

CASE No.

4977

Application,

Transcripts,

Small Exhibits

ETC.

dearnley, meier & mc cormick consulting service, inc.

209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

PAGE 2

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
May 23, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Michael P. Grace II
for compulsory pooling and an
unorthodox gas well location, Eddy
County, New Mexico.

Case No. 4977

BEFORE: Elvis A. Utz
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4977.

2 MR. CARR: Case 4977: Application of Michael P.
3 Grace II for compulsory pooling and an unorthodox gas well
4 location, Eddy County, New Mexico.

5 Mr. Bateman has indicated that he requests that this
6 case be dismissed.

7 MR. UTZ: This was a telephone request?

8 MR. CARR: Yes.

9 MR. UTZ: Case 4977 will be dismissed.

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1 STATE OF NEW MEXICO)
 2) SS.
 3 COUNTY OF BERNALILLO)

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,
 5 do hereby certify that the foregoing and attached Transcript
 6 of Hearing before the New Mexico Oil Conservation Commission
 7 was reported by me; and that the same is a true and correct
 8 record of the said proceedings, to the best of my knowledge,
 9 skill and ability.

10 *Richard E. McCormick*
 11 CERTIFIED SHORTHAND REPORTER
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I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 4977.
 heard by me on *May 7, 1973*.

[Signature] Examiner
 New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6651, ALBUQUERQUE, NEW MEXICO 87103
 1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108



OIL CONSERVATION COMMISSION

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

June 4, 1973

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Kenneth Bateman
White, Koch, Kelly & McCarthy
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 4977
Order No. R-4544
Applicant:
Michael P. 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.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Lee Voigt - 802 North Canal, Carlsbad, New Mexico 88220

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. 4977
Order No. R-4544

APPLICATION OF MICHAEL P. GRACE II
FOR COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of June, 1973, the Commission, a
quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

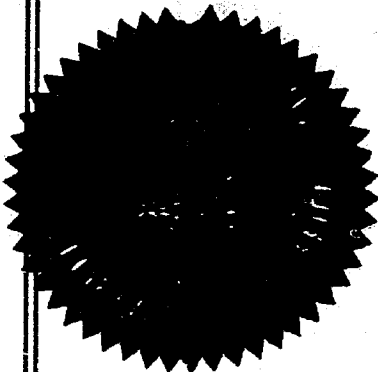
FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 4977 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

S E A L

ac/

WHITE,
KOCH, KELLY
&
McCARTHY

May 23, 1973

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

Re: NMOCC Case Numbers 4977 and 4979,
Michael P. Grace, II

Gentlemen:

This is to inform you that the applicant in the above numbered causes requests that the applications be withdrawn from the hearing schedule for Wednesday, May 23, 1973.

Sincerely,


KENNETH BATEMAN

KB/sr

L.C. White
Sumner S. Koch
William Booker Kelly
John F. McCarthy, Jr.
Kenneth Bateman
Benjamin Phillips
Ronald M. Friedman

Attorneys and Counselors at Law

220 Otero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501 — P.O. Drawer E, (505)758-4338, Taos, N.M. 87571

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 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:

CASE 4683: (Reopened) (Continued from the April 11, 1973 Examiner Hearing)

In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4946: (Continued from the May 9, 1973 Examiner Hearing)

Application of Union Texas Petroleum for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Crosby-Fusselman Pool, Lea County, New Mexico, including a provision for classification of oil wells and gas wells, 320-acre spacing for all wells, and a limiting gas-oil ratio of 5000 to one.

CASE 4966: (Continued from the May 9, 1973 Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. 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 200 percent charge for risk involved in drilling said well.

CASE 4969: Application of Amoco Production Company for a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special depth bracket allowable of 764 barrels of oil per day for the Tocito Dome Pennsylvanian "D" Oil Pool, San Juan County, New Mexico, to replace the current regular depth bracket allowable for said pool of 382 barrels per day.

CASE 4970: Application of Robert G. Cox for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter his Federal "EA" Well No. 1, a crooked hole the surface location of which is 330 feet from the North and West lines of

(Case 4970 continued from page 1)

Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, to set a whipstock at a depth of 4,200 feet and to drill in such a manner as to return the hole to the vertical, and to bottom said well at a depth of 6,200 feet approximately beneath the surface location.

