

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

October 24, 1974

RECEIVED

OCT 25 1974

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

Attention: Juanita L. Jones

O. C. C.  
ARTESIA, OFFICE

Gentlemen:

Reference is made to your letter of October 18, 1974, requesting authority to utilize gas produced from your Carlsbad Grace Well No. 1 to gas-lift liquids from your Airport Grace Well No. 1 in an effort to clean said well up and establish natural flow.

Approval is hereby given to your proposal subject to the following understanding:

- P  
Y
1. El Paso Natural Gas Company will continue to buy gas from the Carlsbad Grace well and will continue to report the meter readings of its purchases from the well on Form C-111.
  2. You will install a meter on the line going from the Carlsbad Grace well to the Airport Grace well and will report the meter readings of the gas taken by you from the Carlsbad Grace well monthly on Form C-111. (This form is due the 15th of each month. See Rule 1105)
  3. The sum of the readings from the aforesaid two meters will be production from the Carlsbad Grace.
  4. Production from the Airport Grace will pass through a separator and into a compressor, thence through an El Paso meter into sales.
  5. Production from the Airport Grace will be the difference between the meter in paragraph 4 above and the meter in paragraph 2 above, plus the volume of gas estimated to be consumed by the compressor. You will report said fuel consumption monthly on Form C-115.