



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

September 17, 1990

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Corinne B. Grace
c/o Padilla & Snyder
P.O. Box 2523
Santa Fe, NM 87504-2523

Attention: Mr. Ernest L. Padilla

Administrative Order TX-196

Dear Mr. Padilla:

Reference is made to your application on behalf of Corinne B. Grace for an exception to the tubing setting requirements as contained in Division Rule 107(d)(3) for the below named well.

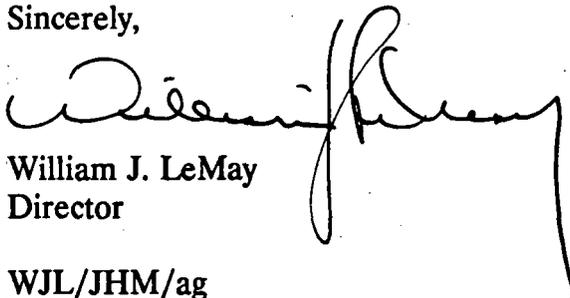
Pursuant to the authority granted me by Rule 107(d)(4), you are hereby authorized to set tubing in a packer at approximately 10,800 feet in the following well:

Grace Atlantic Well No. 1

1980 feet from the South line and 1980 feet from the East line (Unit J) of Section 24, Township 22 South, Range 26 East, NMPM, South Carlsbad Morrow (Prorated Gas) Pool (perforated interval 11,424 feet to 11,444 feet), Eddy County, New Mexico.

The Division reserves the right to rescind this authority in the event that waste appears to be resulting therefrom.

Sincerely,



William J. LeMay
Director

WJL/JHM/ag

cc: Oil Conservation Division - Artesia
Corinne B. Grace - P.O. Box 1418, Carlsbad, NM 88220

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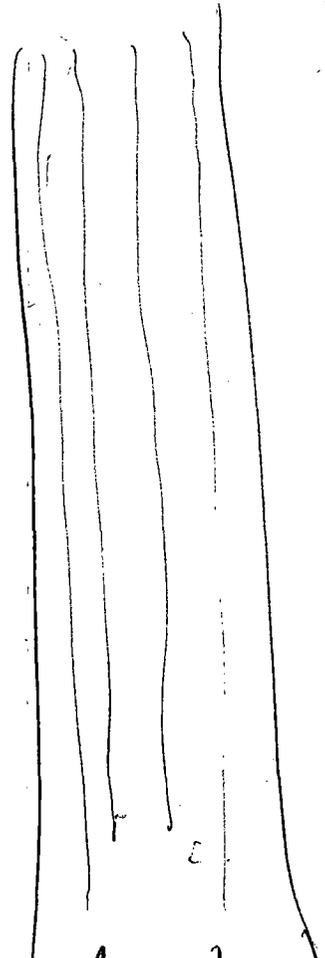
- Ernie Perdia -

~~Corene~~ Corene Grace -

Grace Atlantic #1 - Eddy Co

~~#~~ 1980 FS+E J. 24 22 S 26 E - Eddy Co
S. Carlsbad Morrow

T D = 11,352
Perfs = 11,352



2 1/16" tbg string collapsed
below 10,876'

Need exception

Want to set pkr.
at

Mike Stubblefield -

Mike Williams

(4) Pursuant to Order No. R-7745, this case was to be reopened at an examiner hearing in March, 1987, however, due to inadvertence, the reopening of this case was delayed until the present time.

(5) Geologic and engineering evidence presented in original Case No. 8350 indicated that the average well in the Gavilan Greenhorn-Graneros-Dakota Oil Pool would be capable of marginal production only, and, being so marginal in nature, would not support the drilling of a well to produce these zones only.

(6) The evidence presented in said Case No. 8350 further indicated that the Gavilan-Mancos Oil Pool is above the Gavilan Greenhorn-Graneros-Dakota Oil Pool and is the pool of primary interest with respect to ultimate recoveries of oil and gas.

(7) The 320-acre spacing within the subject pool was instituted primarily to limit the number of wells drilled through the Mancos formation which would serve to protect said Mancos formation from potential damage during drilling and cementing operations.

(8) No additional evidence was presented in this reopened case, however, a statement by a representative of Oryx Energy Company (Oryx), one of five current operators in the subject pool, was read into the record.

(9) It is the contention of Oryx Energy Company that the circumstances leading to and resulting in the promulgation of special rules and regulations for the subject pool have not changed.

(10) Oryx Energy Company therefore requested that the temporary special rules and regulations for the subject pool remain in effect for an additional two year period.

(11) No other operator and/or interest owner appeared at the hearing in opposition to Oryx's proposal.

