

CASE 4619: Application of CORINNE
GRACE FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Continued to

see text.

3-1-72

Charles E. and Spencer M.
Virginia Field
Pleasant

dearley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 1, 1971

EXAMINER HEARING

-----)
IN THE MATTER OF:)

Application of Corinne Grace)
for special gas-oil ratio,)
Chavez County, New Mexico)

Case No. 4563

Application of Corinne Grace)
for compulsory pooling,)
Eddy County, New Mexico)

Case No. 4619

Application of Corinne Grace)
for compulsory pooling,)
Eddy County, New Mexico)
-----)

Case No. 4620

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier reporting services, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

PAGE 2

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
March 1, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Corinne Grace for
compulsory pooling, Eddy County,
New Mexico.

Case No. 4619

BEFORE: Richard L. Stamets
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: We will proceed with Case 4619.

2 MR. HINKLE: Clarence Hinkle appearing on behalf
3 of Mrs. Grace. We have one witness and I have three
4 Exhibits that I have already marked as Exhibits 1, 2, and
5 3.

6 (Whereupon the witness, Charles Charles P. Miller,
7 was sworn by Mr. Hatch.)

8 CHARLES P. MILLER,
9 appeared as a witness, and having already been duly sworn,
10 testified as follows:

11 DIRECT EXAMINATION

12 BY MR. HINKLE

13 Q State your name and residence, please?

14 A Charles P. Miller, Hobbs, New Mexico.

15 Q Are you a graduate petroleum engineer and geologist?

16 A I am a certified petroleum geologist and engineer.

17 Q Have you previously testified before the Oil
18 Commission?

19 A Yes.

20 Q And your qualifications as a petroleum engineer and
21 geologist are a matter of record with the Commission?

22 A They are.

23 Q Are you a consultant engineer?

24 A Yes, I have been a consulting engineer since 1943.

25 Q Have you been employed by Mr. and Mrs. Grace in this

1 case?

2 A Yes, I have.

3 Q Have you made a study of the South Carlsbad Gas Pool
4 area?

5 A I have.

6 Q And are you familiar with the wells that have been
7 drilled?

8 A Yes, I have.

9 Q And the gas operations in the area?

10 A That's right.

11 MR. HINKLE: Are the witness's qualifications
12 accepted?

13 MR. STAMETS: They are accepted.

14 Q (By Mr. Hinkle) Have you prepared, or has there been
15 prepared under your direction, certain exhibits in
16 this case?

17 A There have been.

18 Q I refer to Exhibit #1, and I will ask you to explain
19 what this is and what it shows?

20 A Exhibit #1 is simply a base map upon which is shown
21 the location of the wells and the operator of each
22 well.

23 Q It shows the names?

24 A The name of the operator, the lease name, and the
25 location.

- 1 Q What acreage is involved in this application?
- 2 A This is the north half of Section 25.
- 3 Q And it shows a gas well in Section 25?
- 4 A That's right.
- 5 Q Has that been completed as a gas well?
- 6 A No, it has not been completed as a gas well, but tests
- 7 have been taken.
- 8 Q Was a drill stem test made in connection with this
- 9 test?
- 10 A Yes, a series of tests were made.
- 11 Q What is the formation?
- 12 A The well is made of several formations, from stone
- 13 on down into the Morrow Section and on into the
- 14 Devonian Section.
- 15 Q What did the Morrow Section show?
- 16 A Varied amounts of gas and the records of the tests
- 17 will show --
- 18 Q Can you state briefly what the test showed in the
- 19 Morrow?
- 20 A They did show enough gas to make a commercial production
- 21 out of the well when it is completed.
- 22 Q What is the present status of the well?
- 23 A The well is shut down at the present time. We couldn't
- 24 maintain a circulation because of the cement, so
- 25 apparently the casing is pretty well full now.

- 1 Q And you have yet to drill out the cement and complete
2 the well?
- 3 A We have yet to drill out the cement, that's right.
- 4 Q I refer you to Exhibit #2, will you explain what it
5 is and what it shows?
- 6 A Exhibit #2 was prepared to show the location of the
7 Corrine Number 1 well and two sections of land within
8 the northwest quarter of Section 25 which are at the
9 present time not leased.
- 10 Q Does Mrs. Grace have title to all interests in the
11 north half of Section 25?
- 12 A Everything in there excepting Section 8 as shown in
13 the plat and one-half of Tract Number 29.
- 14 Q All of the leases which the Graces have, except on
15 those two sections, contain pool clauses; do they
16 not?
- 17 A That's right.
- 18 Q And the object of this application at this time then
19 is to force pool these two tracts?
- 20 A Yes, sir.
- 21 Q How many acres are involved in Tract 8?
- 22 A Five acres.
- 23 Q How many acres are involved in Tract 29?
- 24 A Tract 29 has a total of one acre.
- 25 Q And Mrs. Grace has half of that acre?

dearnley-meier reporting service

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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

- 1 A That's right.
- 2 Q What is the percentage of the total acreage, have
- 3 you figured this out?
- 4 A Five and a half acres over 160 acres is approximately
- 5 three percent, some figure like that.
- 6 Q Referring to Exhibit #3, will you explain what this
- 7 is?
- 8 A This is the structural and contour map prepared for
- 9 the top section and identified as being positively
- 10 part of the first Pennsylvanian. The contour scale
- 11 is 100 feet.
- 12 Q Does it indicate that all the north half of Section
- 13 25 would be productive for gas?
- 14 A All of the north half will produce, yes.
- 15 Q Do you have any information as to the cost of the
- 16 drilling of the well which has been drilled?
- 17 A Yes, I have been given some figures and I would say
- 18 that a reasonable estimate would be in the neighborhood
- 19 of \$600,000.
- 20 Q Does that include the cost of completion of the well?
- 21 A No, we have yet to drill that cement out.
- 22 Q That is the cost up-to-date?
- 23 A That would be the cost up-to-date, yes.
- 24 Q Do you have any other information you would like to
- 25 give to the Commission?

1 A No, I would rather they ask me questions if they have
2 any questions.

3 MR. HINKLE: We would like to offer Exhibits #1,
4 #2, and #3.

5 MR. STAMETS: Without objection, Exhibits #1, #2,
6 and #3 will be admitted into evidence.

7 (Whereupon Exhibits #1, #2, and #3 were admitted
8 into evidence.)

9 MR. HINKLE: That is all the Direct Examination
10 I have.

11 CROSS-EXAMINATION

12 BY MR. HATCH

13 Q Mr. Miller, I don't believe I can tell from the testimony
14 what formation this well would be completed in?

15 A Well, we hopefully will have it completed in the
16 Morrow Section.

17 Q Only the Morrow?

18 A That is what we have in mind.

19 MR. HATCH: My next question will be directed
20 to Mr. Hinkle. This case was listed to pool oil formations
21 from the surface of the ground down to and including the
22 Morrow.

23 MR. HINKLE: We only want to pool the oil
24 formation.

25 THE WITNESS: There might be other information

1 in there that we eventually might want to investigate,
2 but our principal objective at the present time is the
3 Morrow Section.

4 MR. HINKLE: Of course, the well has not been
5 completed as yet and I think the Morrow is the only productive
6 formation, but if any other formation should become productive
7 we would like the order to cover all the producing
8 formations.

9 THE WITNESS: You never know for sure what is
10 going to happen and it usually does happen and we want to
11 be prepared.

12 CROSS-EXAMINATION

13 BY MR. STAMETS

14 Q Mr. Miller, you mentioned some drill stem tests, I
15 wonder if you have the figures from those tests?

16 A There were a great many of them, but I have just
17 the original tests.

18 MR. HINKLE: You can read them into the record.

19 Q (By Mr. Stamets) If you would just give us, briefly,
20 the information on each of these drill stem tests
21 and then we can ask you any specific questions we
22 might want to?

23 A There are ten of them, do you want me to read all
24 of them?

25 Q Just the highlights.

1 MR. HINKLE: Would it be all right to limit
2 these to just those that show gas, the ~~one~~ that showed
3 gas?

4 Q (By Mr. Stamets) If you would just tell us what
5 zone formation is involved and whether or not gas,
6 water or oil was made that would be fine.

7 MR. HINKLE: I understand there was a little
8 showing in the Strong and Morrow and he might give the
9 information on that if that is satisfactory.

10 MR. STAMETS: That will be fine.

11 A (Continuing) Well, the test we took from 1,025 to
12 1,026, the tool was stopped for twenty-one minutes
13 for the first flow with a weak blow with increased
14 fair play in ten minutes. The tool was closed for
15 twenty-five minutes and then the tool was reopened
16 with a weak blow. This test made notations of possible
17 leakage in the tubular gas, so we are not too sure of
18 that test.

19 Q I presume that was in the Strong Section?

20 A Yes. Here is a test from 11,403 to 11,409, recovery
21 was ninety feet of drilling mud. The tool was opened
22 for thirty minutes for the first blow -- excuse me,
23 the tool was opened for thirty minutes and the first
24 flow was weak. The blow was increased to a fair blow
25 and the tool was rotated for 120 minutes and closed.

