

Entered October 27, 1973
A.H.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. 5085
Order No. R-4648

APPLICATION OF MICHAEL P. GRACE II
AND CORINNE GRACE FOR AN EXCEPTION
TO ORDER NO. R-1670, AS AMENDED,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 25, 1973, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of October, 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 applicants, Michael P. Grace II and Corinne Grace, seek an exception to Rule 15(B) of the Prorated Gas Pool Rules for Southeast New Mexico as promulgated by Order No. R-1670, as amended, for the Grace-Atlantic Well No. 1 located in Unit J of Section 24, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, which well is more than six times overproduced with respect to its average monthly allowable and is subject to shut-in pursuant to said Rule 15(B).

(3) Pursuant to the provisions of Rule 15(E) of said Order No. R-1670, as amended, applicants seek an exception to said Rule 15(B) to permit overproduction to be made up at a rate less than by complete shut-in, alleging that material damage will result to said well if completely shut in.

-2-

Case No. 5085

Order No. R-4648

(4) That the applicants have submitted evidence for the purpose of showing that the Grace-Atlantic No. 1 well is not overproduced more than six times its average monthly allowable if proration formulas are calculated in the manner suggested by applicants.

(5) That applicants have failed to show that the Commission's method of calculating well allowables is incorrect or in contradiction or violation of Statutes, Rules, Regulations, or Orders relating to the Commission's prorationing functions and have failed to show why their method of calculating well allowables should be substituted for the Commission's method.

(6) That applicants' suggested method of calculating well allowables contains arithmetical errors which preclude its use in determining the overproduced status of the Grace-Atlantic No. 1 well, even if its use were otherwise appropriate, which it is not.

(7) That applicants' Grace-Atlantic No. 1 well is more than six times overproduced with respect to its average monthly allowable.

(8) That applicants have failed to sustain their burden of proof to show that the well would be materially damaged by a complete shut-in.

(9) That applicants have failed to sustain their burden of proof in suggesting and justifying a minimum production level which would correct the well's overproduced status and prevent the alleged damage to the well.

(10) That substantial evidence has been presented to the effect that material damage would not occur to the well if it were properly shut in.

(11) That the evidence preponderates in favor of the engineering viewpoint that the well will not be materially damaged if it is properly shut in.

(12) That the correlative rights of the owners of other mineral interests in the pool could be adversely affected by the continued overproduction of the subject well.

-3-

Case No. 5085

Order No. R-4648

(13) That in order to promote conservation, prevent waste, and protect correlative rights, the subject well should be shut in upon the issuance of this order and should remain shut in until such time that the Commission issues written notification to the applicants that the well is no longer more than six times overproduced with respect to its average monthly allowable according to the records of the Commission.

(14) That the Commission should immediately notify applicants when the well is overproduced in an amount six times or less its average monthly allowable according to the records of the Commission in order that the well may at that time resume production.

IT IS THEREFORE ORDERED:

(1) That applicant's Grace-Atlantic Well No. 1, located in Unit J of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, be shut in upon the issuance of this order and that it remain shut in until such time as the Commission issues written notification to the applicants that the well is no longer more than six times overproduced with respect to its average monthly allowable according to the records of the Commission.

(2) That the Commission shall immediately notify the applicants when the subject well is overproduced in an amount six times or less its average monthly allowable according to the records of the Commission in order that the well may at that time resume production.


(3) 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

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