

CASE 4993: PLUGGING CASE (LEA)
CORINNE GRACE - T.P. STATE WELL
NO. 1

CASE No.

4993

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

June 20, 1973

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the Ranger Lake Wells Nos. 1 and 3 located in Unit N of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program.

Case No. 4992

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the T. P. State Well No. 1 located in Unit A of Section 17, Township 10 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

Case No. 4993

BEFORE: State Geologist, A. L. Porter, Jr.,
Secretary-Director

I. R. Trujillo,
Member

TRANSCRIPT OF HEARING

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1002, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 MR. PORTER: The hearing will come to order, please.
2 Case 4992.

3 MR. CARR: Case 4992: In the matter of the hearing
4 called by the Oil Conservation Commission on its own motion
5 to permit Corinne Grace and the Travelers Indemnity Company
6 and all other interested parties to appear and show cause
7 why the Ranger Lake Wells Nos. 1 and 3 located in Unit N
8 of Section 11, Township 12 South, Range 34 East, Lea County,
9 New Mexico should not be plugged and abandoned in accordance
10 with a Commission-approved plugging program.

11 We have requested that Cases 4992 and 4993 be
12 consolidated for the purpose of testimony.

13 MR. LYONS: No objection, we concur.

14 MR. PORTER: Is anyone opposed to the consolidation
15 of these cases?

16 (No response)

17 MR. PORTER: Cases 4992 and 4993 will be
18 consolidated for the purpose of taking testimony.

19 MR. CARR: Case 4993: In the matter of the hearing
20 called by the Oil Conservation Commission on its own motion
21 to permit Corinne Grace and the Travelers Indemnity Company
22 and all other interested parties to appear and show cause
23 why the T. P. State Well No. 1 located in Unit A of Section
24 17, Township 10, South, Range 33 East, Lea County, New
25 Mexico, should not be plugged and abandoned in accordance

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6891, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 with a Commission-approved plugging program.

2 MR. PORTER: You may call your first witness.

3 * * * *

4 JOSEPH D. RAMEY,

5 was called as a witness, and after being duly sworn according
6 to law, testified as follows:

7 DIRECT EXAMINATION

8 BY MR. CARR:

9 Q Will you state your name and position for the record,
10 please?

11 A Joe D. Ramey, supervisor of the Commission's District
12 One Office in Hobbs, New Mexico.

13 Q Does District One include Lea County, New Mexico?

14 A Yes.

15 Q And the portion of that county involved in this case?

16 A Yes. It includes all of Lea County.

17 Q Do your duties include making recommendations to the
18 Commission as to when a well should be plugged and
19 abandoned?

20 A Yes.

21 Q Are you familiar with the subject matter of Case 4992?

22 A Yes.

23 Q What is the purpose of this case?

24 A This is what I term a show cause hearing to present
25 the opportunity for Corinne Grace to show cause why

dearnley, meier & associates

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 the Ranger Lake Wells 1 and 3 should not be plugged.

2 And also in the next case, to show cause why the T. P.
3 State Well No. 1 should not be plugged.

4 Q Are you familiar with the wells involved in these cases?

5 A Yes.

6 Q Have you reviewed all the reports on file with the
7 Commission concerning these wells?

8 A Yes, I have. Now, I have not personally visited the
9 well sites in quite some time, but personnel from the
10 Hobbs office has visited the wells within the past week.

11 Q Do you have the well records with you?

12 A Yes.

13 Q Would you please refer to the records, and give the
14 Commission a history of the wells as reflected in
15 the records?

16 A The first well, the Corinne Grace Ranger Lake Well
17 No. 1, filed a Notice of Intent to Drill Form, and
18 the C-101 was approved in August of 1966 for a well
19 to be located 660 feet from the south line and 1980
20 feet from the west line of Section 11, Township 12
21 South, Range 34 East, Lea County, New Mexico.