1 The tool was reopened with a weak blow for sixty
2 minutes and the result was ninety feet of drilling
3 mud.

4 Here is a test taken from 11,457 to 11,463, this
5 is the top part of the Morrow, it was opened with a
6 weak blow and then closed for shut in determination,
7 that was a one-hour shut in. The tool was reopened
8 with a weak blow and closed for final shut in pressure.

9 After the shut in pressure, the recovery was
10 eighty feet of drilling mud.

11 This drill stem test was from 11,523 to 11,529.
12 I will give the recovery, 635 feet of drilling fluid.
13 The tool was opened for thirty minutes for the first
14 blow and then closed for ninety-six minutes. It was
15 reopened for forty minutes on the second blow, with a
16 weak blow. Gas volume was too small to measure and
17 the tool was closed for 108-minutes and reopened for
18 twenty-four minutes for the third blow and then closed
19 for ninety-five minutes.

20 The recovery was a slight show of gas after 635
21 feet of drilling.

22 That is all on the Morrow formation.

23 This test was at 11,639 to 11,645. Recovery was
24 573 feet of drilling mud. The tool was opened with
25 a weak blow for thirty minutes and closed for eighty-nine

1 minutes for a build up. It was opened again for
2 thirty minutes for the second blow and it was opened
3 for the second blow at 11,650 with gas at the surface
4 which was too small to measure.

5 This test was taken at 11,743 to 11,749. The
6 tool was opened for thirty minutes for the initial
7 blow and then closed for 120 minutes for the first
8 shut in pressure. It was then reopened at 11,734
9 with a weak blow at 8:00 o'clock, that was thirty
10 minutes later and had to be closed for 101 minutes
11 for the second closed in pressure.

12 The tool was then reopened for thirty minutes
13 for the third blow with a weak blow, there was no
14 indication of any gas at the surface.

15 The rest of these are just details, I will give
16 you the rest of them if you want.

17 Q It is not necessary.

18 A This was taken from 12,698 to 12,704 --

19 Q Is that below the Morrow?

20 A No, that should still be in the lower part of the
21 Morrow. Recovery was 2,100 feet of water cushion
22 and twenty feet of drilling mud. The tool was opened
23 for eighteen minutes for the first blow with a few
24 bubbles and then closed for sixty one minutes for the
25 first closed in pressure. The tool was reopened for

1 thirty minutes for the second blow and there were a
2 few bubbles, but they died again. The tool was
3 closed for sixty-one minutes for the second closed in
4 pressure and I think I gave you the recovery.

5 Q Since we are only talking about the Morrow, I don't
6 believe we need any more information on that.

7 MR. HINKLE: May I ask him a question?

8 MR. STAMETS: Yes.

9 REDIRECT EXAMINATION

10 BY MR. HINKLE

11 Q This well was drilled down to test the Devonian
12 formation and then plugged back to the Morrow?

13 A Right, the base of the Morrow.

14 Q Now, according to the drill stem tests, there wasn't
15 a great flow of gas, but there was some indication
16 in these wells that have been drilled in the South
17 Carlsbad Pool area. Is it necessary in the Morrow
18 formation to treat those wells in order to bring them
19 in?

20 A Yes, that is the acceptable practice.

21 Q This is standard practice?

22 A Yes.

23 Q In cases like this you do have to crack them or
24 otherwise treat them to make a well out of them?

25 A There are very few drill stem tests in the Morrow

1 that show any large volume, they don't seem to show
2 much in the drill stem tests.

3 Q So these tests are not indicative as to whether this
4 might not produce gas?

5 A Right.

6 Q So, with some treatment, you could make a good gas
7 well out of it?

8 A That is right.

9 CROSS-EXAMINATION

10 BY MR. STAMETS

11 Q Mr. Miller, your testimony was that the well was full
12 of cement, do you have any idea of whether efforts
13 have been made to clean out the well to the depth of
14 completion?

15 A Frankly, I should have made that statement a positive
16 statement. We don't know if the casings are completely
17 full. We feel that a certain amount of cement was
18 circulated, but we won't know how much until we get
19 it drilled out.

20 MR. HINKLE: But there are plans to continue
21 with this in the near future?

22 THE WITNESS: That's right.

23 Q (By Mr. Stamets) I don't recall that you mentioned
24 any risk factors in this case?

25 MR. HINKLE: Well, we are not asking for a risk

1 factor because we have already drilled and it is my
2 understanding that it is the policy of the Commission in
3 these cases that you have not been adding the risk factor.

4 MR. PORTER: What are we talking about, a five-acre
5 tract and a one-half-acre tract?

6 MR. HINKLE: That's right, one-half an acre and
7 five acres.

8 MR. STAMETS: Are there any other additional
9 questions?

10 (No response.)

11 MR. STAMETS: If not, the witness will be excused.

12 (Witness excused.)

13 MR. STAMETS: Mr. Hinkle, do you have any additional
14 testimony?

15 MR. HINKLE: That is all I have.

16 MR. STAMETS: Are there any other appearances
17 or letters in this case?

18 (No response.)

19 MR. STAMETS: If not, Case Number 4619 will be
20 taken under advisement.
21
22
23
24
25

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, COURT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

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

11
12 *Richard E. McCormick*
13 CERTIFIED SHORTHAND REPORTER
14
15
16
17
18
19
20
21
22
23
24
25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4619,
heard by me on March 1, 1977.
Richard F. Starnet, Examiner.
New Mexico Oil Conservation Commission

I N D E XWITNESS

CHARLES P. MILLER

Direct Examination by Mr. Hinkle	3
Cross-Examination by Mr. Hatch	8
Cross-Examination by Mr. Stamets	9
Redirect Examination by Mr. Hinkle	13
Cross-Examination by Mr. Stamets	14

E X H I B I T SAPPLICANT'SADMITTEDOFFERED

Exhibit #1	8	4
Exhibit #2	8	6
Exhibit #3	8	7

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
February 2, 1972

EXAMINER HEARING

IN THE MATTER:

Case No. 4619

Application of Corinne Grace
for compulsory pooling, Eddy
County, New Mexico

BEFORE: Elvis A. Utz
Alternate Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4619.

2 MR. HATCH: Case 4619. Application of Corinne
3 Grace for compulsory pooling, Eddy County, New Mexico.

4 The applicant has requested that this case be continued
5 until March 1st, 1972.

6 MR. UTZ: The case just mentioned will be continued
7 to March 1st, 1972, Examiner Hearing.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 MR. UTZ: Case 4619.

2 MR. HATCH: Case 4619. Application of Corinne
3 Grace for compulsory pooling, Eddy County, New Mexico.

4 The applicant has requested that this case be continued
5 until March 1st, 1972.

6 MR. UTZ: The case just mentioned will be continued
7 to March 1st, 1972, Examiner Hearing.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

dearnley-meier reporting service, inc.

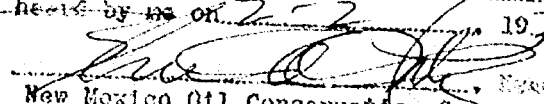
SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87103

PAGE 4

1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, RICHARD STURGES, a Certified Shorthand Reporter, do
5 hereby certify that the foregoing and attached Transcript of
6 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 
11 CERTIFIED SHORTHAND REPORTER

12
13
14
15
16
17
18
19
20
21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings at
24 the examiner hearing of Case No. 4618
25 held by me on 2-2-72 1972

New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Corinne Grace for
compulsory pooling, Eddy County,
New Mexico.

Case No. 4619

BEFORE: Daniel Nutter, Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: Case 4619.

2 MR. HATCH: Case 4619, Application of Corinne Grace
3 for compulsory pooling, Eddy County, New Mexico.

4 The application has requested the case be continued to
5 February 2nd, 1972.

6 MR. NUTTER: Case 4619 will be continued to
7 February 2nd, 1972, Examiner Hearing.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
 208 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6891, ALBUQUERQUE, NEW MEXICO 87103
 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87103

1 STATE OF NEW MEXICO)
 2 COUNTY OF BERNALILLO) ss

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

Richard Sturges
 CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is a true and correct record of the proceedings of the New Mexico Oil Conservation Commission hearing of Case No. 4619
 held by me on 4/5 1972

James, Examiner
 New Mexico Oil Conservation Commission

MR. NUTTER: We would like to call Case No. 4563 which is the Application of Corinne Grace for special gas-oil ratio, Chavez, County, New Mexico; Case No. 4619, the Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico; and Case No. 4620, Application for Corinne Grace for compulsory pooling, Eddy County, New Mexico.

MR. HATCH: Mr. Commissioner, I have received a request from the Applicant that these three cases be continued to January 5th, 1972.

MR. NUTTER: Cases 4563, 4619 and 4620 will be continued to the Examiner Hearing to be held at this same place at 9:00 o'clock A.M., January 5th, 1972.

The Hearing is adjourned.

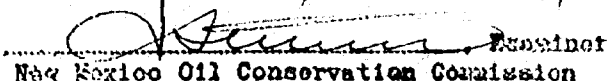
STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby
certify that the foregoing and attached Transcript of
Hearing before the New Mexico Oil Conservation
Commission was reported by me, and the same is a true
and correct record of the said proceedings, to the best
of my knowledge, skill and ability.


COURT REPORTER

My commission expires March 25, 1975.

I do hereby certify that the foregoing is
a true and correct record of the proceedings in
the public hearing of Case No. 4563, 4619, 4620
made by me on 12/1 1971.


