

IN THE SUPREME COURT OF THE STATE OF NEW MEXICO

MICHAEL P. GRACE II and
CORINNE GRACE,

Petitioners-Appellants,

vs.

OIL CONSERVATION COMMISSION
OF NEW MEXICO,

NO. 9821

Respondent-Appellee,

and
CITIES SERVICE OIL COMPANY
and the CITY OF CARLSBAD,

Intervenors.

CERTIFICATE OF SERVICE

This will certify that on this date I served a true
copy of Reply Brief

by mailing such copy to:

✓ A. J. Losee, Esquire
Attorney at Law
P. O. Box 239
Artesia, New Mexico 88220

Jason W. Kellahin, Esquire
Attorney at Law
500 Don Gaspar, P. O. Box 1769
Santa Fe, N. M. 87501

William F. Carr, Esquire
Special Asst. Atty Gen.
P. O. Box 2088
Santa Fe, N. M. 87501

by first class mail with postage thereon fully prepaid.

Dated at Santa Fe, New Mexico, this 19th day of
March , 1974

ROSE MARIE ALDERETE
Clerk of the Supreme Court
of the State of New Mexico

By: Lupe R. Valdez
Deputy Clerk



OIL CONSERVATION COMMISSION

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

January 12, 1973

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. A. J. Losee
P. O. Box 239
Artesia, New Mexico 88210

Dear Jerry:

I am enclosing a copy of an exhibit which shows the effect of gas prorationing in the South Carlsbad-Morrow Gas Pool when extrapolating an estimated November, 1972 market demand (production) for each month. The estimated November market demand was over estimated by some 181,000 m.c.f. In my opinion this will not affect the results of the projection materially.

You will note that I started the projection in September as if there had been no "stop order". I also classified wells 1-1-73, 7-1-73, 1-1-74, 7-1-74 and 1-1-75 at which time there remained only one non-marginal well. Of course, changes in market demand and pool development will change the results.

If you should have any questions or remarks regarding this data, please advise.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Elvis A. Utz".

ELVIS A. UTZ
Gas Engineer

EAU/dr

South Carlsbad production vs allowable analysis for
September 1972, thru June 1973.

Allowable calculation September thru December, 1972.

Total Pool Production	5,981,012
Marginal Production	1,489,230
Non-Marginal Production	4,491,782

Divided by non-marginal acreage

Factors of 5.94 equals

Allowable for Factor of 1.00 =	756,192
Factor of .25	189,048
" " .51	385,657
" " .97	597,391
" " .98	741,068

Allowable calculation January thru June, 1973.

Total Production (est.base Jan.)	13,771,038
Marginal production	3,728,684
Non-marginal production	10,042,354

Divided by Non-marginal acreage

Factors of 5.48 equals

Allowable for Factor of 1.00	1,832,546
Factor of .97	1,777,569
" " .51	934,598

				Sept. thru Dec.	Jan. thru June	Value of Overproduction
1.00 Phillips	Drag A #1-C, 18-23-27					
	Production		163,210	1,097,352		
	Allowable		756,192	1,832,546		
	Status		592,982+	1,453,854+		
N						
1.00 Phillips	Drag B #1-K, 18-23-27					
	Production		306,860	2,950,488		
	Allowable		756,192	1,832,546		
	Status		449,332+	663,610-		
N						\$234,013
.97 Antweil	Little Jewel #1-F, 31-22-27					
	Production		635,081	1,210,998		
	Allowable		597,391	1,777,569		
	Status		37,690-	528,881+		
N						
1.00 Grace	City of Carlsbad #1-O, 25-22-26					
	Production		1,160,327	1,647,510		
	Allowable		756,192	1,832,546		
	Status		404,135-	219,099-		
N						\$76,684
.51 Grace	Gradanoco #1-H, 2-23-26					
ability 92.728	Production		340,784	404,098		
x 4 = 370.912	Allowable		385,657	934,598		
	Status		44,873+	573,373+		
N						
1.00 Grace	Gopogo #2-G, 24-22-26					
	Production		915,220	2,731,908		
	Allowable		756,192	1,832,546		
	Status		159,028-	1,058,390-		
N						
.98 Cities Service	Merland B #1-G, 30-22-27					
	Production		412,591			
	Allowable		741,068			
	Status		328,477+			
N						\$370,436
.98 Cities Service	Spencer A #1-O, 30-22-27					
	Production		557,709			
	Allowable		741,068			
	Status		183,359+			
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200,000 MCF

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