22 The well was drilled to 10,407 feet into the
23 Pennsylvanian formation, and plugged back to a total
24 depth of 10,406 feet. The well is on 11 3/4 inch
25 casing set at 10,371 with 400 sacks of cement and

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1082, PHONE 245-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 4 1/2 inch casing at 10,406. It was cemented with
2 400 sacks, and the well was completed on 10/26/66 from
3 perforations of 9,934 to 9,998. It flowed 352 barrels
4 of oil and 28 barrels of water--

5 MR. PORTER: What was the date of completion?

6 THE WITNESS: October 26th, 1966.

7 A (Continuing) The well produced an accumulative total
8 of 58,731 barrels with the last production being
9 December of 1968 at a rate of 196 barrels of oil and
10 15,680 barrels of water for the month of December.

11 Since that time, it has been shut in, except that
12 it is now being tested.

13 The Ranger Lake Well No. 3 had its C-101 approved
14 on December 20th, 1966, for a well 557 feet from the
15 south line and 1917 feet from the west line of Section
16 11, Township 12 South, Range 34 East. This well was
17 completed to a total depth of 5,315 feet, and plugged
18 back to a total depth of 5,289 feet. The well is on
19 8 5/8 inch casing set at 378 feet. It is circulated
20 with 4 1/2 inch casing at 5,315 with 1,000 sacks of
21 cement. It was completed on January 17th, 1967 from
22 perforations of 4,833 to 4,868 in the San Andreas
23 formation. It flowed 54 barrels of oil and 15 barrels
24 of water. This well produced a total accumulative
25 production of 435 barrels. The last production was

dearnley, meier & associates

269 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 October, 1967, when it produced 21 barrels of oil and
2 7 barrels of water for that month.

3 The T. P. State Well No. 1 had its C-101 approved
4 on December 23rd, 1968, for a well 660 feet from the
5 north and east lines of Section 17, Township 10 South,
6 Range 33 East. It was completed to a total depth of
7 4,524 and plugged back to a depth of 4,489 from the
8 San Andreas formation. Eight and five-eighth inch
9 casing was installed at 1,824 feet. It's circulated
10 with 5 1/2 inch casing at 4,523 with 675 sacks of
11 cement. It was completed on February 8th, 1969 from
12 perforations of 4,408 to 4,478. It flowed 336 barrels
13 of oil and 8 barrels of water. This well last produced
14 in February, 1969, which is the month it was completed in.

15 My records, if they are correct, say that it
16 produced 1,385 barrels of oil and 77 barrels of water.
17 This is also its accumulative production. This well
18 was tested and assigned an allowable in October, 1972.
19 The test date was 10/20/72. As I understand it, the
20 allowable was 20 barrels of oil. Then in October, the
21 well--

22 MR. PORTER: Twenty barrels per day?

23 THE WITNESS: Yes, sir.

24 A (Continuing) The well tested for 20 barrels of oil and
25 30 barrels of water. In October, the well produced

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 395 barrels of oil. Then from November through April,
2 they reported no oil production.

3 MR. PORTER: You mean April of 1973?

4 THE WITNESS: Yes, sir. From the period of November,
5 1972 through April, 1973.

6 Q (By Mr. Carr) Could you tell us the dates the last
7 official forms were filed by the operator concerning
8 these wells?

9 A Yes, sir. On the Ranger Lake No. 1 Well, the last
10 official approved form was filed-- or was approved on
11 February 8th, 1967, Form C-105. Since that time,
12 another form was filed with me in August, dated August
13 16th, 1972, which I did not approve, and which was
14 for the purpose of cleaning out storage tanks and
15 power oil tanks for 307 barrels of legal oil left in
16 the tank, and approximately 863 barrels of oil in the
17 power oil tank.

18 At this time, I contacted the people who had
19 filed the form, and said that it would be necessary
20 for the Grace people to up-date their Form C-115 so
21 I could determine whether this was legal storage,
22 since they had not been reporting on the wells since
23 they had been shut in.

24 On the Ranger Lake Well No. 3, the last form
25 approved was the Form C-105, dated October 27th, 1967.

dearnley, meier & associates

200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1210 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 Here again, I received a Form 104 to run 220 barrels
2 of legal stock left in the tanks, and this was dated
3 August 16th, 1972. I did not approve this form for
4 the same reason as I just outlined.

5 On the T. P. State Well No. 1, the last form was
6 approved on September 11th, 1972, and it was Form
7 C-104, filed to request a 1,000 barrel testing allowable.
8 This well at the time was the one that I did assign
9 an allowable to. It did indicate they were going to
10 test the well at that time, and I did assign them a
11 testing allowable, and later, the 20 barrel oil allowable.