New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

November 10, 1971
Examiner Hearing

IN THE MATTER OF:)

Application of Corinne Grace)
for compulsory pooling, Eddy)
County, New Mexico.)

Case No. 4619

and)

Application of Corinne Grace)
for compulsory pooling, Eddy)
County, New Mexico.)

Case No. 4620

and)

Application of Corinne Grace)
for special gas-oil ratio)
limitation and pressure)
maintenance project, Chaves)
County, New Mexico.)

Case No. 4563

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

1 MR. NUTTER: Call Case No. 4619.

2 MR. HATCH: Case 4619. Application of Corinne Grace
3 for compulsory pooling, Eddy County, New Mexico.

4 It is my understanding that the Applicant would like
5 this case to be continued to December 1, 1971.

6 MR. NUTTER: Well, we will call also Case No. 4620.

7 MR. HATCH: Case 4620. Application of Corinne Grace
8 for compulsory pooling, Eddy County, New Mexico.

9 MR. NUTTER: And we will call also Case No. 4563.

10 MR. HATCH: Case 4563. Application of Corinne Grace
11 for special gas-oil ratio limitation and pressure maintenance
12 project, Chaves County, New Mexico.

13 And the Applicants desire that each of these cases
14 be continued to December 1, 1971.

15 MR. NUTTER: Cases No. 4619, 4620, and Case No. 4563
16 will all be continued to the Examiner Hearing scheduled to be
17 held at this same place at 9:00 o'clock A.M., December 1, 1971,
18
19
20
21
22
23
24
25

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

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me;
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill and ability.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Linda Malone
Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Bernalillo hearing of case No. 4619, 4620, 4563
heard by me on Nov 10, 1971.

[Signature]
New Mexico Oil Conservation Commission

western union
Telegram

K AYB081 SZ PDF CARLSBAD NMEX 25 214P MST

GEORGE HATCH OIL CONSERVATION COM

SANTA FE NMEX

WE REQUEST A CONTINUANCE ON ALL THREE CASES WE ARE
INVOLVED IN BEFORE THE OIL COMMISSION FROM FEB 2 TO

MAR 1 1972

CORINNE GRACE

1971 JAN 26 AM 7 17

SW

827-2434

TELEPHONED	
\$	TIME
S	TO
E	BY
	TO BE

18
19
20
21
22
23

Telegram

KAC53 LC205 KC388

AYA 171 DJ PDF CARLSBAD NMEX 29 1100A MST=

1971 DEC 29 PM 6 05

GEORGE HATCH=

SOIL CONSERVATION COMMISSION SANTA FE NMEX=

WE REQUEST A CONTINUANCE OF ALL THREE CASES WE ARE
INVOLVED IN BEFORE THE OIL CONSERVATION COMMISSION FROM
1-5-72 UNTIL 2-2-72=

CORRINE GRACE=

DOCKET MARKED RECEIVED

Date 2/18/72 JAN 13 1972

1-5-72 2-2-72.

SOIL CONSERVATION COMMISSION
SANTA FE



Telegram

KA 046 SSB 206

1971 NOV 8 PM 3 51

K AYA217 SM PDB=ROSWELL NMEX 8 137P MST=

OIL CONSERVATION COMMISSION=

CAPITOL BLDG SANTAFE NMEX=

=PER TELEPHONE CONVERSATION WITH IDA RODRIQUEZ TODAY
PLEASE CONTINUE PLACES 4619 AND 4620 APPLICATIONS FOR
COMPULSORY POOLING FILED BY CORINNE GRACE UNTIL
EXAMINERS HEARING OF DECEMBER 1=

HINKLE BONDURANT COX AND EATON BY CLARENCE
E HINKLE==

DOCKET MAILED

Date 11-18-71

4619 4620 1=

WU 1201 (R 5-69)

CLARENCE E. HINKLE
M. F. BONDURANT, JR.
LEW. S. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENCKLEY, JR.
STUART D. SHANOR

C. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

300 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 86201

November 24, 1971

TELEPHONE (505) 822-6510

MIDLAND, TEXAS OFFICE
621 MIDLAND TOWER
(512) 683-4691

RECEIVED

NOV 29 1971

OIL CONSERVATION COMM.
SANTA FE

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We filed two applications on behalf of Corinne Grace for force pooling which were continued from November 10 to December 1 and which appear as Cases 4619 and 4620 on the docket.

Mrs. Grace has now advised us that she is having a difficult time in completing the well which has been drilled on the N $\frac{1}{2}$ Section 25 and that the drilling of the well on the N $\frac{1}{2}$ Section 24, which has penetrated the Delaware formation, will be held up temporarily until the well on the N $\frac{1}{2}$ Section 25 has been completed. Due to this situation, she is desirous of continuing both of these cases until the first examiner's hearing in January to give her sufficient time to determine the status of these wells.

You may consider this as a motion for continuance of these cases and we will notify all interested parties as we did in connection with the continuance from November 10.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By

CEH:cs

DOCKET MAILED

Date 12-21-71

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR

C. D. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT, COX & EATON
600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 86201

December 30, 1971

TELEPHONE (505) 822-8810

MIDLAND, TEXAS OFFICE
621 MIDLAND TOWER
(915) MU 3-4891

RECEIVED

JAN - 3 1972

OIL CONSERVATION COMM.
SANTA FE

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

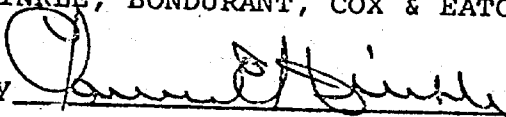
Gentlemen:

Mrs. Corinne Grace has notified us that she has requested the Commission to continue Cases 4619 and 4620 until the first examiner's hearing in February, which we understand will be February 2. We assume that this request will be granted and for that reason are not arranging to have our witness appear on January 5.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By



CEH:cs

DOCKET MAILED

Date

2/18/72

RECEIVED

JAN - 3 1972

DOCKET MAILED
OIL CONSERVATION COMM.
SANTA FE

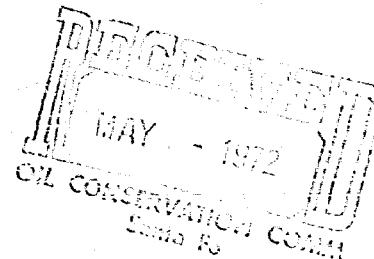
Date

1-20-72

Case 4619

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

May 6, 1972



New Mexico Oil Conservation Commission

Santa Fe, New Mexico

Gentlemen:

Enclosed you will find our accounting on GoPoGo #1 which is located in Section 25, T22S, R26E, Eddy County, New Mexico.

This well was drilled to the devonian, 12,968', and plugged back to 12,050'. When Dowell cemented the 4 1/2" casing the cement flash set and as yet we have not been able to reach a settlement on this. Our attorney's have been working diligently on this to try and settle, but it looks like we are going to end up in court anyway, so we decided to go ahead and complete this well at our own expense and reach some kind of agreement with Dowell later.

We now have a pulling unit setting on the well and we are drilling the cement out. When this well has been completed we will send you a revised accounting of it.

Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "Juanita L. Jones".

Juanita L. Jones
Accountant

JLJ
Encl.

Fee	WELL NO.	SECTION	TOWNSHIP	RANGE	STATE
	#1	22 S.	25 S.	26 E.	New Mexico
COUNTY	FIELD	PROR. OF COST	DATE WORK BEGAN		DATE OF COMPLETION
Eddy Co.	So. Carlsbad	100%	Single Completion		6/9 1971

DRILLING VENTURE TO EVALUATE PRODUCTIVE POSSIBILITIES OF (4) PENNSYLVANIA gas zones

Work Detail

INTANGIBLES	
Location and Road: Title exam. & related work	3,775.00
Survey and Permit	437.44
Road and Location Preparation	1,689.64
Surface Damages	
Fencing-Filling Pits-Cleanup	799.76
Drilling Turnkey	200,523.00
13 1/2 hrs. at \$85.00 per hr. (related)	1,190.80
10 hr. w/d.p. days Rig time at \$71.84 per hr.	718.88
28 1/2 hr. w/d.p. days Rig time at \$59.37	1,719.88
Drill Pipe - Tool Rental	
Bits at	
Bits at	
Reamer Cutters	
Core Barrel - Core Head Rental	
Day Work, Texting, Logging, etc.	39,742.00
Casing Cementing	18,805.07
Squeeze Cementing or Plugging	
Logging - Sidewall Coring Log Suite	16,705.02
Core Analysis	
Formation Testings D.S.T.'s	12,012.00
Perforating	
Acidizing and FRAC	
Special Rig Completing	
Other Services Welding, etc.	232.32
Trucking	1,420.91
Geology	4,078.65
Engineering	3,488.35
Labor	
Logging Unit	
Tool and Equipment Rental	2,726.11
Water and Fuel	7,447.58
Casing Supplies	1,415.44
Drilling Mud and Chemicals	18,074.03
Company Supervision (\$800.00 per mo.)	1,500.00
Contingencies 5%	16,000.00
Temperature Surveys	2,183.67
Single Completion TOTAL INTANGIBLES	356,777.95
TANGIBLES	
Casing, Conductor	
Casing, Surface 336' of 13 3/8"	2,243.70
Casing, Protection 5600' of 9 5/8"	28,610.40
Casing, Production 12,203.50' of 4 1/2"	30,273.79
Casing, Other	
Tubing, 13,133.85' of 2 3/8"	13,659.20
Packer	
Flow Lines	
Well Head Equipment	3,559.01
Subsurface Equipment	
Single Completion TOTAL TANGIBLES	78,346.10
Single Completion TOTAL WELL COST	435,124.05

