZ: Are there other questions of the witness?

15 (No response.)

16 MR. UTZ: You may be excused. Are there statements  
17 in the case?

18 (No response.)

19 MR. UTZ: The case will be taken under advisement.  
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dearnley, meier & associates

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1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO ) ss

3 I, JOHN DE LA ROSA, a Court Reporter, in and for the  
4 County of Bernalillo, State of New Mexico, do hereby certify  
5 that the foregoing and attached Transcript of Hearing before  
6 the New Mexico Oil Conservation Commission was reported by me;  
7 and that the same is a true and correct record of the said  
8 proceedings to the best of my knowledge, skill and ability.

9  
10 *John De la Rosa*  
11 COURT REPORTER  
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Bernalillo hearing of case No. 5058  
heard by me on 9-5-73, 19

*Robert M. [Signature]*  
New Mexico Oil Conservation Commission



I N D E XWITNESSPAGE

KENNETH F. SMITH

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Redirect Examination by Mr. Lines	12
Recross-Examination by Mr. Utz	13
Redirect Examination by Mr. Lines	13

E X H I B I T SOFFEREDADMITTEDMARKED

Applicant's Exhibit 1	6	7	5
Applicant's Exhibit 2	6	7	5
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I N D E X (Continued)

WITNESS

PAGE

J. C. RANEY

Direct Examination by Mr. Kellahin

14

Cross-Examination by Mr. Utz

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E X H I B I T S

OFFERED

ADMITTED

Exhibit Number 1

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Exhibit Number 2

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Exhibit Number 3

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# OIL CONSERVATION COMMISSION

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

September 26, 1973

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

Mr. Farrell Lines  
400 7th Street NW  
Albuquerque, New Mexico 87103

Re: CASE NO. 5058  
ORDER NO. R-4636

Applicant:  
Corinne Grace

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC       

Mr. Jason Kellahin

Other

BEFORE THE OIL CONSERVATION COMMISSION  
OF 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:

CASE NO. 5058  
Order No. R-4636

APPLICATION OF CORINNE GRACE FOR  
A DUAL COMPLETION AND UNORTHODOX  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26th day of September, 1973, 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 the applicant, Corinne Grace, seeks approval for the recompletion of her Gradonoco Well No. 1 located in Unit H of Section 2, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico, as a dually completed gas well, in such a manner as to produce gas from an undesignated Wolfcamp Gas Pool and from the South Carlsbad-Morrow Gas Pool through tubing and the tubing-casing annulus, respectively, by means of a cross-over assembly.
- (3) Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp formation at a point 2500 feet from the North line and 330 feet from the East line of said Section 2, which location had previously been approved as an unorthodox location for the Morrow formation.
- (4) That a rateable take factor was applied to the well's production from the Morrow formation by Commission Order No. R-4034.
- (5) That the NE/4 of Section 2 is to be dedicated to the Wolfcamp portion of the well.

(6) That the dual completion is feasible and should result in the recovery of otherwise unrecoverable gas, thereby preventing waste.

(7) That one offset operator has objected to the proposed recompletion at the unorthodox location, and that said operator has stipulated that it has no objection if a rateable take factor is applied to the production from the Wolfcamp formation.

(8) That approval of the subject application will afford the applicant the opportunity to produce her just and equitable share of gas in the subject spacing unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights provided that a rateable take factor is applied to the production from the Wolfcamp formation.

(9) That a rateable take factor of 76 percent will afford the applicant the opportunity to produce her just and equitable share of gas in place and will afford protection to the correlative rights of the lease owners directly east of the NE/4 of said Section 2.

IT IS THEREFORE ORDERED:

(1) That the applicant, Corinne Grace, is hereby authorized to recomplete her Gradonoco Well No. 1, located in Unit H of Section 2, Township 23 South, Range 26 East, NMPM, as a dually completed gas well to produce gas from an undesignated Wolfcamp Gas Pool and the South Carlsbad-Morrow Gas Pool.

(2) That production from the Morrow shall be through 2 3/8-EUE tubing set in a packer located above the Morrow perforations and thence, by means of a cross-over assembly, through the casing-tubing annulus to the surface. Production from the Wolfcamp formations shall be through the casing-tubing annulus and thence, by means of a cross-over assembly through the 2 3/8 EUE tubing to the surface. The cross-over assembly shall be set in a packer located above the Wolfcamp perforations.

(3) That an unorthodox gas well location for the Wolfcamp formation is hereby approved for said well which is located 2500 feet from the North line and 330 feet from the East line of Section 2, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

(4) That for the Wolfcamp formation, the NE/4 of said Section 2 shall be dedicated to the above-described well.

(5) PROVIDED HOWEVER, that as to production from the Wolfcamp formation, said well is assigned a rateable take factor of 76 percent.

-3-

Case No. 5058  
Order No. R-4636

(6) PROVIDED FURTHER, that in the event the Wolfcamp Pool is prorated, the subject well as to such pool shall be assigned an acreage factor for proration purposes of 76 percent.

(7) PROVIDED FURTHER, that the applicant shall recomplete, operate and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(8) PROVIDED FURTHER, that applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the South Carlsbad-Morrow Gas Pool.

(9) That the provisions of this order in no way revoke or modify the provisions of Commission Order No. R-4034, entered October 2, 1970.