12 Q Have you been in communication with the operator of
13 these wells since that time?

14 A Well, the first communication started on June 5th, 1972.

15 Q Mr. Ramey, are these the letters that are identified
16 as Oil Conservation Commission Exhibit Number One in
17 these cases?

18 A Yes, they are.

19 To continue, the first communication was June
20 5th, 1972, when I called to the attention of Mrs. Grace
21 that she had three wells in Northern Lea County which
22 had been shut in for some time, and since they had
23 been shut in for some time, it would appear to my
24 estimation that they were non-productive. I said
25 that since it appeared that these wells would not be

1 produced, it would seem that the wells should be
2 plugged and abandoned. I asked her to advise our
3 office of her plans for the wells, and told her that
4 if no work-over was proposed, please make plans for
5 these wells to be abandoned immediately.

6 Q Would you just give us the dates of the subsequent
7 correspondence?

8 A I again wrote on August 4th, 1972; again on September
9 11th, 1972. It was the September 11th letter where
10 I requested that they up-date their Form C-115. I
11 again sent correspondence on May 1st, 1973, advising
12 them that a hearing had been set.

13 Q What response have you received from these letters?

14 A I have had no response. The only response was the
15 allowable request on the T. P. State Well No. 1 where
16 they did produce the well for a short period of time,
17 one month, and then shut it in again for a long period.

18 I also received the requests on the Forms C-104,
19 requesting that they run oil in the storage tanks.

20 Q Is it your recommendation that these wells be plugged
21 and abandoned?

22 A Yes, sir. If there is no indication that these are
23 commercial oil wells, I can see no reason for them to
24 continue standing as they are, and I think they should
25 be plugged and abandoned.

dearnley, meier & associates

200 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6091 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 Q What kind of plugging program do you recommend for
2 these wells?

3 A At this time, I wouldn't recommend a plugging program--
4 The only one I would recommend would be to plug the
5 wells from the total depth to the top of the ground
6 with cement, but I think we should leave it flexible,
7 and that a plugging program be designed at the time
8 the wells are plugged.

9 Q Is it your recommendation that this be left to the
10 discretion of the District Office?

11 A Yes.

12 Q Are the letters marked as Exhibit One true and correct
13 copies of the letters in the Oil Commission files?

14 A Yes, sir.

15 MR. CARR: At this time, I will offer OCC Exhibit
16 One in Cases 4992 and 4993.

17 MR. PORTER: Without objection, the exhibit will
18 be admitted.

19 (Whereupon Oil Conservation Commission Exhibit One
20 was admitted in evidence.)

21 MR. CARR: I have nothing further.

22 * * * *

23 CROSS EXAMINATION

24 BY MR. PORTER:

25 Q Why would it be necessary for you to recommend that

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 these wells be plugged from the top to the bottom?

2 A That's the only plugging program I would recommend
3 at this time. I don't think they should be plugged
4 that way, I don't think any well needs to be plugged
5 that way. If an order came out with a prescribed
6 plugging program, I think it would be too rigid-- or
7 not rigid enough at this time. I think we should leave
8 it up to the discretion of the District Office. If
9 the pipe is pulled, we have one plugging program, and
10 if the pipe is not pulled, we have an entirely different
11 plugging program.

12 Q Why can't you recommend a program at this time?

13 A I could, sir.

14 Q Is it because of insufficient information in the files?

15 A No, I think there's sufficient information in the files,
16 Mr. Porter. I just feel it would be better to work
17 a plug-in program at the time the wells are going to
18 be plugged.

19 Q Rather than putting the program in the order?

20 A Yes, sir. If you think it would be proper to have a
21 plugging program, I can come up with one.

22 MR. PORTER: Does anyone have any questions of
23 Mr. Ramey?

24 MR. LYONS: Yes.

25 * * * *

dearnley, meier & associates

209 S.W. 5TH BLDG., P.O. BOX 1082, PHONE 243-8691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

CROSS EXAMINATION

BY MR. LYONS:

Q What are your reasons again for proposing these wells be plugged at this time?