GO PO GO #1

Michael P. Grace and
Corinne Grace - operators

ACCOUNTING

GO PO GO # 1

Title Examination and Related Work:		
Hinkle, Rondumant, Cox & Eaton		3,775.00
Location and Roads:		
John West Engineering	362.44	
Oil Reports & Gas Services	<u>75.00</u>	437.44
Road and Location Preparation:		
Mid-Tex Construction Co.	1,625.00	
Star Equipment Rental	<u>64.04</u>	1,689.04
Fencing, Filling Pits, Cleanup		
A. C. Drilling Specialties		
Pit Liners	767.52	
Burton Signs	<u>32.24</u>	799.76
Drilling:		
Link Rat Hole	208.00	
Burrows	13,115.00	
Big West Drilling Co.	<u>187,200.00</u>	200,523.00
Total Drilling Turnkey		
Big West Drilling Day Work		
13 $\frac{1}{2}$ hrs. circulate cement		
@\$85.00 per hr.	1,190.80	
10 hr. w/d.p. @71.875	771.88	
28 $\frac{1}{2}$ hrs. w/o d.p. @59.375	1,759.88	
Rig time for testing		
w/d.p.	32,982.00	
Logging-Sidewall coring		
Log Suite (2)	<u>6,760.00</u>	43,464.56
Total Day Work:		
Casing Cementing:		
Dowell		18,805.07
Logging-Sidewall Coring Log Suite (2)		
Dresser Atlas		16,705.02
Formation Testing:		
Halliburton D.S.T.'S (11)		12,012.00
Perforating:		
(not done as yet)		
Special Rig Completing:		
(not done as yet)		
Other Services - Welding, etc.		
Jones Welding	74.88	
Oiltex (Sample bags)	127.91	
A. C. Houston Lumber	<u>29.53</u>	232.32
Total Other Services:		
Trucking:		
Buckeye (hauling mud)		1,420.91

Geologists:		
Earl Gaertner	1,894.03	
W. R. Berger	<u>2,184.62</u>	4,078.65
Total Geologists:		
Engineering:		
Conrad Appledorn	137.06	
Miller Engineering	2,406.79	
Neil R. Morgan	<u>244.50</u>	3,488.35
Total Engineering:		
Tool & Equipment Rental:		
ABC Rental	1,216.00	
Lovington Rental Tools	<u>1,510.11</u>	2,726.11
Water & Fuel:		
Southern Union Gas	62.40	
Hardin-Houston	120.12	
Brine (3rd Party Chg.- Big West)	2,635.90	
Burrows - Drilling Water well		
Pipe & Completion	<u>4,629.16</u>	7,447.58
Casing Supplies:		
Bob's Casing Crews		1,415.44
Drilling Mud & Chemicals:		
Deleware Mud	1,021.99	
Buckeye	16,713.54	
Salt Supply	127.92	
Inhibitor (3rd party chg-Big West)	<u>210.58</u>	18,074.03
Company Supervision		1,500.00
Contingencies 5% Blow out Ins.		16,000.00
Lloyds of London		
Temperature Surveys & Testing		
Bennett Wire Line	443.42	
Gator Hawk	<u>1,740.25</u>	2,183.67
Casing & Tubing:		
Gensco 13 3/8" Surface 336'	2,243.70	
McDaniel 9 5/8" 5600'	28,610.40	
McDaniel 4 1/2" 12,303.60'	30,273.79	
McDaniel 2 3/8" tubing		
13,133.85'	<u>13,659.20</u>	74,787.09
Well Head Equipment		
Cameron		<u>3,559.01</u>
		<u><u>435,124.05</u></u>
TOTAL		

See Attached Letter

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 1, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner,
or Daniel S. Nutter, Alternate Examiner:

CASE 4668: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider instituting gas prorationing in the South Carlsbad-Morrow and South Carlsbad-Strawn Gas Pools, Eddy County, New Mexico. The Commission will consider limiting gas production from the South Carlsbad-Morrow and South Carlsbad-Strawn Gas Pools in Eddy County, New Mexico, to reasonable market demand and to the capacity of gas transportation facilities. The Commission will also consider methods for allocating the allowable production among the gas wells in the pools.

CASE 4563: (Continued from the February 2, 1972 Examiner Hearing)
Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4619: (Continued from the February 2, 1972, Examiner Hearing)
Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one mile of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 25. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4620: (Continued from the February 2, 1972, Examiner Hearing)
Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the

(Case 4620 continued)

Morrow formation underlying the N/2 of Section 24, Township 22 South, Range 26 East, which acreage is in the vicinity of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 3709: (Continued from the January 5, 1972, Examiner Hearing)
(Reopened)

In the matter of Case 3709 being reopened pursuant to the provisions of Order No. R-3366-B, which order continued 80-acre spacing for the Akah Nez-Devonian Oil Pool, San Juan County, New Mexico, for an additional one-year period. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4669: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company to appear and show cause why it should not take immediate action to repair each of the five following dual completions in such a manner as to prevent communication between zones in the well-bores:

San Juan 27-4 Unit #30
N-32-27N-4W, Rio Arriba

San Juan 27-5 Unit #31
A-24-27N-5W, Rio Arriba

Bolack C #14
G-30-27N-8W, San Juan

Huerfano Unit #60
M-4-26N-9W, San Juan

Allison Unit #17
K-24-32N-7W, San Juan

- CASE 4674: Application of Hanagan Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Millman Deep Well No. 1 located 660 feet from the North line and 1924 feet from the East line of Section 4, Township 19 South, Range 28 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 4, to be dedicated to the well.
- CASE 4670: Application of BTA Oil Producers for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil for the Vada-Pennsylvanian Pool, Lea County, New Mexico.
- CASE 4671: Application of V. F. Vasicek and J. M. Fullinwider, dba V-F Petroleum for compulsory pooling, Lea County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Wolfcamp formation underlying the SE/4 SW/4 of Section 1, Township 15 South, Range 36 East, Lea County, New Mexico, to form a standard oil proration unit to be dedicated to a well to be drilled at a standard location on said unit. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4672: Application of Paul M. Mershon, Jr., and Vincent Shryack for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 29 East, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre unit for the production of gas to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the costs of drilling said well, a charge for the risk

(Case 4672 continued)

involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4508: (Reopened)

In the matter of Case 4508 being reopened pursuant to the provisions of Order No. R-4117, which order established special rules and regulations for the Warren-Devonian Pool, Lea County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4673: Application of Fluid Power Pump Company for two non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard oil proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, said units comprising acreage as follows:

1. S/2 NW/4 and N/2 SW/4 of Section 14
2. S/2 NE/4 and N/2 SE/4 of Section 15



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2068 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

March 8, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4619 & 4620
Order No. R-4266 & R-4267
Applicant:

Corinne 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.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC
Other

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 5, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner,
or Elvis A. Utz, Alternate Examiner:

CASE 4621: (Continued from the November 10, 1971 Examiner Hearing)
Application of Jack L. McClellan for a dual completion,
Chaves County, New Mexico. Applicant, in the above-
styled cause, seeks approval for the dual completion
(conventional) of his Bar-J Federal Well No. 1 located
in Unit E of Section 15, Township 6 South, Range 27 East,
Chaves County, New Mexico, in such a manner as to produce
oil from an undesignated Siluro-Devonian pool through
tubing and gas from the Haystack-Cisco Gas Pool through
the casing-tubing annulus.

CASE 4609: (Continued from the November 17, 1971 Examiner Hearing)
Application of Jack L. McClellan for a unit agreement,
Chaves County, New Mexico. Applicant, in the above-
styled cause, seeks approval of the Sulimar-Queen Unit
Area comprising 1520 acres, more or less, of Federal lands
in Sections 13, 23, 24, 25, and 26 of Township 15 South,
Range 29 East, and Sections 18 and 19 of Township 15 South,
Range 30 East, Chaves County, New Mexico.

CASE 4482: (Reopened):
In the matter of Case 4482 being reopened pursuant to the
provisions of Order No. R-4093, which order established
160-acre spacing units and established a maximum gas-oil
ratio limitation of 3,000 cubic feet of gas for each barrel
of oil produced for the Parkway-Strawn Pool, Eddy County,
New Mexico. All interested parties may appear and show
cause why said pool should not be developed on 40-acre
or 80-acre spacing units and why the limiting gas-oil
ratio should not revert to the statewide limit of 2,000
to one.

CASE 3709 (Reopened):
In the matter of Case 3709 being reopened pursuant to the
provisions of Order No. R-3366-B, which order continued
80-acre spacing for the Akah Nez-Devonian Oil Pool, San
Juan County, New Mexico, for an additional one-year period.
All interested persons may appear and show cause why said
pool should not be developed on 40-acre spacing units.