- CASE 4971: Application of Tesoro Petroleum Corporation for a secondary recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by injection of water and/or gas into the Hospah sand in its Santa Fe RR "A" Well No. 84 to be located five feet from the South line and 2,950 feet from the East line of Section 1, Township 17 North, Range 9 West, South Hospah-Lower Sand Oil Pool, McKinley County, New Mexico.
- CASE 4972: Application of Skelly Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Forty-Niner Ridge Unit Area comprising 7,679 acres, more or less, of State, Federal, and Fee lands in Township 23 South, Range 30 East, Eddy County, New Mexico.
- CASE 4973: Application of Clayton W. Williams, Jr. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Badger Unit Area comprising 10,158 acres, more or less, of State and Federal lands in Township 22 South, Range 31 East, Eddy County, New Mexico.
- CASE 4974: Application of Atlantic Richfield Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a non-standard 160-acre unit comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Cooper Wells Nos. 1, 2, and 3 located in Units G, F, and B, respectively, of said Section 12.
- CASE 4975: Application of Atlantic Richfield Company for a non-standard proration unit, simultaneous dedication, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 320-acre gas proration unit comprising the NW/4, N/2 SW/4, and W/2 NE/4 of Section 11, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its W. P. Byrd Wells Nos. 5, a non-standard location 1650 feet from the North line and 330 feet from the West line, and No. 7, located 990 feet from the North line and 1980 feet from the West line of said Section 11.

CASE 4951: (Continued from the April 25, 1973 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 15, Township 21 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled by the applicant at a standard location to test the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator and the risk involved in drilling said well.

CASE 4976: Application of The Petroleum Corporation for a dual completion, creation of two gas pools and special rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Parkway West Unit Well No. 1 located in Unit C of Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of tubing. Applicant further seeks the designation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each, including classification of oil wells and gas wells and special gas-oil ratio limitations.

CASE 4977: Application of Michael P. Grace II for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 12, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, to be dedicated to a well to be drilled to the Morrow formation at an unorthodox location 1440 feet from the North line and 1880 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as operator of the well, and the establishment of a 200 percent risk factor for the well.

CASE 4978: Application of Adobe Oil Company for a dual completion and non-standard gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Smith Federal Well No. 2 in such a manner as to produce gas from an undesignated Atoka gas pool and from the Rock Tank-Upper Morrow gas pool through parallel strings of tubing. Applicant further seeks approval for the non-standard location of said well for the Atoka formation at a point 660 feet from the South line and 330 feet from the East line of Section 11, Township 23 South, Range 24 East, Rock Tank Gas Field, Eddy County, New Mexico, said location having previously been approved for the Upper Morrow formation by Order No. R-4456.

- CASE 4979: Application of Michael P. Grace II for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to set a whip-stock in his Airport Grace Well No. 1, the surface location of which is 1980 feet from the South line and 2164 feet from the West line of Section 36, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, and to directionally drill said well in such a manner as to bottom the well in the Morrow formation at a point approximately 500 feet Northeast of the surface location.
- CASE 4980: Application of Pubco Petroleum Corporation for pool creation, an oil discovery allowable, and surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Humble City-Wolfcamp Pool and the assignment of approximately 47,970 barrels of oil discovery allowable to the discovery well for said pool, applicant's Shipp Well No. 4 located in Unit L of Section 11, Township 17 South, Range 37 East, Lea County, New Mexico. Applicant further seeks authority to commingle production from said pool with production from the Humble City-Strawn Pool underlying applicant's Shipp lease after separately metering the Wolfcamp production.
- CASE 4981: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Eddy, Lea, and Chaves Counties, New Mexico:
- (a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the West Atoka-Cisco Gas Pool. The discovery well is the Coquina Oil Corporation Five Mile No. 1 located in Unit H of Section 14, Township 18 South, Range 25 East, NMPM. Said pool would comprise:
- TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 14: E/2
- (b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Cabin Lake-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company James A Com No. 1 located in Unit O of Section 2, Township 22 South, Range 30 East, NMPM. Said pool would comprise:
- TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: S/2
- (c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Sand Dunes-Morrow Gas Pool. The discovery well is the El Paso Natural Gas Company Mobil Federal No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 29: E/2

(d) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Shoe Bar-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation Skelly State No. 1 located in Unit I of Section 14, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 14: SE/4

(e) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 18: S/2

(f) Extend the Blinebry Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: N/2

(g) Extend the East Brunson-McKee Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4