A It appears to me that the operator has walked off and left the wells, leading me to believe that they are uneconomical to produce.

Q Do you know whether or not any activity has happened there in the last week?

A Yes. Mr. Kenneth Smith has contacted my office, I believe he did so on Friday of last week, and requested a testing allowable on each well. He came into the office yesterday, and I was up here at the time.

Q Were the testing allowables approved?

A Yes, the testing allowables were approved. I instructed my geologist at the Hobbs office to do so.

Q Well, if you have approved the testing allowables, why would you want these wells to be plugged at this time?

A Because I have had no response from the Grace people as to what their plans are for the wells. If Mr. Grace wants to come forward and offer something that will show these wells are commercial, and are going to be produced, fine. I certainly don't want to plug any wells that will put some oil in the tanks.

Q Have you been in contact with your geologist?

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6091, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87103

1 A I was in contact with him yesterday.

2 Q Did he indicate to you any activity to his knowledge
3 that was happening there?

4 A Yes, he said the three wells had been tested, and he
5 did give me some test results which I left someplace.

6 Q Do you remember anything about the test results at all,
7 as to whether or not they were favorable?

8 A It seems like one was 45 barrels; one was 26 barrels;
9 and the other one was higher, which sounded to me like
10 they could be commercial wells.

11 Q Even having received this information prior to the
12 hearing today, it is still your recommendation to the
13 Commission that these wells be plugged?

14 A Yes, because tomorrow the test data could be considerably
15 less than this.

16 Q Your earlier answer to my question as to the reason
17 that you recommended these wells be plugged was
18 because there was no evidence of activity. Now you
19 indicate there has been evidence of activity, that
20 activity having produced some oil--

21 A I should first say that any well left standing in that
22 position and not being worked or produced for a period
23 of several years could create waste. Pipe could
24 collapse, and there could be communication between
25 zones, or loss of fresh water into the oil zones, or

dearnley, meier & associates

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 contamination of fresh water, so this is our prime
2 concern.

3 Q I can understand that when these forms were not filed
4 at certain times, you would recommend that. However
5 with this new information you have received during the
6 past week from the engineer employed by the Graces
7 and your own geologist, I can only wonder why you
8 would continue to recommend today that the wells be
9 plugged when there is evidence of activity and marketable
10 oil there.

11 A I prefer to get this into the record, and let the
12 Commission make that consideration.

13 MR. PORTER: Mr. Lyons, do you have a witness to
14 testify as to what activity has occurred?

15 MR. LYONS: Yes, we have two who will testify
16 later.

17 THE WITNESS: This is good. This is what I would
18 like to get into the record.

19 Q (By Mr. Lyons) I hand you copies of Forms C-104 for
20 the Ranger Lake No. 1, the Ranger Lake No. 2, and the
21 T. P. State Well No. 1. I believe these forms are
22 signed by your geologist, is that correct?

23 A Yes, that's the signature of Mr. John Runyon of our
24 Hobbs office.

25 Q What is the date on that?

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1062, PHOENIX 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 A June 19th, 1973.

2 Q So that is prior to this hearing today.

3 A Yes, that's correct. That would be yesterday, I believe.

4 MR. LYONS: I move for the admission of these
5 three forms of the Commission into evidence at this time.

6 MR. PORTER: As I understand your recommendation,
7 it is based upon what information you have at the present
8 time.

9 THE WITNESS: Yes, sir.

10 Q (By Mr. Lyons) Don't you believe it is inconsistent
11 to say you would like to see the wells shut down and
12 filled up, and then authorizing your geologist to
13 approve these C-104s?

14 A Yes. I also stated that I would not recommend plugging
15 an economical well.

16 Q I am only asking don't you think it inconsistent to
17 approve the test allowable--

18 A When I wrote the Grace people, I expected a reply to
19 my inquiries. In other words, if a well has been shut
20 in for a period of four to five years, it looks like
21 it is not going to be produced, and that perhaps they
22 walked off and left the well, or had forgotten the
23 well. If it's not going to be produced, it should be
24 plugged. I asked for this information specifically,
25 I said, "What are your future plans for the well?", and

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6621, ALBUQUERQUE, NEW MEXICO 87102
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 I received no answer to my inquiry, so I assumed they
2 were not going to do anything with the wells.