CASE 4638: Application of Holder Petroleum Corporation for downhole

(Case 4638 continued)

and surface commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Todd Lower-San Andres Pool and the Todd Upper-San Andres Gas Pool in the well-bores of its BA Wells Nos. 1 and 2, located respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, Roosevelt County, New Mexico. Applicant further seeks authority to commingle, on the surface, production from said wells prior to measurement.

- CASE 4639: Application of Great Western Drilling Company to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill out its State Well No. 1, having a surface location 330 feet from the North and East lines of Section 17, Township 16 South, Range 35 East, Townsend-Morrow Gas Pool, Lea County, New Mexico, to a depth of approximately 8,000 feet and whipstock the well in a southwesterly direction to a bottom-hole location within the NE/4 of said Section 17 at a depth of approximately 11,800 feet.
- CASE 4640: Application of Amoco Production Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the East Gem-Yates Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 4641: Application of Reserve Oil and Gas Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Langlie Jal Unit Jalmat Waterflood Project, Jalmat Oil Pool, by the conversion of water injection of its Unit Well No. 23, located 2310 feet from the South and West lines of Section 17, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 4642: Application of Fluid Power Pump Company for special pool rules and a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Media-Entrada Pool, including a provision for 160-acre spacing and proration units. Applicant further seeks authority to institute a pressure maintenance project in said pool by the injection of water into the Entrada formation through various wells located in Sections 10, 11, 22, and 23 of Township 19 North, Range 3 West, Sandoval County, New Mexico, and promulgation of rules for said project including a procedure whereby additional injection or production wells at orthodox or un-orthodox locations may be approved administratively.

CASE 4643: Application of Cities Service Oil Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 19, Township 22 South, Range 27 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre proration unit for the production of gas from the Morrow formation with said unit to be dedicated to a well to be drilled at an unorthodox location 2173 feet from the North line and 1200 feet from the East line of said Section 19.

CASE 4644: Application of Continental Oil Company for four non-standard gas proration units and rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of acreage and the establishment of the following-described non-standard gas proration units for wells on its Meyer A-29 Lease in Section 29, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

1. A 240-acre unit comprising the SE/4 and E/2 SW/4 to be dedicated to Well No. 3 in Unit N;
2. An 80-acre unit comprising the W/2 SW/4 to be dedicated to Well No. 4 in Unit L;
3. An 80-acre unit comprising the E/2 NE/4 to be dedicated to Well No. 5 in Unit A;
4. A 240-acre unit comprising the NW/4 and W/2 NE/4 to be dedicated to Well No. 9 in Unit E.

CASE 4563: (Continued from the December 1, 1971, Examiner Hearing) Application of Corrinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1, Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4619: (Continued from the December 1, 1971, Examiner Hearing)

Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one mile of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 25. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4620: (Continued from the December 1, 1971, Examiner Hearing)

Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 24, Township 22 South, Range 26 East, which acreage is in the vicinity of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

Case H619

Findings

2. to be dedicated to a well drilled at a standard loc.
3. and has drilled
7. opportunity to pay actual well costs in lieu of paying actual well costs out of production.
8. Any do not pay share actual well costs shall have their share withheld from production.
- 10 Out
- 11 No fixed charge,

Therefore Ordered

1. standard 320-acre gas spacing --
-- dedicated to a well drilled
at a standard loc. ---
3. Out
4. Out
5. ... has not objected within 60 days
following receipt etc. -- said 60-day
period.
6. Out
- 7(B) Out
- 8 Out
- 9 authorized to withhold from production
proportionate share actual expenditures
not in excess etc.

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. 4619
Order No. R-4266

APPLICATION OF CORINNE GRACE
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stanzets.

NOW, on this 7th day of March, 1972, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Corinne Grace, seeks an order
pooling all mineral interests from the surface of the ground
down to and including the Morrow formation underlying the N/2
of Section 25, Township 22 South, Range 26 East, NMPM, South
Carlsbad Field, Eddy County, New Mexico, to be dedicated to
the Corinne Grace Gopogo Well No. 1 located 1980 feet from
the North line and 1980 feet from the East line of said
Section 25.

(3) That the applicant has the right to drill and has
drilled the above-described Gopogo Well No. 1 to the South
Carlsbad-Morrow Gas Pool in the N/2 of said Section 25.

(4) That there are interest owners in the proposed spacing
and proration unit who have not agreed to pool their interests.

CASE No. 4619
Order No. R-4266

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of actual well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of actual well costs should have withheld from production his share of the reasonable well costs.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(11) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, NMPM, South Carlsbad Field, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to the Corinne Grace

-3-

CASE No. 4619
Order No. R-4266

Gopogo Well No. 1 located 1980 feet from the North line and 1980 feet from the East line of said Section 25.

(2) That Corinne Grace is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 60 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as herein provided shall remain liable for operating costs.

(5) That the operator is hereby authorized to withhold from production the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(8) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

-4-

CASE No. 4619
Order No. R-4266

(9) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(11) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

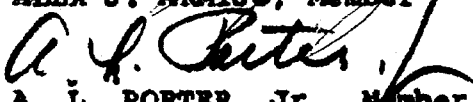
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 1971

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 4617: Application of Tenneco Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit area comprising 520 acres, more or less, of Federal lands in Section 3, Township 19 South, Range 32 East, Lusk-Seven Rivers Pool, Lea County, New Mexico.

CASE 4618: Application of Tenneco Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Lusk-Seven Rivers Pool by the injection of water through one well located in the SE/4 NW/4 of Section 3, Township 19 South, Range 32 East, Lea County, New Mexico.

CASE 4619: Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one mile of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 25. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4620: Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 24, Township 22 South, Range 26 East, which acreage is in the vicinity of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4563: Continued from the October 27, 1971, Examiner Hearing

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4621: Application of Jack L. McClellan for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, in such a manner as to produce oil from an undesignated Siluro-Devonian pool through tubing and gas from the Haystack-Cisco Gas Pool through the casing-tubing annulus.

CASE 4622: Application of Jake L. Hamon for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the NE/4 SE/4 and SE/4 NE/4 of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 1830 feet from the South line and 660 feet from the East line of said Section 30.

CASE 4623: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the definition of a gas well as it appears in its Rules and Regulations to read as follows:

"Gas well shall mean a well producing gas or natural gas from a gas pool or a well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil producing from an oil pool."



OIL CONSERVATION COMMISSION

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

January 28, 1972

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

Cave 4619

Mrs. Corinne Grace
P. O. Box 1418
Carlsbad, New Mexico

Re: Cases Nos. 4563,
4619, and 4620

Dear Mrs. Grace:

At the request of the applicant the above numbered cases will be continued to March 1, 1972. A copy of the docket will be mailed to you at a later date.

Very truly yours,

George M. Hatch

GEORGE M. HATCH
Attorney

GMH/dr

cc: Mr. Clarence Hinkle
Mr. James Sperling

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 1, 1971

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 4629: Application of El Paso Natural Gas Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Rocky Arroyo Well No. 1 located in Unit J of Section 8, Township 22 South, Range 22 East, in such a manner as to permit the production of gas from an undesignated Morrow gas pool through tubing and an undesignated Wolfcamp gas pool through the casing-tubing annulus.
- CASE 4630: Application of C. W. Trainer for a non-standard gas unit, Lea County, New Mexico. Applicant, in the above-styled cause, seek approval of a 316.15-acre non-standard gas spacing unit comprising Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, Custer-Ellenburger Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 1590 feet from the West line of said Section 31.
- CASE 4631: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Learcy McBuffington Well No. 7 located in Unit M of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-Tubb-Drinkard Oil Pool and gas from the Justis-Glorieta Gas Pool through parallel strings of tubing.
- CASE 4632: Application of Mobil Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate the W/2 of Section 14, Township 17 South, Range 34 East, to its Bridges State Well No. 133, situate at an unorthodox location for said unit in the North Vacuum-Morrow Gas Pool, Lea County, New Mexico.

CASE 4563: Continued from the November 10, 1971, Examiner Hearing

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4619: Continued from the November 10, 1971, Examiner Hearing

Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one mile of the South Carlshad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 25. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4620: Continued from the November 10, 1971, Examiner Hearing

Application of Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 24, Township 22 South, Range 26 East, which

- 3 -

Examiner Hearing - December 1, 1971

Docket No. 27-71

(Case 4620 continued)

acreage is in the vicinity of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS E. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR

C. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON
600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 86201

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

October 8, 1971

Case 4619
RECEIVED

OCT 12 1971

OIL CONSERVATION COMM.
SANTA FE

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of Corinne Grace for an order pooling all minerals, royalty and leasehold interests to form a spacing and proration unit for the drilling of a well for gas within one mile of the South Carlsbad Morrow Pool, said well to be located in the N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East.

Please set this down for hearing at the first examiner's hearing in November.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By *Clarence E. Hinkle*

CEH:cs
Enc.

DOCKET MAILED

Date 11-18-71

DOCKET MAILED

Date 10-28-71

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF CORINNE GRACE FOR AN ORDER POOLING ALL MINERAL, ROYALTY AND LEASEHOLD INTERESTS PURSUANT TO SECTION 65-3-14 NEW MEXICO STATUTES 1953 ANNOTATED FOR THE PURPOSE OF FORMING A SPACING AND PRORATION UNIT FOR THE DRILLING OF A WELL FOR GAS WITHIN ONE MILE OF THE SOUTH CARLSBAD MORROW POOL SITUATED IN EDDY COUNTY, NEW MEXICO, 1980 FEET FROM THE NORTH LINE AND 1980 FEET FROM THE EAST LINE IN THE N $\frac{1}{2}$ SECTION 25, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.