(10) 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*  
I. R. TRUJILLO, Chairman

*Alfonso J. Armijo*  
ALFONSO J. ARMILLO, Member

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

S E A L

dr/

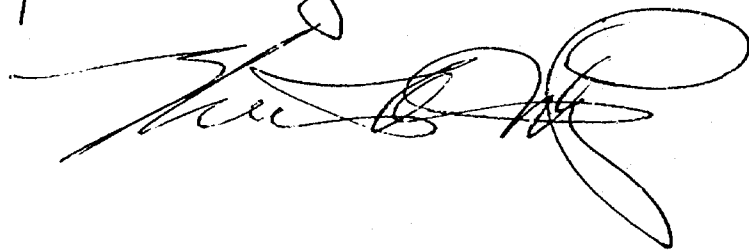
Case 5858

Filed 9-5-73

Rec. 9-10-73

Grant lease with NSL  
for the Wolfcamp Zone  
for three horizontal #  
2500' + 330'E line sec. 23-26  
Also Grant permission to <sup>Drill</sup> ~~Drill~~  
Complete well in the So. Carr-  
ball Marrow Gas Pool and a  
W.C. well to the Wolfcamp  
zone. The Wolfcamp if  
completed will flow thru  
2 3/8" EUE tubing to a cross-  
over set in a packer at approx  
9400' & then into the 2 3/8"  
annulus to the surface. The  
Marrow will flow from the  
the X over to the surface  
thru the 2 3/8" tubing.

Also apply a Ratb to take  
& production factor of .76%  
or .76 to the W.C. zone based  
on the NSL & the Wolfcamp  
160 Ac. spacing.



DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 5, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1973.

CASE 5055: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota oil and gas production within the wellbore of the Canada Mesa Well No. 3 located in Unit A of Section 14, Township 24 North, Range 6 West, Basin-Dakota and Devils Fork-Gallup Pools, Rio Arriba County, New Mexico.

CASE 5056: Application of Depco, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 990 feet from the North line and 1980 feet from the East line of Section 24, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5057: Application of Coquina Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed gas well at an unorthodox location 660 feet from the South and East lines of Section 12, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of Section 12 to be dedicated to the well.

CASE 5058: Application of Corinne Grace for a dual completion and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of her Gradonoco Well No. 1 located in Section 2, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Wolfcamp pool and from the South Carlsbad-Morrow Gas Pool through tubing and the tubing-casing annulus, respectively, by a means of a cross-over assembly. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp formation at a point 2500 feet from the North line and 330 feet from the East line of said Section 2, which location has previously been approved for the Morrow formation.



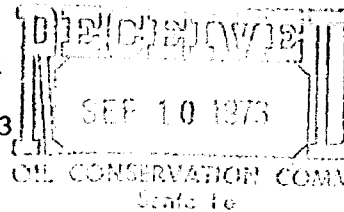
- CASE 5059: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Devonian formation underlying the S/2 of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard gas well location in Unit K of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5060: Application of Continental Oil Company for a unit agreement and for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North El Mar Unit Area comprising 2361 acres, more or less, of State and Federal lands in Township 26 South, Ranges 32 and 33 East, Lea County, New Mexico. Applicant further seeks authority to expand its El Mar Payne waterflood project within said unit area previously authorized by Order No. R-3540.
- CASE 5061: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation in its Elliott A-15 Well No. 1 located in Unit P of Section 15, Township 22 South, Range 37 East, Penrose-Skelly Pool, Lea County, New Mexico.
- CASE 5062: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation in its Mitchell Wells Nos. 2 and 6 located in Units P and J, respectively, of Section 5, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

**FARRELL L. LINES**

*Attorney at Law*  
400 Seventh Street, N.W.  
Albuquerque, New Mexico 87101

Telephone 247-9584  
Area Code 505

September 6, 1973



Mr. Elvis A. Utz,  
Hearing Examiner  
Oil Conservation Commission  
Santa Fe, New Mexico

RE: Case No. 5080, Application of Corinne Grace  
read to a completion and unorthodox location

Dear Mr. Utz:

This letter is written to supplement the record  
pertaining to the above case that was heard before you yesterday.

The first matter concerns the actual location of the  
well in question. Pennzoil introduced a map as an exhibit  
placing an approximate location of the well. In checking our  
maps, we believe that Pennzoil has placed the well further  
south than it actually is located. We would suggest that in  
making your ruling on this case that you use your commission  
maps to accurately determine the location of the subject well  
and the distances to all applicable boundaries.

We would further call to the attention of the  
commission the fact that the wells to the north and the south  
of the subject well are also operated by the applicant herein.  
Because of the common interest involved, I believe that there  
is an automatic waiver as to the other wells operated by  
applicant. Consequently, we would point out that the stipulation  
filed by Pennzoil requesting that a penalty be assessed against  
the subject well in the form of a rateable take factor should  
not be granted. The well meets the 330 foot requirement from  
the outer boundary with Pennzoil, and the only wells actually  
affected by the unorthodox location are those other wells  
operated by the applicant. Any rateable take factor which would  
inure to the other wells operated by applicant should be  
determined separately.

**FARRELL L. LINES**

*Attorney at Law*

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

Telephone 247-9584  
Area Code 505

Page 2

It is also my belief that a pool would have to be established and allowables determined, and a hearing held before a rateable take factor could come into being. I presume that we would be notified prior to any hearing to determine a rateable take factor, if the commission felt justification for one in this case.

Very truly yours,

*Farrell L. Lines*

Farrell L. Lines

FLL:jp

*Explains to me of workably  
dependent on procedure*

R26E

Grace

2

Pennzoil Co.