3 Q Assuming there is some activity in these wells, and
4 the test results are accurate, would it be your
5 recommendation that perhaps you ought to give them
6 some time to see if these are good wells?

7 A Oh, yes, I would recommend even that they be given
8 ninety days to put them back on production.

9 Q So your recommendation isn't today that they go ahead
10 and cap them, or that an order be issued today to cap
11 them?

12 A Oh, no, if there is any chance these wells are
13 economical, I don't want them plugged.

14 MR. LYONS: I have nothing further.

15 * * * *

16 REDIRECT EXAMINATION

17 BY MR. CARR:

18 Q Have you traditionally had difficulty corresponding
19 with this operator?

20 A Yes, they seem to ignore my inquiries.

21 Q As supervisor of the District, do you feel that the
22 District should have to discover everything--

23 MR. LYONS: I object to this line of questioning
24 as being arbitrary.

25 MR. PORTER: Do you intend to answer the question

dearnay, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0601 • ALBUQUERQUE, NEW MEXICO 87103
1210 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 with your witness as to why the operator hasn't responded
2 to the Commission's usual inquiries?

3 MR. LYONS: Yes, I believe so, Your Honor.

4 MR. PORTER: I think this would be entirely
5 relevant. We will sustain your objection, but we would like
6 the information put into the record as to why we cannot get--
7 the District supervisor for the Commission is unable to get
8 responses to his correspondence.

9 Q (By Mr. Carr) Mr. Ramey, by approving test allowables,
10 does that provide any sort of guarantee there will be
11 commercial production from a well?

12 A No, it does not. The primary purpose of a test allowable
13 is to allow the operator to evaluate the well.

14 Q Do you still recommend these wells be plugged and
15 abandoned if they cannot be put on production in a
16 reasonable time?

17 A Yes. I would think the ninety-day period I stated
18 would be a reasonable period. I think the operator
19 would have time to evaluate the wells, and if they are
20 commercially productive, he can be producing them within
21 the interval, and if they are not, they should be
22 plugged.

23 MR. PORTER: Mr. Ramey, if an operator files an
24 application to temporarily abandon a well and sets forth
25 his reasons, is it customary to approve such procedures?

1 THE WITNESS: Yes, sir.

2 MR. PORTER: But in this case, have you received
3 any application from the operator to temporarily abandon
4 these wells?

5 THE WITNESS: No.

6 MR. PORTER: In other words, you have had no
7 application from the producer here, the operator, for
8 temporary abandonment?

9 THE WITNESS: No, I have not.

10 MR. PORTER: Does anyone else have any questions
11 of Mr. Ramey?

12 (No response)

13 MR. PORTER: He may be excused.

14 (Witness excused.)

15 MR. PORTER: You have a witness you say you are
16 going to put on the stand, Mr. Lyons?

17 MR. LYONS: Yes.

18 MR. PORTER: Since Mr. Ramey's recommendation was
19 that you have ninety days conditioned upon what your witness
20 says that you intend to do with the wells, the Commission
21 would be interested in knowing from your witness what your
22 plans are for the wells, because that's the only way we
23 can intelligently deal with the wells.

24 MR. LYONS: All right.

25 * * * *

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0091, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

KENNETH SMITH,

was called as a witness, and after being duly sworn according to law, testified as follows:

DIRECT EXAMINATION

BY MR. LYONS:

Q Would you state your name for the Commission, please?

A Kenneth Smith.

Q And what is your occupation?

A I am presently a petroleum engineer in Houston, Texas.

Q Who are you presently employed by-- Or who are you working with?

A I am working for Mr. Michael P. Grace and Corinne Grace.

Q Would you give us your educational background?

A I was graduated from Texas A and M University in 1949. I worked for nine years for the Mobil Oil Company as a petroleum engineer and production foreman. I was an engineer with the Air Force for two years, and have been a consultant for five years.

Q Was your degree in engineering?

A No, but I have taken engineering courses since then, and geology courses also.

Q Have you had occasion in the time you have been working with Mr. Grace to come in contact with the Ranger Lake Wells 1 and 3 and the T. P. State Well No. 1?