(h) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 11: E/2

(i) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 2: Lots 1 through 8
Section 3: Lots 1 through 8

(j) Extend the East Caprock-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 10: SE/4

(k) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 30: All

(l) Extend the Cedar Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 10: All

(m) Extend the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 5: NE/4

(n) Extend the East EK-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 21: S/2 SE/4

(o) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: Lots 1, 2, 7, 8, 9, 10,
15 and 16

(p) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2

(q) Extend the Justis-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: SE/4

(r) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 23: SW/4 SE/4

Examiner Hearing - Wednesday - May 23, 1973

Docket No. 14-73

-7-

(s) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 22: SE/4

Section 23: E/2 SW/4

(t) Extend the West Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 29: NW/4

(u) Extend the Twin Lakes-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 1: SE/4 NW/4 and NE/4 SW/4

CASE 4943: (Continued from the May 9, 1973 Examiner Hearing)

Application of M. W. Staples for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from his Vanderventer Well No. 2 located 1310 feet from the North line and 1330 feet from the East line of Section 20, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Said well was drilled as an injection well at said location pursuant to authority granted by Order No. R-3341.

File
Case 4977

NEW MEXICO
OIL CONSERVATION COMMISSION

FIELD TRIP REPORT

DATE 5-2-73

Name of Employee W. A. Gressett

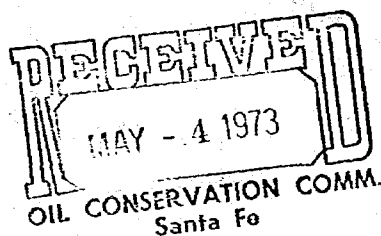
Time of Departure 12:30 P. M. Time of Return 3:45 P. M.

Miles Travelled 84

In the space below please indicate purpose of trip and duties performed, listing wells or leases visited.

To check on an unorthodox location 1440' FNL & 1880 FEL Sec. 12-22-26 for the Graces. Met Mr. John Wilsher, Tool-pusher for Big West Drilling Company and he pointed out the approximate location. It falls in a cotton patch 125' south of the alley behind Ortega Street. This well would be 140' from a small playground and approximately 200' from a house.

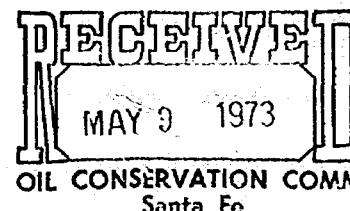
There is a concrete irrigation ditch approximately 610' south of the alley that runs east and west. I couldn't see anything on the surface to keep them from locating the well approximately 1700' FNL & 1980' FEL.



W. A. Gressett
Employee's Signature
District #II

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

May 7, 1973



Case 4977

Mr. D. S. Nutter
Chief Engineer
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Application of Michael P. Grace II
and Corinne Grace for Compulsory Pooling,
Eddy County, New Mexico

Dear Mr. Nutter:

Please consider this our application for an order pooling all mineral interests down to and including the Morrow formation underlying the N/2 of Section 12, T22S., R26E., MPM South Carlsbad Morrow Gas Pool, Eddy County, New Mexico to form a non-standard 325.12 acre unit to be dedicated to a well to be drilled at an unorthodox location located 1140 feet from the North line and 1880 feet from the East line of said Section 12.

We would also like consideration for the cost of drilling, an allocation of cost there of, as well as actual operators charges for supervision and establishment of 200% risk factor for the well.

We also request that Michael P. Grace II be designated as operator of this well.

There is only one owner in the N/2 of this section which we are force pooling and his name is:

Lee Voigt
802 North Canal - Business Address
609 South 6th St. - Residence
Carlsbad, New Mexico 88220

Thank you for your prompt consideration of this matter.

Sincerely yours,

Michael P. Grace II
Michael P. Grace II

MPG:jj

Send
docket
to →

DRAFT

12
→ " BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

2
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

3
APPLICATION OF MICHAEL
P. GRACE II FOR COMPULSORY
POOLING AND AN UNORTHODOX
GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

2
CASE No. 4977

Order No. R- 4544

3
ORDER OF THE COMMISSION

2
BY THE COMMISSION:

2
This cause came on for hearing at 9 a.m. on MAY 23, 1973
at Santa Fe, New Mexico, before Examiner ELVIS A. UTZ.

2
NOW, on this Express day of JUNE, 1973, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4977 is hereby dismissed.

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