

Entered September 8, 1972
A.L.P.

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. 4795
Order No. R-4392

APPLICATION OF MICHAEL P. GRACE II
AND CORINNE GRACE FOR POOL CONTRAC-
TION AND CREATION OF TWO NEW GAS
POOLS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 16, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of September, 1972, 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) Applicants, Michael P. Grace II and Corinne Grace, in the above-styled cause, seek the contraction of the horizontal limits of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, by the deletion therefrom of the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 25: S/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 2: All
Section 11: All

(3) Applicants further seek the creation of two new pools for the production of gas from the Strawn and Morrow formations

-2-

CASE NO. 4795
Order No. R-4392

with the horizontal limits of each pool to comprise the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 24: All
Section 25: All
Section 35: All
Section 36: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 2: All
Section 11: All

(4) That by Order No. R-3922, dated February 10, 1970, the Commission created the South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, for the production of gas from the Strawn formation.

(5) That the horizontal limits of the South Carlsbad-Strawn Gas Pool have been extended from time to time by order of the Commission.

(6) That by Order No. R-3731, dated April 18, 1969, the Commission created the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, for the production of gas from the Morrow formation.

(7) That the horizontal limits of the South Carlsbad-Morrow Gas Pool have been extended from time to time by order of the Commission to include, among other lands, the area the applicants seek to delete.

(8) That the applicants contend that the area to be included in the proposed new Strawn and Morrow gas pools constitutes separate common sources of supply because said areas are not in communication with the area which would remain as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools.

(9) That the applicants attempted to show that the areas were separated by a fault, or a syncline, or both, and that the areas were not the same stratigraphically.

(10) That no wells have been completed in the Strawn formation in the area proposed as a new Strawn gas pool.

(11) That the applicant's case is practically devoid of evidence concerning the Strawn formation.

(12) That the evidence presented to show the presence of a fault is vague and unreliable.

(13) That there was no substantial evidence presented that would prove the existence of a fault as claimed by the applicants.

(14) That the evidence presented by the applicants concerning pressure and productivity differentials in the Morrow zone is not reliable due to many variables and many unknowns.

(15) That the evidence presented by the applicants concerning pressure and productivity differentials in the Morrow zone does not amount to substantial evidence.

(16) While the evidence presented does indicate there may be a syncline existing in the area of the proposed separation, there is no reliable evidence that it acts as a barrier.

(17) That the evidence presented does not show the existence of any effective barrier separating the proposed new Strawn and Morrow gas pools from the areas which would remain as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools.

(18) That there was substantial evidence presented that each of the wells completed in the Morrow formation in the proposed new Morrow gas pool is producing from a zone or zones productive of gas from other wells on the east side of the alleged barrier.

(19) That there is substantial evidence that there is communication between the areas to the west and to the east of the alleged barrier, that said areas constitute a single common source of supply in each formation, and that the areas should not be separated.

(20) That the applicants have failed to prove that a new gas pool for Strawn production should be created.

(21) That the applicants have failed to prove that the South Carlsbad-Morrow Gas Pool should be contracted and that a new Morrow gas pool should be created.

(22) That in order to prevent waste and to protect correlative rights, the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Michael P. Grace II and Corinne Grace for the contraction of the South Carlsbad-Morrow Gas Pool and the creation of two new gas pools is hereby denied in its entirety.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.


-4-

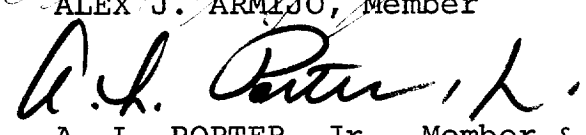
CASE NO. 4795
Order No. R-4392

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

S E A L

dr/