Superior Oil

Standard 160  
ac. Spaced  
Well

Gradonco  
Grace

T  
23  
S

Humble-Grace

Gulf Federal

Collatt

Scale 1" = 1,000'

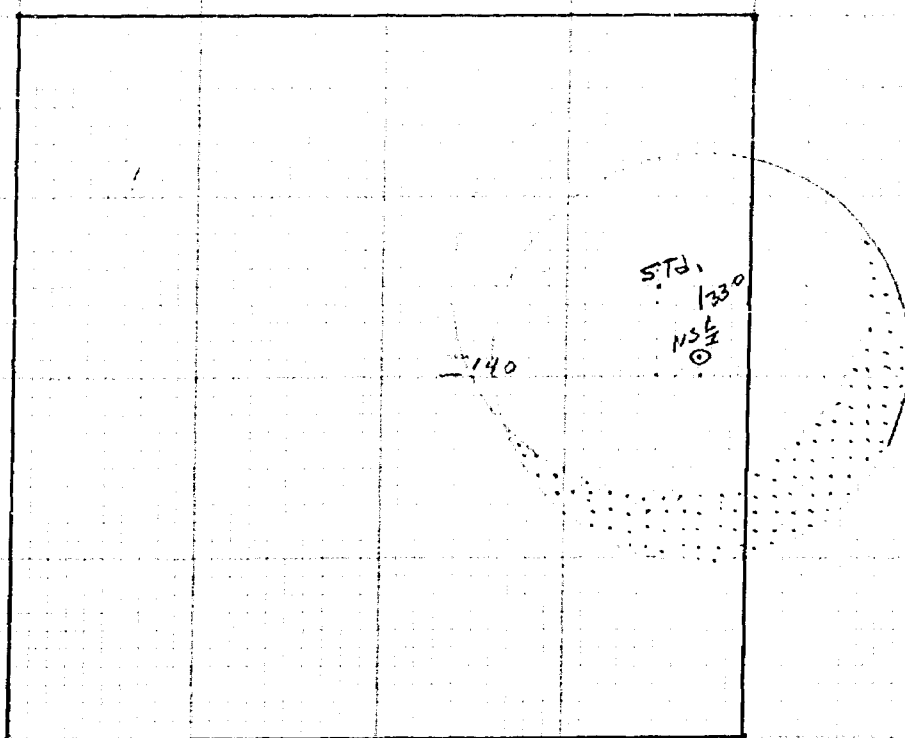
PENNZOIL COMPANY - CASE NO. 5058

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
UNORTHODOX LOCATION

By: J. C. Raney

Date: 9-5-73

Sec. 2 - 235 26E Hall-Hadonovo #1  
Wolfcamp Zone. W.C.



$$160 \text{ Ac. Radius} = 1.489.45$$

$$100 \text{ Ac.} - 40 \text{ Ac.} = 60 \text{ Ac.}$$

$$1 \text{ } \downarrow = .4 \text{ Ac.}$$

$$\text{AREA OUTSIDE SEC. 2. } 57 \times .4 = 22.8$$

$$160 - 22.8 = 137.2$$

$$\text{AREA IN SEC. 2 } 37 \times .4 = 14.8$$

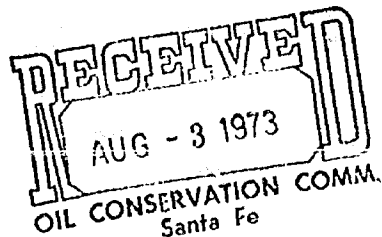
$$160 - 38 = 122$$

$$\frac{14.8}{37.6}$$

# MIDWEST OIL CORPORATION

1500 Wilco Building  
Midland, Texas 79701

August 1, 1973



New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

*Case 5058*

Re: Grace #1 Gradonoco  
Section 2, T-23-S, R-26-E  
EDDY COUNTY, NEW MEXICO

Gentlemen:

We have no objection to Corinne Grace making a dual completion from the Wolfcamp (perforations 9470-80', 9663-73' and 9910-20') and the Morrow (perforations 11,660-90') at the above well.

Very truly yours,

MIDWEST OIL CORPORATION

By Frank L. Schatz  
Frank L. Schatz

FLS/rs

cc: Michael and Corinne Grace  
P. O. Box 1418  
Carlsbad, New Mexico 88220

Apache Exploration Corporation  
P. O. Box 2299  
Tulsa, Oklahoma 74101  
Attn: Mr. Fred Julian

Cities Service Oil Company  
800 Vaughn Building  
Midland, Texas 79701

9/5/73	HEARING DATE
F. L. Schatz	BY
5058	CASE NO.
1	FILE NO.
MIDWEST OIL CORPORATION	

DOCKET MAILED

Date 8-24-73

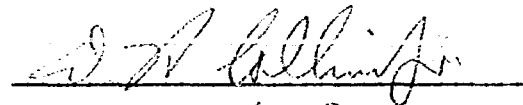
July 27, 1973

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

We have no objection to Corinne Grace making a dual completion on the Gradonoco #1 located in Section 2, T23S, R26E, Eddy County, New Mexico and making this a Wolfcamp and Morrow well.

THE SUPERIOR OIL COMPANY

  
9-4-73

cc: Michael P. and Corinne Grace  
P. O. Box 1418  
Carlsbad, New Mexico 88220

BEFORE EXAMINATION
OIL CONSERVATION COMMISSION
FILE NO. 2
CASE NO. 5058
SIGNED Grace
DATE 9/5/73

*Aug.*  
25 1973

July 27, 1973

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

We have no objection to Corinne Grace making a dual completion  
on the Gradonoco #1 located in Section 2, T23S, R26E, Eddy  
County, New Mexico and making this a wellcamp and Morrow well.

Apexco, Inc.

*Geo. W. H. H. H.*

cc: Michael P. & Corinne Grace  
P. O. Box 1418  
Garlsbad, New Mexico 88220

FILED	EXAMINER	FILED
OIL CONSERVATION COMMISSION		
WELL NO. 3		
CASE NO.	5058	
DATE	Grace	
FILED	9/5/73	



TEXAS OIL & GAS CORP.