Corinne 4619
RECEIVED

OCT 18 1971

OIL CONSERVATION COMM.
SANTA FE

Comes Corinne Grace of Carlsbad, New Mexico acting by and through the undersigned attorneys, and hereby makes application to the New Mexico Oil Conservation Commission for an order pooling all mineral, royalty and leasehold interests in and to the N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East, N.M.P.M. for the purpose of forming a spacing and proration unit for the drilling of a gas well to be located 1980 feet from the North line and 1980 feet from the East line of said section to the Morrow formation, which is within one mile of the South Carlsbad Morrow Pool situated in Eddy County, New Mexico, and in support thereof respectfully shows:

1. That applicant is the owner or farmouttee of oil and gas leases covering over 92% of all the oil, gas and other minerals in and under and that may be produced from the N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East, N.M.P.M. and is in the process of drilling a well located 1980 feet from the North line and 1980 feet from the East line of said section, to the gas producing horizon in the Morrow formation of the South Carlsbad Morrow Pool.
2. There is attached hereto a schedule marked Schedule "A" giving a description of the tracts included in said 320 acres and showing the ownership and interests covered by the respective leases.
3. That applicant has unsuccessfully attempted to obtain leases from the persons shown on Schedule "A" as the owners of unleased mineral interests in the tracts comprising said 320 acres.
4. Applicant believes that the drilling of such well and the pooling of the interests in the N $\frac{1}{2}$ of said Section 25 to form a standard spacing and proration unit will be in the interest of the orderly development of the South Carlsbad Morrow Pool and will avoid the drilling of unnecessary wells and will protect correlative rights as well as prevent waste.
5. Applicant desires that the persons referred to above be afforded a reasonable opportunity to execute and deliver leases to applicant, or to participate in the cost of said well, failing in which the order pooling said 320 acre legal subdivision provide that the pro rata cost of drilling, completing and operating said well which would normally be borne by a lessee of said parties be paid to applicant

DOCKET MAILED

Date 2/18/72

DOCKET MAILED

Date 12-21-71

DOCKET MAILED

Date 10-28-71

Docketed to OK
Chas. E. & Virginia L. Spencer
Phoebe L. R. R.

DOCKET MAILED

Date 1-20-72

Date 11-18-71

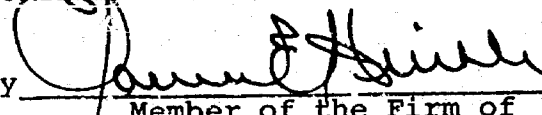
solely out of production from 7/8 of the interest owned by each of said parties and that allowance be made for reasonable charges for operating costs and supervision, as well as a charge for the risk involved in the drilling of said well as permitted by law.

6. That this matter be heard at the earliest possible examiner's hearing.

Respectfully submitted,

CORINNE GRACE

By



Member of the Firm of
HINKLE, BONDURANT, COX & EATON
Attorneys for Applicant
Box 10
Roswell, New Mexico 86201

Page 46/9

SCHEDULE "A"

OWNERSHIP OF N $\frac{1}{2}$ SECTION 25,
TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Interest shown for each tract is fraction of total production
Type of interest is designated as follows:

WI - Working Interest
RI - Royalty Interest
ORI - Overriding Royalty Interest
Unl - Unleased Interest

Part I: NE $\frac{1}{4}$ Section 25, T. 22 S., R. 26 E. ----- 160 acres

H. G. Peveler, whose wife is

Zella Peveler -----	Lse #16	1/8	RI
Atlantic Richfield Company -----	Lse #16	1/8	ORI
Corinne Grace -----	Lse #16	3/4	WI

(Lease contains pooling clause)

Part II: W $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ E $\frac{1}{2}$ NW $\frac{1}{4}$ Section 25, T. 22 S., R. 26 E. --- 120 acres

Tract 1: The E $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, save and except a tract described as beginning at the northwest corner of the E $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, thence east 200 feet; thence south 220 feet; thence west 200 feet; thence north 220 feet to the point of beginning, containing 4 acres, more or less.

Jewel Barnes -----	Lse #3	1/8	RI
Pennzoil United, Inc. -----	Lse #3	1/8	ORI
Corinne Grace -----	Lse #3	3/4	WI

Tract 2: A tract of land beginning at the northwest corner of the E $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, thence east along the north line of the said E $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ a distance of 200 feet; thence south 220 feet; thence west 200 feet; thence north 220 feet to the point of beginning, containing 1 acre, more or less.

J. Norris Pruette, whose wife is

Lena G. Pruette -----	Lse #17	1/8	RI
Corinne Grace -----	Lse #17	7/8	WI

Tract 3: A tract of land beginning at a point on the north boundary of Section 25 which is 990 feet west of the northeast corner of the NW $\frac{1}{4}$ of said Section; thence west along the north boundary line of said Section 330 feet; thence south 660 feet; thence east 330 feet; thence north 660 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is

Rosie Lee Spencer -----	Lse #1	1/16	RI
Pennzoil United, Inc. -----	Lse #1	1/16	ORI
Corinne Grace -----	Lse #1	3/8	WI

Henry Lucian Carver, whose wife
is Volna L. Carver -----

Lse #16	1/16	RI	
Corinne Grace -----	Lse #16	7/16	WI

SCHEDULE "A" - Page 2

Tract 4: A tract of land beginning at a point 30 feet west of the northeast corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, thence west 660 feet; thence south 330 feet; thence east 660 feet; thence north 330 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Thomas Daniel Lawson, whose wife is
 Carolyn Ann Lawson ----- Lse #14 1/16 RI
 Pennzoil United, Inc. ----- Lses 1 & 14 1/8 ORI
 Corinne Grace ----- Lses 1 & 14 3/4 WI

Tract 5: A tract of land beginning at a point which is 2,010 feet west of the northeast corner of the NW $\frac{1}{4}$, thence west 330 feet; thence south 660 feet; thence east 330 feet; thence north 660 feet to the point of beginning, containing 5 acres, more or less.

AND

Tract 6: A tract of land beginning at a point which is 2,340 feet west of the northeast corner of the NW $\frac{1}{4}$, thence west to the northwest corner of said Section; thence south along the west boundary line of said Section a distance of 1,320 feet; thence east to a point which is 2,340 feet west of the east line of the NW $\frac{1}{4}$; thence north a distance of 1,320 feet to the point of beginning, containing 10 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/8 RI
 Pennzoil United, Inc. ----- Lse #1 1/8 ORI
 Corinne Grace ----- Lse #1 3/4 WI

Tract 7: A tract of land beginning at a point which is 30 feet west and 330 feet south of the northeast corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, thence west 660 feet; thence south 330 feet; thence east 660 feet; thence north 330 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Dwyatt B. Nesbitt ----- Lse #12 1/32 RI
 Helen Nesbitt ----- Lse #12 1/32 RI
 Pennzoil United, Inc. ----- Lses 1 & 12 1/8 ORI
 Corinne Grace ----- Lses 1 & 12 3/4 WI

Tract 8: Beginning at a point which is 2,010 feet west and 660 feet south of the northeast corner of NW $\frac{1}{4}$, thence 660 feet south; thence 330 feet west; thence 660 feet north, thence 330 feet east to the point of beginning, containing 5 acres, more or less.

Charles E. Spencer, whose wife
 is Virginia L. Spencer ----- P 8/8 Unl

Bloomfield & Wm. Spencer

Tract 9: A tract of land beginning at a point which is 1,350 feet west and 660 feet south of the northeast corner of the NW $\frac{1}{4}$, thence south 660 feet; thence west 660 feet; thence north 660 feet; thence east 660 feet to the point of beginning, containing 10 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Annie R. Kemp -----	Lse #4	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 4	1/8	ORI
Corinne Grace -----	Lses 1 & 4	3/4	WI

Tract 10: The N $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
E. W. Yarbrough, whose wife is			
Mary Yarbrough -----	Lse #13	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 13	1/8	ORI
Corinne Grace -----	Lses 1 & 13	3/4	WI

Tract 11: The S $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/8	RI
Pennzoil United, Inc. -----	Lse #1	1/8	ORI
Corinne Grace -----	Lse #1	3/4	WI

Tract 12: The N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, containing five acres, more or less. This tract has been subdivided into the Barton Subdivision as approved by the Carlsbad City Planning Commission on the 16th day of December, 1965 and the Eddy County Board of Commissioners on the 20th day of December, 1965, the plat of said subdivision being recorded in Book 6 at page 19 of the Map Records in the office of the Eddy County Clerk. This subdivision is comprised of four lots as follows:

<u>Lots</u>	<u>Acres</u>	(Including share of adjoining streets and alleys)
1	1.21	
2	1.14	
3	1.81	
4	0.84	

Tract 12(a)

Lots 1 & 2 (2.35 acres)

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Roland Solazar, whose wife is			
Rosa E. Solazar -----	Lse #19	1/16	RI
Pennzoil United, Inc. -----	Lse #1	1/16	ORI
Corinne Grace -----	Lse #1	3/8	WI
Corinne Grace -----	Lse #19	7/16	WI

Tract 12(b)

Lot 3 (1.81 acres)

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
E. J. Barton, whose wife is			
Audrey Barton -----	Lse #5	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 5	1/8	ORI
Corinne Grace -----	Lses 1 & 5	3/4	WI

Virginia L. Spencer
Charles E. Spencer
Bloomfield New Mexico

Tract 12(c)

Lot 4 (0.84 acres)

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Traders of Carlshad, Inc. -----	Lse #18	1/16	RI
Pennzoil United, Inc. -----	Lse #1	1/16	ORI
Corinne Grace -----	Lse #1	3/8	WI
Corinne Grace -----	Lse #18	7/16	WI

Tract 13: A tract of land beginning at a point 1,350 feet west and 1,155 feet north of the southeast corner of the NW $\frac{1}{4}$, thence north 165 feet; thence west 660 feet; thence south 165 feet; thence east 660 feet to the point of beginning, containing 2.5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Jimmy D. Elmore, whose wife is			
Sharon Elmore -----	Lse #19	1/16	RI
Pennzoil United, Inc. -----	Lse #1	1/16	ORI
Corinne Grace -----	Lse #1	3/8	WI
Corinne Grace -----	Lse #19	7/16	WI

Tract 14: The E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less.

