

2005 SEP 13 PM 2 16

September 13, 2005

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*Case 13570*

Re: Application of Gruy Petroleum Management Company for simultaneous dedication, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Gruy Petroleum Management Company in the above-referenced case as well as a copy of a legal advertisement. Gruy Petroleum Management Company requests that this application be placed on the docket for the October 6, 2005 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Zeno Farris (w/enclosures)

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

**IN THE MATTER OF THE APPLICATION OF  
GRUY PETROLEUM MANAGEMENT COMPANY  
FOR SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 159570

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**APPLICATION**

GRUY PETROLEUM MANAGEMENT COMPANY ("Gruy"), through its undersigned attorneys, pursuant to Oil Conservation Division Rule 104.D (3), hereby makes application for an order authorizing the simultaneous dedication of the following two wells located in the SW/4 of Section 5, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico to the 160-acre spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the SW/4 of said Section 5:

- A. Rhodes Federal Unit Well No. 54 (API No. 30-025-31463) ("RFU Well No. 54") located in Unit K at a standard gas well location 1930 feet from the South line and 1980 feet from the West line; and
- B. Rhodes Federal Unit Well No. 56 (RFU Well No. 56") which Gruy proposes to drill and a standard located in Unit M at an standard gas well location 660 feet from the South and West lines.

*30-025-37953*

In support of its application, Gruy states:

1. Gruy is the operator of a standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprised of the SW/4 of Section 5, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico. Gruy's RFU Well No. 54 located in Unit K of said Section 5 currently produces from the Yates Seven-Rivers formation, Rhodes Yates-Seven Rivers Gas Pool.
2. Gruy's RFU Well No. 54 is not efficiently producing the reserves under this spacing unit.
3. To produce the reserves under this spacing unit, Gruy seeks an exception to the provisions of Division Rule 104.D(3) for its RFU Well No. 56 which it proposes to drill at a standard location in Unit M of Section 5 for the production of hydrocarbons from the Yates-Seven Rivers formation.

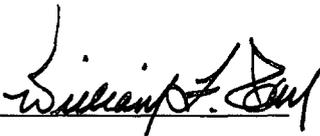
4. The simultaneous dedication of the SW/4 of said Section 5 to the RFU Well No. 54 and the RFU Well No. 56 will afford Gruy the opportunity to efficiently produce the Yates-Seven Rivers formation under this spacing and proration unit, thereby protecting its correlative rights. The correlative rights of no other owner in this reservoir will be adversely affected.

5. Gruy Petroleum Management Co. is the only affected party pursuant to the rules of the Division. The ownership of the offsetting tracts is common with the ownership of the subject spacing unit.

6. Approval of this application will result in the efficient recovery of hydrocarbons from the Rhodes Yates-Seven Rivers Gas Pool, thereby preventing waste, and will otherwise be in the best interest of conservation.

WHEREFORE, Gruy Petroleum Management Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 6, 2005 and, after notice and hearing as required by law, the Division enter its order approving the simultaneous dedication of the SW/4 of Section 5, Township 26 South, Range 37 East, NMPM, to the RFU Well No. 54 and the RFU Well No. 56.

Respectfully submitted,  
HOLLAND & HART LLP

By: 

William F. Carr  
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Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR GRUY PETROLEUM  
MANAGEMENT COMPANY

CASE 13570 **Application of Gruy Petroleum Management Company for simultaneous dedication, Lea County, New Mexico.** Applicant in the above-styled cause seeks authorization to simultaneously dedicate the standard 160-acre gas spacing unit in Rhodes formation, Rhodes Yates-Seven Rivers Gas Pool, comprised of the SW/4 of Section 5, Township 26 South, Range 37 East, NMPM, to its Rhodes Federal Unit Well No. 54 (API No. 30-025-31463) located in Unit K at a standard location 1930 feet from the South line and 1980 feet from the West line of said Section 5 and its Rhodes Federal Unit Well No. 56 which it proposes to drill at a standard location 1930 feet from the South line and 1980 feet from the West line (Unit M) of said Section 5. Said unit is located approximately 3 miles south of Jal, New Mexico.