(DRAWN 201)

MIDLAND, TEXAS 79701

August 1, 1973

Michael P. & Corinne Grace  
P. O. Box 1418  
Carlsbad, New Mexico 88220

Attention: Ms. Juanita L. Jones

Dear Sir and Madam:

Reference: Gradonoco #1  
Eddy County, New Mexico

Regarding your request for waiver concerning the captioned well, we had previously furnished the New Mexico Oil Conservation Commission with such an instrument. Copy is attached for your records.

Yours very truly,

*J. R. Morgan*  
J. R. Morgan

cc

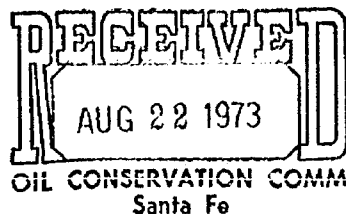
Attachment

RECEIVED	DATE
NEW MEXICO OIL CONSERVATION COMMISSION	
FILE NO.	4
CASE NO.	5058
DATE	9/5/73
FILED	



WESTERN DIVISION OFFICE • WALL TOWERS WEST - MIDLAND, TEXAS • PHONE (915) 682-7316  
MAILING ADDRESS: P. O. DRAWER 1828 MIDLAND, TEXAS 79701

CHARLES A. BROWN  
DIVISION PRODUCTION MANAGER



August 21, 1973

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application for Dual Completion  
Corinne Grace - Gradonoco No. 1 Well  
Located in Section 2, T-23-S, R-26-E  
Eddy County, New Mexico

Gentlemen:

Enclosed is a Waiver relating to the above captioned application,  
which has been set for hearing on September 5, 1973. (Case No. 5058)

We respectfully request that the Commission take note of our stipulation regarding protection of our correlative rights as an offset operator.

Yours very truly,

PENNZOIL COMPANY  
Western Division

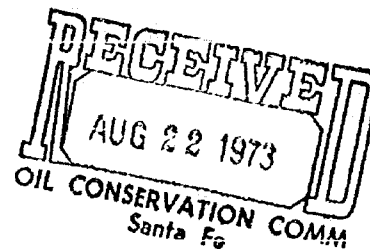
  
Charles A. Brown  
Production Manager

CAB:tb  
Enclosure

OIL CONSERVATION COMMISSION	
CREDIT NO. 5	
CASE NO. 5058	
By: Grace	
Hearing Date: 9/5/73	

W A I V E R

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

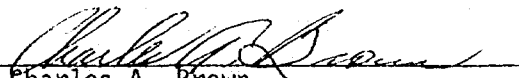


We have no objection to an attempt by Corinne Grace to dually complete in the Wolfcamp and Morrow formations her Gradonoco No. 1 well located in Section 2, Township 23-South, Range 26-East, Eddy County, New Mexico; with the following stipulation:

That the unorthodox location of this well be taken into account by the Committee, if the above dual application is approved, and that a ratable take factor be applied to the Wolfcamp formation commensurate with that in effect for the Morrow formation.

Pennzoil Company

By:

  
Charles A. Brown

Date:

August 21, 1973

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
APPLICATION FOR MULTIPLE COMPLETION

Form C-107  
5-1-61

AUG 13 1973

Operator <b>Corinne Grace</b>		County <b>Eddy</b>	OIL CONSERVATION COMM. <b>July 27, 1973</b>	
Address <b>P. O. Box 1418, Carlsbad, New Mexico</b>		Lease <b>Gradonoco</b>	Well No. <b>1</b>	
Location of Well <b>H</b>	Unit <b>2</b>	Section <b>23S</b>	Range <b>26E</b>	

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES \_\_\_\_\_ NO X
2. If answer is yes, identify one such instance: Order No. \_\_\_\_\_; Operator Lease, and Well No.: \_\_\_\_\_

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wildcat - Wolfcamp		Carlsbad South (Morrow)
b. Top and Bottom of Pay Section (Perforations)	8720-10,300 (9470-80)(9663-73)(9910-20)		11175-11895 11,660-11690
c. Type of production (Oil or Gas)	Gas		Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing

4. The following are attached. (Please check YES or NO)

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*
<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Apache Corp.	Box 2299	Tulsa, Oklahoma 74101
Midwest Oil Corp.	1500 Wilco Bldg.	Midland, Texas 79701
Pennzoil United, Inc.	Wall Towers West Bldg., 5th Floor, Midland, Texas 79701	
The Superior Oil Company	Box 1900	Midland, Texas 79701
Texas Oil & Gas	Box 222, 900 Wilco Bldg.,	Midland, Texas 79701

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO \_\_\_\_\_. If answer is yes, give date of such notification July 27, 1973.

CERTIFICATE: I, the undersigned, state that I am the Agent ~~xxxx~~ for Corinne & Michael P. Grace (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature

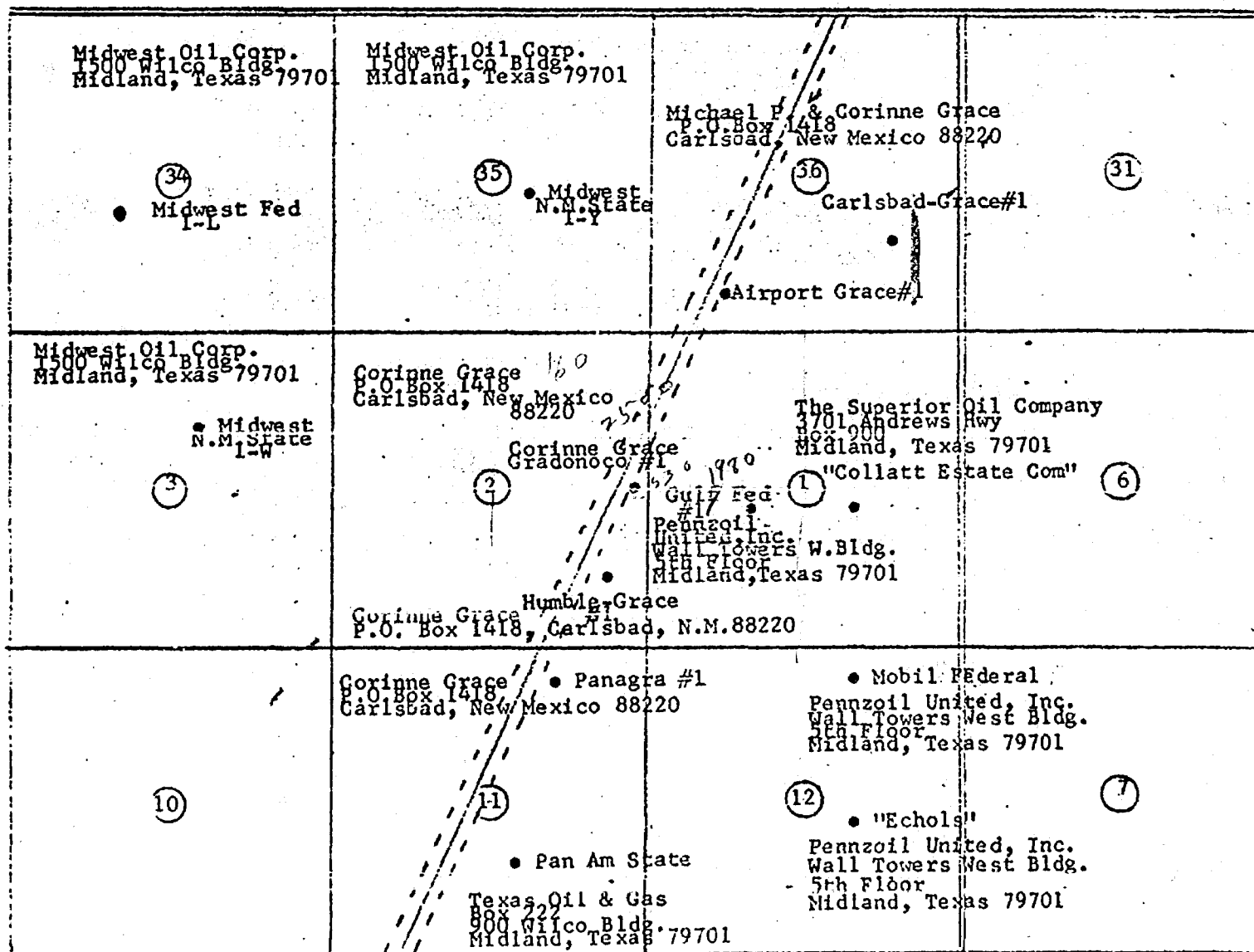
\*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

OFFSET WELL LOCATION PLAT  
 CORINNE GRACE  
 GRADONOCO # 1  
 SECTION 2, T23S, R26E  
 Eddy County, New Mexico