AND

Tract 15: A tract of land beginning at the southwest corner of the NW $\frac{1}{4}$, thence north 1,320 feet; thence east 330 feet; thence south 660 feet; thence east 54.5 feet; thence south 660 feet; thence west 384.5 feet to the point of beginning, excepting Tract 16 as described hereinbelow, Tract 15 containing 7.65 acres, more or less.

AND

Tract 16: Beginning at the southwest corner of the NW $\frac{1}{4}$, thence north on the west boundary line of Section 25, 330 feet to the point of beginning of the tract herein described; thence east 334 feet; thence north 330 feet; thence west 334 feet; thence south 330 feet to the point of beginning, containing 2.5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/8	RI
Pennzoil United, Inc. -----	Lse #1	1/8	ORI
Corinne Grace -----	Lse #1	3/4	WI

Tract 17: A tract of land beginning at a point 1,350 feet west and 990 feet north of the southeast corner of the NW $\frac{1}{4}$, thence west 330 feet to the southeast corner of the tract described herein; thence north 165 feet; thence west 330 feet; thence south 165 feet; thence east 330 feet to the point of beginning, containing 1.25 acres, more or less.

AND

Tract 18: A tract of land beginning at a point 1,350 feet west and 990 feet north of the southeast corner of the NW $\frac{1}{4}$; thence north 165 feet; thence west 330 feet; thence south 165 feet; thence east 330 feet to the point of beginning, containing 1.25 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Jimmy D. Elmore, whose wife is
 Sharon Elmore ----- Lse #20 1/16 RI
 Pennzoil United, Inc. ----- Lse #1 1/16 ORI
 Corinne Grace ----- Lse #1 3/8 WI
 Corinne Grace ----- Lse #20 7/16 WI

Tract 19: A tract of land beginning at a point 1,350 feet west and 825 feet north of the southeast corner of the NW $\frac{1}{4}$; thence north 165 feet; thence west 660 feet; thence south 165 feet; thence east 660 feet to the point of beginning, containing 2.5 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Elmer W. Rea, whose wife is
 Cora B. Rea ----- Lse #15 1/16 RI
 Pennzoil United, Inc. ----- Lses 1 & 15 1/8 ORI
 Corinne Grace ----- Lses 1 & 15 3/4 WI

Tract 20: A tract of land beginning at a point which is 1,320 feet west and 845 feet north of the southeast corner of the NW $\frac{1}{4}$; thence north 145 feet; thence east 660 feet; thence south 330 feet; thence west 330 feet; thence north 185 feet; thence west 330 feet to the point of beginning, containing 3.6 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Leonard I. Dowdy, whose wife is
 Pauline Dowdy ----- Lse #21 1/16 RI
 Pennzoil United, Inc. ----- Lse #1 1/16 ORI
 Corinne Grace ----- Lse #1 3/8 WI
 Corinne Grace ----- Lse #21 7/16 WI

Tract 21: A tract of land beginning at a point 1,320 feet west and 680 feet north of the southeast corner of the NW $\frac{1}{4}$; thence north 165 feet; thence east 330 feet; thence south 165 feet; thence west 330 feet to the point of beginning, containing 1.25 acres, more or less.

Lessie L. Bennett Nobles ----- Lse #22 5/64 RI
 Jimmy Lee Bennett ----- Lse #22 1/64 RI
 Nancy Carol Bennett ----- Lse #22 1/64 RI
 Ernest Wayne Bennett ----- Lse #22 1/64 RI
 Corinne Grace ----- Lse #22 7/8 WI

SCHEDULE "A" - Page 6

Tract 22: A tract of land beginning at a point which is 1,350 feet west and 660 feet north of the southeast corner of the NW $\frac{1}{4}$, thence west 660 feet; thence north 165 feet; thence east 660 feet; thence south 165 feet to the point of beginning, containing 2.5 acres, more or less.

		N $\frac{1}{2}$	S $\frac{1}{2}$
George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16 RI	1/16 RI
Elmer W. Rea, whose wife is			
Cora B. Rea -----	Lse #15	1/16 RI	-0-
Thomas J. Ferguson, whose wife			
is Thelma M. Ferguson -----	Lse # 6	-0-	1/16 RI
Pennzoil United, Inc. -----	Lses 1, 15 & 6	1/8 ORI	1/8 ORI
Corinne Grace -----	Lses 1, 15 & 6	3/4 WI	3/4 WI

Tract 23: A tract of land beginning at a point 1,350 feet west and 495 feet north of the southeast corner of the NW $\frac{1}{4}$, thence west 660 feet; thence north 165 feet; thence east 660 feet; thence south 165 feet to the point of beginning, containing 2.5 acres, more or less

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Thomas J. Ferguson, whose wife			
is Thelma M. Ferguson -----	Lse #6	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 6	1/8	ORI
Corinne Grace -----	Lses 1 & 6	3/4	WI

Tract 24: A tract of land beginning at a point which is 1,320 feet west and 330 feet north of the southeast corner of the NW $\frac{1}{4}$, thence north 330 feet; thence east 660 feet; thence south 330 feet; thence west 660 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Leslie Bartlett, whose wife is			
Virginia B. Bartlett -----	Lse #7	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 7	1/8	ORI
Corinne Grace -----	Lses 1 & 7	3/4	WI

Tract 25: A tract of land beginning at a point which is 1,350 feet west and 330 feet north of the southeast corner of the NW $\frac{1}{4}$, thence west 660 feet; thence north 165 feet; thence east 660 feet; thence south 165 feet to the point of beginning, containing 2.5 acres, more or less.

George R. Spencer, whose wife is			
Rosie Lee Spencer -----	Lse #1	1/16	RI
Opal Martin Gant, whose husband			
is Joe Gant -----	Lse #8	1/16	RI
Pennzoil United, Inc. -----	Lses 1 & 8	1/8	ORI
Corinne Grace -----	Lses 1 & 8	3/4	WI

Tract 26: A tract of land beginning at a point which is 384.5 feet east of the southwest corner of the NW $\frac{1}{4}$, thence east 330 feet; thence north 660 feet; thence west 330 feet; thence south 660 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 PI
 W. T. Nelson, whose wife is
 Wavie Nelson ----- Lse #9 1/16 RI
 Pennzoil United, Inc. ----- Lses 1 & 9 1/8 ORI
 Corinne Grace ----- Lses 1 & 9 3/4 WI

Tract 27: A tract of land beginning at a point which is 1,350 feet west of the southeast corner of the NW $\frac{1}{4}$, thence north 330 feet; thence west 660 feet; thence south 330 feet; thence east 330 feet to the point of beginning, containing 5 acres, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 James K. Byrd, whose wife is
 Mary K. Byrd ----- Lse #23 1/16 RI
 Pennzoil United, Inc. ----- Lse #1 1/16 ORI
 Corinne Grace ----- Lse #1 3/8 WI
 Corinne Grace ----- Lse #23 7/16 WI

Tract 28: A tract of land beginning at a point which is 1,056 feet west of the southeast corner of the NW $\frac{1}{4}$, thence west 264 feet; thence north 330 feet; thence east 264 feet; thence south 330 feet to the point of beginning, containing 2 acres, more or less.

Warren T. Baczik, whose wife is
 Wanda F. Baczik ----- Lse #10 1/8 RI
 Pennzoil United, Inc. ----- Lse #10 1/8 ORI
 Corinne Grace ----- Lse #10 3/4 WI

Tract 29: A tract of land beginning at a point 924 feet west of the southeast corner of the NW $\frac{1}{4}$, thence west 132 feet; thence north 330 feet; thence east 132 feet; thence south 330 feet to the point of beginning, containing 1 acre, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Ray O. Vaught and wife,
 Velma Ruth Vaught ----- 1/2 Unl
 Pennzoil United, Inc. ----- Lse #1 1/16 ORI
 Corinne Grace ----- Lse #1 3/8 WI

Tract 30: Beginning at a point which is 792 feet west of the southeast corner of the NW $\frac{1}{4}$, thence west 132 feet; thence north 330 feet; thence east 132 feet; thence south 330 feet to the point of beginning, containing 1 acre, more or less.

