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Att. General

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*George Hatch
Atty for*

ATTORNEY GENERAL

Oil Conserv. Com.

osp

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE II and
CORINNE GRACE,

Plaintiffs

vs.

No. 28181

OIL CONSERVATION COMMISSION
OF NEW MEXICO,

Respondent,

and

CITY OF CARLSBAD, NEW MEXICO,

Intervenor.

NOTICE OF HEARING

Notice is hereby given that the within Motion will be called up for hearing before Judge D. D. Archer at the Eddy County Courthouse, Carlsbad, New Mexico at the hour of 9:30 a.m. on the 20th day of September, 1972.

Michael E. McMorris
City Attorney

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

MICHAEL P. GRACE II and)
CORINNE GRACE,)
))
Petitioners,)
))
vs.)
))
OIL CONSERVATION COMMISSION)
OF NEW MEXICO,)
))
Respondent.)

No. 28181

RESPONSE TO MOTION TO INTERVENE
BY THE CITY OF CARLSBAD

Respondent, Oil Conservation Commission of New Mexico,
responding to the Motion to Intervene by the City of Carlsbad
states:

1. As to paragraph 1 of the Motion to Intervene, Respondent admits that it issued Order No. R-1670-L which order established proration in the South Carlsbad-Morrow Gas Pool, but denies that said order ^{or} ~~is~~ any other order of the Commission has reduced the allowable production *in said pool.*

2. As to paragraph 2 of the Motion to Intervene, Respondent is without knowledge or information sufficient to form a belief as to the extent of interest in the Humble-Grace and the City of Carlsbad wells held by the City of Carlsbad and therefore denies the allegations contained in said paragraph 2 pertaining to interest and income loss. Further, Respondent denies that its order will cause the loss of the City of Carlsbad Well No. 1 and its accompanying reserves and cause irreparable damage and injury to the City of Carlsbad.

3. Further, Respondent states that the City of Carlsbad did not exhaust its administrative remedies in that it did not file with the Commission in accordance with Section 65-3-22, NMSA, 1953 Compilation, an application for rehearing in Commission Case No. 4693 which case is the subject of Eddy County Cause No. 28181.

2. And for such other and further relief as the court may deem just and proper.

DAVID L. NORVELL
Attorney General for the
State of New Mexico

GEORGE M. HATCH
Special Assistant Attorney General
representing the Oil Conservation
Commission of New Mexico
P. O. Box 2088, Santa Fe, New Mexico

I hereby certify that on the _____ day of _____,
1972, a copy of the foregoing Response to Motion For Stay of
Order was mailed to opposing counsel of record.

GEORGE M. HATCH

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IN THE DISTRICT COURT OF EDDY COUNTY
ATTORNEY GENERAL
STATE OF NEW MEXICO

MICHAEL P. GRACE II and
CORINNE GRACE,

Plaintiffs,

vs.

No. 28181

OIL CONSERVATION COMMISSION
OF NEW MEXICO,

Respondent,

and

CITY OF CARLSBAD, NEW MEXICO,

Intervenor

MOTION TO INTERVENE

Comes now the City of Carlsbad, New Mexico, and moves the Court for permission to intervene in the above cause, and for grounds thereof states:

1. That Respondent has issued its Order No. R-1670-L prorating the production of gas in the South Carlsbad-Morrow Pool. Under said Order the allowable production in said pool was reduced by over 50% of the former production of gas.

2. That Intervenor has a substantial interest in the above matter in that it has 7½% interest in two gas wells in said pool, being the Humble-Grace Well and the City of Carlsbad Well No. 1. Such proration order will result in a loss of revenue to the City of Carlsbad of approximately \$6,000.00 per month, and will probably result in the loss of the City of Carlsbad Well No. 1 and all its accompanying reserves and cause irreparable damage and injury to Intervenor.

WHEREFORE INTERVENOR PRAYS that it be allowed to Intervene in the Petition for Review of the above proration Order and the proceedings presently pending for a Stay of said Order.


WALTER GERRELLS, Mayor of the City of
Carlsbad, New Mexico



city of carlsbad



PHONE 887-1191 • BOX 1569 • CARLSBAD, NEW MEXICO 88220

Mayor — Walter Gerrells

City Administrator — Claude Tabor

April 19, 1972

New Mexico Oil and Gas Commission

Gentlemen:

There are 19 producing wells in the close vicinity of the City of Carlsbad. Of these, in two wells the City of Carlsbad has a direct interest. Of the remaining 17 wells, at least a dozen are on fee land and are owned by citizens of the City of Carlsbad. One or two of whom have revenues similiar to the City itself.

The wells bring about one-half million dollars apiece of expenditures into the City. Besides the well that might be staked or farmed out by Midwest and/or Delaware Apache on the City owned land. There is one well spudding and two announced staking.

There is no doubt that any drastic cut in the allowables could prevent the additional City land from being drilled and take away from the City the 1/8 O.R.R. on the same. It is also clear that a drastic cut in allowables would probably discourage Shelley, Union 77 and Grace from continuing their projected explorations and cut off nearly, or more than, two million dollars expenditures in the City's immediate area, not to mention the additional loss of the 1/8 O.R.R. income explored or developed.

We protest strongly any attempt that might be taken to curtail the development and production of oil and gas in the Carlsbad area as it will have a definite effect on our present and future economy.

Your consideration of our protest will be greatly appreciated.

Yours very truly,

A handwritten signature in cursive script that reads "Walter Gerrells".

Walter Gerrells
Mayor

WG:vg