R-26-E

R-27-E



Scale 2" = 1 Mile

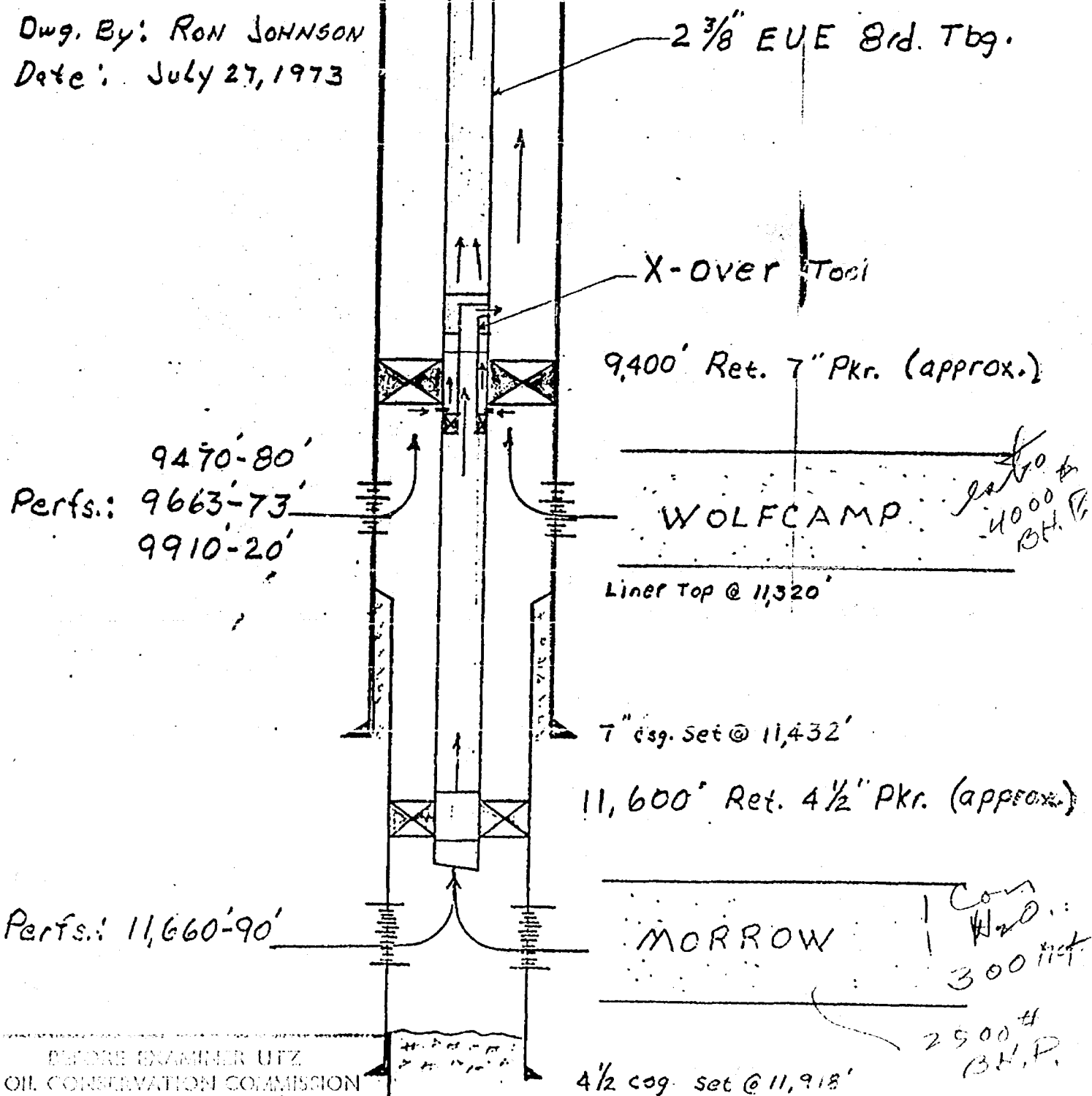
Wolfcamp

Morrow

PROPOSED  
RECOMPLETION

CORINNE GRACE  
GRADNOCO WELL #1  
SEC. 2 T23S R26E  
EDDY CO., N.M.

Dwg. By: RON JOHNSON  
Date: July 27, 1973



9470'-80'  
Perfs.: 9663'-73'  
9910'-20'

9,400' Ret. 7" Pkr. (approx.)

WOLFCAMP

Liner Top @ 11,320'

7" csg. set @ 11,432'

11,600' Ret. 4 1/2" Pkr. (approx.)

Perfs.: 11,660'-90'

MORROW

4 1/2 csg. set @ 11,918'

Com  
W20  
300 ft.

2500 ft  
B.H.P.

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 6

5058

9/5/73

Case 5058

DI GGGG 11111

*A coustilog*

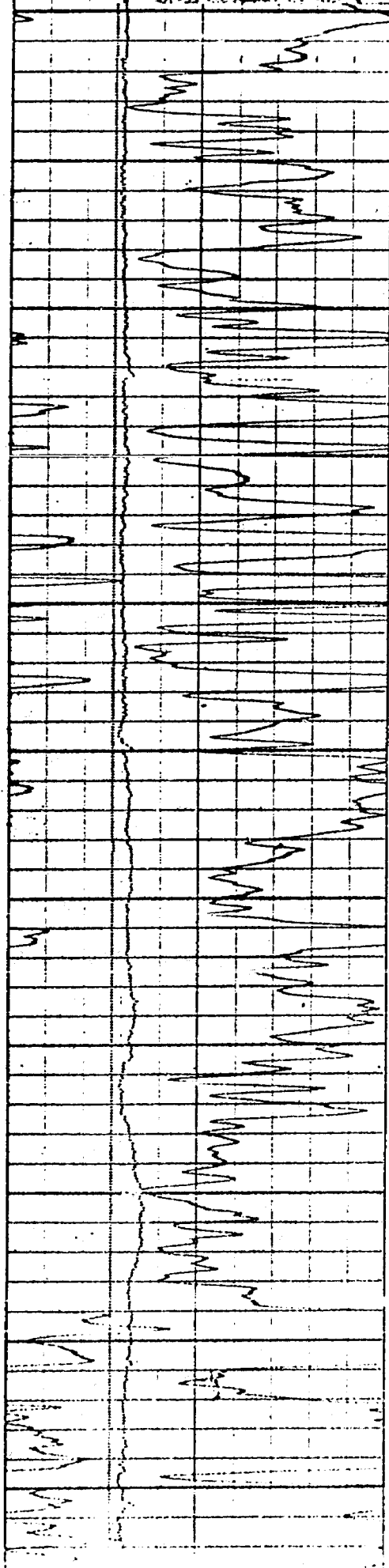
FILE NO.