A Yes. On June 12th, I went to the Ranger Lake-- both

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6601, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

Ranger Lake Wells and the T. P. State Well.

MR. PORTER: June 12th of this year?

THE WITNESS: Yes, sir.

Q (By Mr. Lyons) Was that at the direction of Mr. Grace?

A Yes, it was.

Q What were your observations, and what activities were performed in connection with these three wells after your initial contact?

A We moved a pumping unit in and installed a motor to the Ranger Lake No. 3, and moved a hydraulic unit into the Ranger Lake No. 1. That's the extent of the information I have for that day.

Then on the next day, we attempted to start the engine on the T. P. State Well No. 1, which we were unable to do. So we called a mechanic out the next day to get that engine running. We did start the hydraulic unit on the Ranger Lake No. 1, and the pressure was up, and it was determined that we had trouble downhole with the downhole pump. We ordered a rig out to pull the tubing and the pump as to repair that.

Q Was this for all three wells?

A Yes. This was begun on June 13th, and then on June 14th, we got the T. P. State No. 1 started. We got 70 barrels of oil from that, and then we finished out the work on the pumping unit for the Ranger Lake No. 3,

dearnley, meier & associates

200 SIMMS BLDG. P.O. BOX 1092 • PHONE 243-0601 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

- 1 and started it. And the T. P. State No. 1 was pumping
- 2 that day also.
- 3 Q Have you had occasion to talk to Mr. Grace as to why
- 4 these wells have been allowed to lie dormant for the
- 5 last few years?
- 6 A Well, not too much, but I understand Mr. Grace has been
- 7 very busy in the Carlsbad area, and these wells do
- 8 present some problems in salt water disposal, and it's
- 9 going to take some engineering work to get them in
- 10 shape to be economical. And Mr. Grace has been tied up
- 11 with other things.
- 12 Q After your initial contact with the wells there, what
- 13 do you feel in your professional opinion is the
- 14 potential for these wells?
- 15 A I think the wells can be commercial. We want to pump
- 16 the initial flush production out of the well bores to
- 17 see whether they will stabilize. Possibly we need to
- 18 do some stimulation work on the two Ranger Lake Wells.
- 19 I would think that in the case of the Ranger Lake
- 20 No. 1, it's going to get a lot of fluid. I think our
- 21 problem is in pumping long enough to see if we can
- 22 pump some of the water off to get some oil coming
- 23 again.
- 24 Q Are these three wells in production at this time?
- 25 A Two of them are, the Ranger State No. 2 is waiting on

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

a rig.

Q The Ranger State No. 1 and the T. P. State No. 1 are on production?

A Yes.

Q Do you have at your disposal the number of barrels you have been able to pump, and what you believe the potential is for barrels per day?

A On June 15, we had 96 barrels of oil and 20 barrels of salt water from the Ranger Lake No. 3. From the T. P. State No. 1, we had 77 barrels of oil and 12 barrels of salt water. On Saturday, June 16th, we had from the Ranger Lake No. 3 26 barrels of oil and 1.7 barrels of water--

MR. PORTER: How many barrels of oil?

THE WITNESS: Twenty-six.

A (Continuing) I believe we had-- From the T. P. State No. 1, we had 77 barrels of oil and 16 barrels of salt water. On June 17th, from the Ranger Lake No. 1, we had 692 barrels of water and 36 barrels of oil. From the Ranger Lake No. 3, we had 25 barrels of oil and 10 barrels of salt water. On the T. P. State No. 1, we had 66 barrels of oil and 33 barrels of salt water.

On June 18th, from the T. P. State No. 1, we had 63 barrels of oil and 44 barrels of water. From the Ranger Lake No. 1, we had 35 barrels of oil and

dearriey, meier & associates

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 850 barrels of water. From the Ranger Lake No. 3,
2 we had 10 barrels of oil and 5 barrels of water. We
3 shut the pump down that day on the Ranger Lake No. 3
4 because it quit pumping.

5 On Tuesday, the 19th, from the Ranger Lake No. 1,
6 we had 624 barrels of water and 5 barrels of oil. The
7 Ranger Lake No. 3 was shut down. From the T. P. State
8 No. 1, we had 12 barrels of oil and 93 barrels of water.
9 I don't have the production for today.