George R. Spencer, whose wife is
 Rosie Lee Spencer ----- Lse #1 1/16 RI
 Windle W. Owen and wife,
 Joy Owen ----- Lse #24 1/16 RI
 Pennzoil United, Inc. ----- Lse #1 1/16 ORI
 Corinne Grace ----- Lse #1 3/8 WI
 Corinne Grace ----- Lse #24 7/16 WI

SCHEDULE "A" - Page 8

Tract 31: A tract of land beginning at a point which is 660 feet west of the southeast corner of the NW $\frac{1}{4}$, thence west 132 feet; thence north 330 feet; thence east 132 feet; thence south 330 feet to the point of beginning, containing 1 acre, more or less.

Windle W. Owen and wife

Joy Owen ----- Lse #24 1/8 RI
Corinne Grace ----- Lse #24 7/8 WI

PART III: SPENCER SUBDIVISION -

E $\frac{1}{2}$ E $\frac{1}{2}$ NW $\frac{1}{4}$ Section 25, T. 22 S., R. 26 E. ----- 40 acres

This subdivision was created out of the E $\frac{1}{2}$ E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25 and dedicated by the owners thereof as the Spencer Subdivision in 1956, said subdivision having been approved by the City of Carlsbad Planning Commission and the Eddy County Board of Commissioners, the plat thereof being recorded in book 4 at page 115 of the Map Records in the office of the Eddy County Clerk. This subdivision, including lots and streets, contains 40 acres, more or less. The subdivision is comprised of Blocks and Lots as follows:

<u>Blocks</u>	<u>Lots</u>	(Including share of streets and alleys)
1	1, 3, 5, ✓	5.09 acres ✓
2	2, 4, 6 ✓	5.09 acres ✓
3	2, 4, 6, 8	4.94 acres ✓
4	1, 3, 5, 7	4.94 acres ✓
5	1, 3, 5 -	4.05 acres
6	2, 4, 6 ✓	4.08 acres
7	2, 4 ✓	3.23 acres
8	1, 3 ✓	3.23 acres
9	1, 3, 5, 7 ✓	5.35 acres

Tract 32:

Block 1: Lots 1, 3 and 5 (5.09 acres)

Lee T. Scott, whose wife is

Mayde N. Scott ----- Lse #11 1/8 RI
Pennzoil United, Inc. ----- Lse #11 1/8 ORI
Corinne Grace ----- Lse #11 3/4 WI

Tract 33:

Block 2: Lots 2 and 4 (3.68 acres)

Jewel Barnes ----- Lse #3 1/8 RI
Pennzoil United, Inc. ----- Lse #3 1/8 ORI
Corinne Grace ----- Lse #3 3/4 WI

Tract 34:

Block 2: Lot 6 (1.41 acres)

David Arthur Spencer, whose wife

is Bessie L. Spencer ----- Lse #2 1/8 RI
Pennzoil United, Inc. ----- Lse #2 1/8 ORI
Corinne Grace ----- Lse #2 3/4 WI

Tract 35:

Block 3: Lots 2, 4 and 8 (3.83 acres)

David Arthur Spencer, whose wife

is Bessie L. Spencer ----- Lse #2 1/8 RI
Pennzoil United, Inc. ----- Lse #2 1/8 ORI
Corinne Grace ----- Lse #2 3/4 WI

SCHEDULE "A" - Page 9

Tract 36:

Block 3 - Lot 6 (1.11 acres)

Eddy County, New Mexico -----	Lse #25	1/8	RI
Corinne Grace -----	Lse #25	7/8	WI

Tract 37:

Block 4: Lots 1 and 3 (2.45 acres)

Albert O. Callaway, whose wife			
is Jo Ann Callaway -----	Lse #26	1/8	RI
Corinne Grace -----	Lse #26	7/8	WI

Tract No. 38:

Block 4: Lot 5 (1.11 acres)

David Arthur Spencer, whose wife			
is Bessie L. Spencer -----	Lse #2	1/8	RI
Pennzoil United, Inc. -----	Lse #2	1/8	ORI
Corinne Grace -----	Lse #2	3/4	WI

Tract 39:

Block 4: Lot 7 (1.38 acres)

		$W\frac{1}{2}$	$E\frac{1}{2}$
Eva Waddle Forman -----	Lse #27	$1/16$ RI	$\div 0-$
Dean Waddle -----	Lse #27	$1/16$ RI	$-0-$
James H. Moyers -----	Lse #27	$-0-$	$1/8$ RI
Corinne Grace -----	Lse #27	$7/8$ WI	$7/8$ WI

Tract 40:

Block 5: Lots 1, 3 and 5 (4.05 acres)

Block 6: Lots 2, 4 and 6 (4.08 acres)

Block 7: Lots 2 and 4 (3.23 acres) --- 18.87 acres

Block 8: Lots 1 and 3 (3.23 acres)

Block 9: Lots 1, 3 and 5 (4.28 acres)

George R. Spencer, whose wife is

Rosie Lee Spencer -----	Lse #1	1/8	RI
Pennzoil United, Inc. -----	Lse #1	1/8	ORI
Corinne Grace -----	Lse #1	3/4	WI

Tract 41:

Block 9: Lot 7 (1.07 acres)

George R. Spencer, whose wife is

Rosie Lee Spencer -----	Lse #1	1/16	RI
Windle W. Owen, whose wife is			
Joy Owen -----	Lse #24	1/16	RI
Pennzoil United, Inc. -----	Lse #1	1/16	ORI
Corinne Grace -----	Lse #1	3/8	WI
Corinne Grace -----	Lse #24	7/16	WI

DRAFT

GMH/dr

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. 4619

Order No. R- 4266

APPLICATION OF CORINNE GRACE
FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 1972, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Corinne Grace, seeks an order
pooling all mineral interests from the surface of the ground
down to and including the ^{Morrow formation} ~~South Carlsbad Morrow Gas Pool~~ under-
lying the N/2 of Section 25, Township 22 South, Range 26 East,
^{South Carlsbad Morrow Field} ~~NMPM~~, Eddy County, New Mexico, to be dedicated to a well to be
drilled at a standard location.

*the Corinne Grace Hopogo well No. 1 located 1980 feet
from the north line and 1980 feet from the east line
of said section 25.*

(3) That the applicant has the right to drill and ~~proposes~~ *has drilled the above-described Hopygo well No. 1 to the south Corlebed narrow* *to drill this well* in the N/2 of said Section 25, ~~to form a~~ *gas* ~~standard oil~~ proration unit.

(4) That there are interest owners in the proposed spacing and proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the *gas* ~~oil~~ in said pool, the subject application should be approved by pooling all mineral interest, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of *actual* ~~estimated~~ well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That ~~as to each well~~, any non-consenting working interest owner that does not pay his share of *actual* ~~estimated~~ well costs should have withheld from production his share of the reasonable well costs, ~~plus an additional 30% thereof as a reasonable charge for the risk involved in the drilling of the well.~~

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) ~~That \$110.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto~~ ^{that} the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interest, whatever they may be, from the surface of the ground down to and including the ~~South Morrow formation~~ ^{South Carlsbad Field} ~~Carlsbad-Morrow Gas Pool~~ underlying the N/2 of Section 25, Township 22 South, Range 26 East, NMPM, ^{South Carlsbad Field} Eddy County, New Mexico, are hereby pooled to form a standard ³²⁰ ~~40~~-acre ^{gas} ~~oil~~ spacing and proration unit to be dedicated to a ~~well to be drilled at a standard location in the N/2 of Section 25.~~

the Corinne Grace Hopoga Well No. 1 located 1980 feet from the North line and 1980 feet from the East line of said Section 25.

tsb

(2) That Corinne Grace is hereby designated the operator of the subject well and unit.

~~(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs at least 30 days prior to commencing each well.~~

~~(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.~~

(3) ~~15~~ That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within ⁶⁰~~30~~ days following ^{the date of this order;} ~~completion of the well;~~ that if no objection to the actual well costs is received by the Commission and the Commission has not objected within ⁶⁰~~15~~ days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said ⁶⁰~~15~~-day period, the Commission will determine reasonable well costs after public notice and hearing.

~~(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that~~

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as herein provided shall remain liable for operating costs.

-5-

CASE NO. 4619

Order No. R-

~~has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.~~

(5) ~~(A)~~ That the operator is hereby authorized to withhold the following costs and charges from production:

~~(A)~~ the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of ~~estimated~~ ^{actual} well costs within ~~30~~ ⁶⁰ days from the date the schedule of ~~estimated~~ ^{actual} well costs is furnished to him.

~~(B) As a charge for the risk involved in the drilling of the well, 30% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.~~

(6) ~~(B)~~ That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

-6-

CASE NO. 4619

Order No. R-

~~(7) (19)~~ That ~~\$110.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-~~
~~consenting working interest, and in addition thereto,~~ ^{that} the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating ^{the subject} each well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(8) ~~(10)~~ That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(9) ~~(11)~~ That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(10) ~~(12)~~ That all proceeds from production from the subject wells which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(11) ~~(13)~~ That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

OK

PRINTED

OK

Application of CORINNE
PULSORY POOLING.

mar
mex.