COMPANY CORINNE GRACE

WELL GRADONOCO No. 1

FIELD SOUTH CARLSBAD

COUNTY EDDY STATE NEW MEXICO



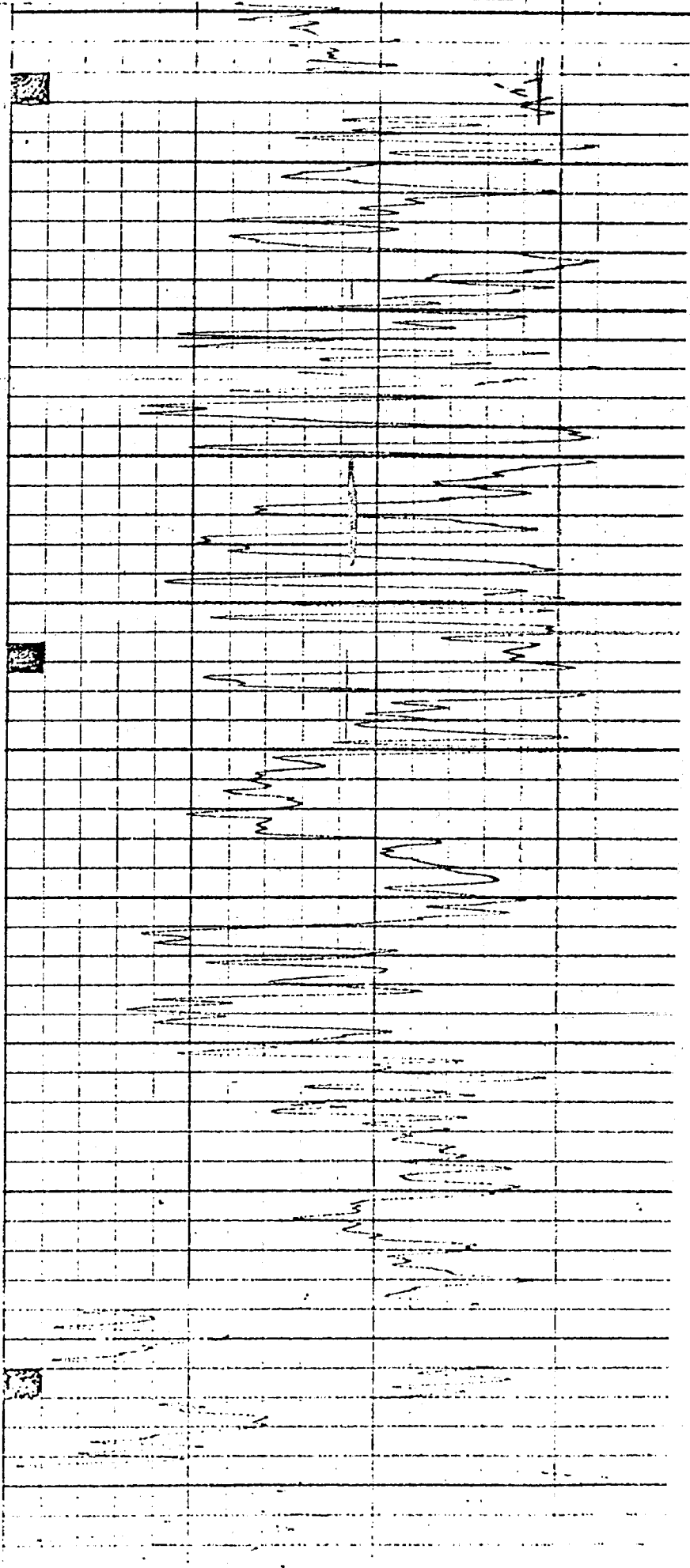
9500

9600

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9900



Michael P. Grace II  
Corinne Grace

P. O. BOX 1418  
CARLSBAD, NEW MEXICO 88220

July 27, 1973

Gentlemen:

Enclosed you will find an original and two copies of the waiver's which we discussed with you on the phone today. Please sign the original and 1 copy of this waiver and return to us in the self-addressed stamped envelope so that we may deliver the original to the New Mexico Oil Conservation Commission with the other necessary papers. Also enclosed you will find a copy of the Diagrammatic Sketch of the Multiple Completion, a plat showing the location of all wells off-setting this one, along with a copy of the Application for Multiple Completion.

Thank you for your co-operation in this matter.

Sincerely yours,

  
Juanita L. Jones

cc: Apache Corp.  
Midwest Oil Corp.  
Pennzoil United  
The Superior Oil Company  
Texas Oil & Gas Corp.



*Attn: Superior Oil Co.*  
*Midland Texas 79701*

POSTMARK OR DATE

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)  
Nov. 1971 NOT FOR INTERNATIONAL MAIL \* GPO: 1970 O-387-488

*Attn: Texas Oil & Gas*  
*Box 222*  
*Midland Texas*  
*900 Wilco Bldg*

POSTMARK OR DATE

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)  
Nov. 1971 NOT FOR INTERNATIONAL MAIL \* GPO: 1970 O-387-488

*Attn: Midwest Oil Corp.*  
*1500 Wilco Bldg*  
*Midland Texas 79701*

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

POSTMARK OR DATE

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)  
Nov. 1971 NOT FOR INTERNATIONAL MAIL \* GPO: 1970 O-387-488

*Attn: Apache Corp.*  
*Box 2299*  
*Tulsa Oklahoma 74101*

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

POSTMARK OR DATE

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)  
Nov. 1971 NOT FOR INTERNATIONAL MAIL \* GPO: 1970 O-387-488

*Attn: Williams Power Unit*  
*Will Power Unit Bldg*  
*Midland Texas 79701*

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

POSTMARK OR DATE

RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
	DELIVER TO ADDRESSEE ONLY	50¢
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)  
Nov. 1971 NOT FOR INTERNATIONAL MAIL \* GPO: 1970 O-387-488

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

560377

INSURED NO.

DATE DELIVERED

JUL 1 1973

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Delivered thru window service  
to Rm 2299

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

560376

INSURED NO.

DATE DELIVERED

7-23-73

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Pennsil United Inc.  
Ron R. Johnson

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

560379

INSURED NO.

DATE DELIVERED

7-31-73

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

114 N. Ferris M.P.O

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

560378

INSURED NO.

DATE DELIVERED

JUL 30 1973

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Signature and  
B-11 1900  
Credul Farm

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

560385

INSURED NO.