10 Q Do you have an estimated amount of money Mr. and Mrs.
11 Grace have spent during this time for testing attempting
12 to put these wells back on production?

13 A I would estimate in the neighborhood of \$10,000.

14 Q Have you talked to the Graces as to their future plans--
15 as to what they intend to do with the wells?

16 A Well, we are looking in terms of salt water disposal
17 from the Ranger Lake No. 1 particularly. It is being
18 checked as to whether we re-enter a plugged and
19 abandoned well on the lease and make a salt water
20 disposal unit out of it, because we can't afford to
21 haul this volume of water for the volume of oil we
22 are getting.

23 Q But the plans of Mr. Grace are to put these wells back
24 on commercial production?

25 A Yes-- Well, at least we will determine if they are

1 commercial. If they can be made commercial, we are
2 going to do that.

3 Q Do you know Donna Hollis?

4 A Yes.

5 Q What is her job?

6 A She is office manager, I guess, for Oil Records Company
7 in Hobbs.

8 A VOICE: Holler, H-o-l-l-e-r.

9 Q (By Mr. Lyons) Is she employed by Mr. Grace to fill
10 out his reports and take care of his paper work?

11 A Yes, I understand she is.

12 Q As far as you know, have the Graces fed the information
13 to her that was necessary to fill out and submit the
14 forms required by the Commission?

15 A I would think so, but I'm not out here all the time.

16 MR. PORTER: You came on the scene in June of this
17 year?

18 THE WITNESS: No, sir, I come on the scene every
19 once in a while. I was out in April for about a week, I
20 would say, and then I came back on May 13th.

21 MR. PORTER: April, May and June of this year?

22 THE WITNESS: Yes, sir.

23 MR. LYONS: Your witness.

24 * * * *

25

CROSS EXAMINATION

BY MR. CARR:

Q Could you tell me in your opinion how long it would take to determine whether or not these wells can be put back on commercial production, and how long a reasonable time would be to get them back on commercial production?

A I think your man's ninety days is very reasonable.

Q You did say you thought ninety days was a reasonable period of time?

A Yes, I do.

MR. CARR: I have no further questions.

MR. RAMEY: What are you doing with the water from the T. P. State Well No. 1?

MR. LYONS: I wouldn't object to the witness answering this off the record, but I don't know if that has anything to do with production. I don't know how the disposal of water has anything to do with these wells having potential.

MR. PORTER: It has a lot to do with Commission regulations.

MR. LYONS: I wouldn't object to him answering it off the record, but I don't think it is proper for the purpose of this hearing.

MR. CARR: We are charged by the statute to conduct hearings, and it also says that they will not be

1 conducted with the rigidity of a formal legal proceeding.

2 MR. LYONS: I think the witness indicated in his
3 testimony that Mr. Grace probably would be attempting to
4 use an abandoned well for water disposal.

5 MR. RAMEY: What is its disposition at this time?

6 THE WITNESS: We have a program with the Royal
7 and Vick Tank Truck Service to haul this water. It's
8 approximately a fifteen-mile haul, I would think.

9 MR. RAMEY: How much is it costing?

10 THE WITNESS: Thirty cents total.

11 MR. RAMEY: Thirty cents per barrel to dispose of
12 the water?

13 THE WITNESS: Yes.

14 MR. PORTER: Mr. Smith, you have testified to the
15 result of certain tests. Would you be willing to put those
16 in the form of a report to the Commission?

17 THE WITNESS: Yes, surely.

18 MR. PORTER: The tests you have run up to now both
19 as to water and oil.

20 THE WITNESS: Very good. Do you have a form for
21 that?

22 MR. PORTER: We have a C-103, which is a catch-all
23 form we could use.

24 THE WITNESS: I could just write them in narrative
25 form.

1 MR. RAMEY: I think those figures should be on
2 a Form C-103 so they can be in our well records.

3 MR. PORTER: Are there any further questions of
4 the witness?

5 (No response)

6 MR. PORTER: He may be excused.

7 (Witness excused.)