(12) In order to prevent the economic loss caused by the drilling of unnecessary wells, to prevent reduced recovery of hydrocarbons from the Mancos and to otherwise prevent waste and protect correlative rights, the temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool should remain in effect for an additional temporary period of two years.

(13) This case should be reopened at an examiner hearing in September, 1992, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special rules for the Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

PADILLA & SNYDER

ATTORNEYS AT LAW

200 W. MARCY, SUITE 216

P.O. BOX 2523

SANTA FE, NEW MEXICO 87504-2523

(505) 988-7577

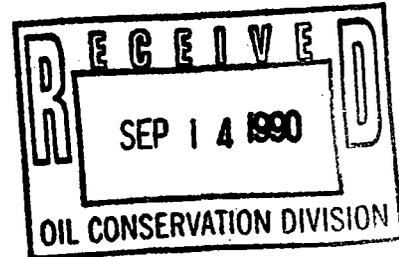
ERNEST L. PADILLA
MARY JO SNYDER

FAX 988-7592
AREA CODE 505

September 14, 1990

HAND-DELIVERY

William J. LeMay, Director
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501



Re: Grace Atlantic Well No. 1
Unit J, 1980 FSL 1980 FEL,
Section 24, T22S, R26E,
Eddy County, New Mexico

Dear Mr. LeMay:

Corinne Grace, our client, has recently assumed operation of the above-referenced well to repair and replace the 2 1/16th inch tubing string to a depth of 11,352 feet. Mrs. Grace has encountered considerable difficulty in pulling the tubing string in that it has constantly collapsed and parted. She has been able to retrieve all but approximately 400 feet of the tubing string. The well's perforations are located at 11424 to 11444 feet below the surface.

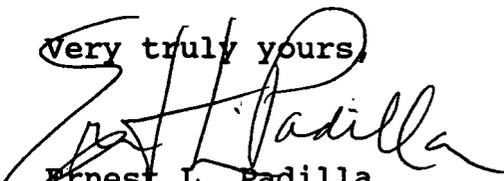
She has been advised by her engineers and technical experts to set the packer for the new tubing perforations slightly above the old tubing since it is not advisable under the circumstances to attempt further retrieval efforts.

The Artesia office of the Division, which has monitored the re-work and retrieval operations of the tubing string, concurs in setting the tubing string with a packer above the old string. However, because of a previous administrative order, a copy of which is attached hereto for your reference, the packer must necessarily be set within 250 feet of the well's perforations.

William J. LeMay
September 14, 1990

Accordingly, we request, on behalf of Mrs. Grace, an exception to the 250 feet tubing perforation limitation as set out in the order. Further, we request your expeditious consideration because all necessary equipment and personnel to perform the work are on location.

Very truly yours,



Ernest L. Padilla

ELP:pmc
Enclosure as stated
cc: Corinne Grace

well#1.ltr

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

April 17, 1973

GOVERNOR
BRUCE KING
CHAIRMANLAND COMMISSIONER
ALEX J. ARMJO
MEMBERSTATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTORMrs. Juanita L. Jones
P. O. Box 1418
Carlsbad, New Mexico 88220

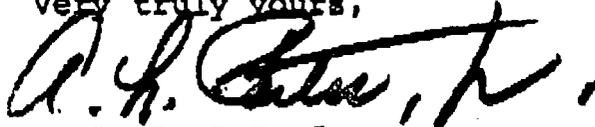
Administrative Order TX-39

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

OIL CONSERVATION COMMISSION

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



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
June 27, 1977

Michael P. Grace II
Box 1418
Carlsbad, New Mexico 88220

Attention: Ms. Juanita L. Jones

Gentlemen:

On April 17, 1973, Administrative Order TX-39 was issued permitting the use of 4½-inch tubing in your 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. This Order in part states, "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."

Since the well now makes sufficient water that it must be unloaded by flaring periodically (your letter of June 1, 1977), and since the flaring of gas constitutes waste, Administrative Order TX-39 is hereby rescinded.

RECEIVED CARLSBAD OFFICE

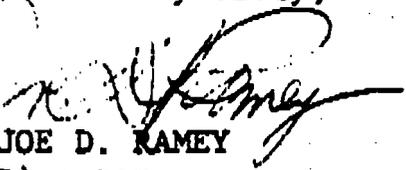
DATE JUN 29 1977

Page 2
Letter to Michael P. Grace II
June 27, 1977

You are hereby directed to install tubing, maximum size to be no greater than 2 7/8-inch, in this well by August 1, 1977. Tubing perforations are to be set within 250 feet of the top of the pay.

Please contact the Oil Conservation Commission's district office at Artesia at least 24 hours before commencing work on the well.

Yours very truly,



JOE D. RAMEY
Director

JDR/fd

Write this up in the...