DATE DELIVERED

7/30/73

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Signature and  
1500 Wilco Bldg  
77761

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)

(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

161 1973

114 N. Fernside M.P.O.

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)

(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

2-27-73

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)

(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

7-31-73

114 N. Fernside M.P.O.

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)

(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

111 30 1973

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

1500 Wilco Bldg  
79701

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)

(Additional charges required for these services)

☒ Show to whom, date and address  
where delivered

☐ Deliver ONLY  
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

7/30/73

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

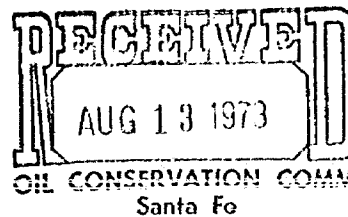
SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

1500 Wilco Bldg  
79701

*21 for hearing*

Michael P. Grace II  
Corinne Grace  
P. O. BOX 1418  
CARLSBAD, NEW MEXICO 88220

August 8, 1973



*Case 5-058*

Mr. Dan Nutter  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

RE: Gradonoco # 1  
Section 2, T23S, R23E  
Eddy County, New Mexico

Dear Mr. Nutter:

Enclosed you will find the necessary forms for the above well  
in order to rework this well and complete it as a dual, in the  
Wolfcamp and Morrow.

If there is anything else that you need on this please let me  
know.

Sincerely yours,

*Juanita L. Jones*  
Juanita L. Jones

Jlj  
encl (5 copies of ea)

cc: Mr. Bill Gressett  
Artesia, New Mexico

DOCKET MAILED

Date 8-24-73

DRAFT

TWD/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF 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:

CASE NO. 5058

APPLICATION OF CORINNE GRACE FOR  
A DUAL COMPLETION AND UNORTHODOX  
LOCATION, EDDY COUNTY, NEW MEXICO.

Order No. R-4636

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 5, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of September, 1973, 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 the applicant, Corinne Grace, seeks approval for  
the recompletion, (~~conventional~~) of her Gradonoco Well No. 1  
<sup>Unit # of</sup> located in Section 2, Township 23 South, Range 26 East, Eddy  
County, New Mexico, <sup>as a dually completed</sup> ~~conventional~~ gas well  
in such a manner as to produce gas from an  
undesignated Wolicamp Pool <sup>gas</sup> and from the South Carlsbad-Morrow Gas  
Pool through tubing and the tubing-casing annulus, respectively,  
by means of a cross-over assembly.

(3) Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp formation at a point 2500 feet from the North line and 330 feet from the East line of said Section 2, which location had previously been approved <sup>as an unorthodox location</sup> for the Morrow formation.

(4) That a <sup>reasonable</sup> ~~ratable~~ take factor was applied to the well's production from the Morrow formation by Commission Order No. R-4034.

(5) That the NE/4 of Section 2 is to be dedicated to the Wolfcamp portion of the well.

(6) That the dual completion is feasible and should result in the recovery of otherwise unrecoverable gas, thereby preventing waste.

~~(7) That the recompletion of said well at the unorthodox location in the Wolfcamp formation will better enable applicant to produce the gas underlying the spacing unit.~~

7) That <sup>one</sup> ~~no~~ offset operator <sup>has</sup> ~~has~~ objected to the proposed recompletion <sup>at the</sup> ~~in the~~ unorthodox location, and that <sup>said</sup> operator has stipulated that it has no objection if a <sup>reasonable</sup> ~~ratable~~ take factor is applied to the production from the Wolfcamp formation.

8) That approval of the subject application will afford <sup>the opportunity here</sup> the applicant <sup>to produce</sup> ~~to produce~~ a just and equitable share of gas in the subject spacing unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights provided that a <sup>reasonable</sup> ~~ratable~~ take factor is applied to the production from the Wolfcamp formation.

9) That a <sup>reasonable</sup> ~~ratable~~ take factor of 76 percent will afford the applicant the opportunity to produce her just and equitable share of gas in place and will afford protection to the correlative rights of the lease owners <sup>directly</sup> east of the NE/4 of said Section 2.

IT IS THEREFORE ORDERED:

(1) That the applicant, Corinne Grace, is hereby authorized to recomplete her Gradonoco Well No. 1, located in <sup>Unit H</sup> the NE/4 of Section 2, Township 23 South, Range 26 East, NMPM, as a dually completion<sup>ed</sup> gas well to produce gas from an undesignated Wolfcamp <sup>Gas</sup> Pool and the South Carlsbad-Morrow <sup>Gas</sup> Pool.

(2) That production from the Morrow shall be through 2 3/8 ~~EUE~~ tubing set in a packer located above the Morrow perforations and thence, by means of a cross-over assembly, through the casing-tubing annulus to the surface. Production from the Wolfcamp formations shall be through the casing-tubing annulus and thence, by means of a cross-over assembly through the 2 3/8 ~~EUE~~ tubing to the surface. The cross-over assembly shall be set in a packer located above the Wolfcamp perforations.

(3) That an unorthodox gas well location for the Wolfcamp formation is hereby approved for <sup>said</sup> ~~a~~ well <sup>which is</sup> to be located 2500 feet from the North line and 330 feet from the East line of Section 2, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

*Section 2*  
(4) ~~That the NE/4 of said Section 2 of the Wolfcamp formation~~ <sup>That for the Wolfcamp formation, the NE/4 of said</sup> shall be dedicated to the above-described well.

(5) PROVIDED HOWEVER, that as to production from the Wolfcamp formation, said well is assigned a ratable take factor of 76% <sup>percent</sup>.

(6) PROVIDED FURTHER, that in the event the Wolfcamp Pool is prorated, the subject well as to such pool shall be assigned an acreage factor for proration purposes of 76% <sup>percent</sup>.

(7) PROVIDED FURTHER, that the applicant shall recomplete, operate and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(8) PROVIDED FURTHER, that applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the South Carlsbad-Morrow Gas Pool.

-4-

Case No. 5058

Order No. R-

(9) That the provisions of this order in no way revoke or modify the provisions of Commission Order No. R-4034, entered October 2, 1970.

(10) 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.