8 * * * *

9 RONALD JOHNSON,

10 was called as a witness, and after being duly sworn according
11 to law, testified as follows:

12 DIRECT EXAMINATION

13 BY MR. LYONS:

14 Q Would you state your name and occupation, sir?

15 A My name is Ronald D. Johnson, and I am a graduate
16 petroleum engineer from the University of Southwestern
17 Louisiana in Lafayette, Louisiana. I graduated in
18 1957. I am a registered petroleum engineer in the
19 State of Louisiana. I worked for the Mobil Corporation
20 for approximately ten years, and have been a consultant
21 engineer for approximately six years.

22 Q Are you presently working with Mr. Grace?

23 A As a consultant engineer, yes.

24 Q During the time you have been working with the Graces,
25 have you had occasion to speak with them concerning the

dearnley, meier & associates

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6091 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 status of the two Ranger Lake Wells and the T. P. State
2 Well No. 1?

3 A Yes, sir. My first encounter with Mr. Grace was to
4 do some work in the South Carlsbad Field, and even
5 during this time, these three wells were brought to
6 my attention.

7 I am associated with Steinhorst Operating Systems
8 out of Lafayette, and Mr. Steinhorst has been working
9 with Mr. Grace all during the last year, and he brought
10 these wells to my attention. He had been up here a
11 year or so ago with the intention of getting something
12 done up there about these wells.

13 One of the things I found out is that Mr. Grace
14 has operations all over the country, and it has been
15 our intention to get up and get started in this area,
16 but it just has been a period of neglect as far as
17 the engineer's staff is concerned.

18 Q Have you been involved in the past week with some of
19 the situations that have developed there as far as
20 trying to test these wells?

21 A Yes. This has been a follow-up of what we had intended
22 to do over a month ago. Mr. Smith has been taking
23 care of the specific activities, but I was up there
24 for a couple of days assisting him getting the
25 equipment lined out and following through on a lot

1 of background work that I had done in previous weeks.

2 Q Have you also observed the types of machinery?

3 A Very definitely. I have been involved with helping
4 put the wells on production, and assisting in testing
5 and acquiring equipment.

6 Q Do you have any estimate of the approximate amount of
7 money invested by the Graces during this period?

8 A I would say between eight and ten thousand dollars.

9 Q After your observations there, and after looking at
10 the tests, do you feel there is potential for these
11 wells?

12 A I most certainly do. Of course, we get back to the
13 salt water problem. There is no question about there
14 being oil production, and when you get involved in
15 the economics of water disposal, this would be the
16 only question that could be raised. But just from a
17 preliminary study, I think very definitely there is
18 good potential for economic production.

19 Q Are two of the wells in production now?

20 A That's correct. Three of them would be, except for
21 the fact that we are having mechanical problems downhole
22 in one of the wells.

23 Q Do you know of your own knowledge the future plans of
24 the Graces for these three wells?

25 A Yes. One of the things the consultants were to be

1 pursuing was the salt water disposal, and naturally
2 the maximum amount of production that would be available
3 in that area.

4 MR. LYONS: Your witness.

5 MR. CARR: No questions.

6 * * * *

7 CROSS EXAMINATION

8 BY MR. RAMEY:

9 Q I missed your name.

10 A Ronald Johnson.

11 Q Mr. Johnson, are you familiar with the producing
12 characteristics found in Lea County?

13 A Just what I have picked up from other pumpers and people
14 in the area.

15 Q But you probably could conclude that it would be a
16 high water producing zone?

17 A Yes. As you will notice from the reports, we got a
18 nice amount of oil with an increase of water cut, and
19 we are hoping to get a reversal here, and get an
20 increase in oil cut. This can't be done overnight,
21 it will take some time to truly evaluate it. I think
22 there is no question though that there is an amount
23 of oil that could be salvaged from this reservoir.

24 Q How long do you think it will take for you to make an
25 evaluation of that? Do you think you could get that done

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 in ninety days?

2 A As I say, we are involved in a lot of operations, and
3 if we could devote a full ninety days to this one
4 project, probably yes. But when you are handling
5 production in other areas and doing things that may
6 be considered more important and more economical, you
7 would be crowding it a little bit, because we are
8 looking at an in-depth study of salt water disposal.

9 I'm not saying it couldn't be done, but this is
10 a fairly short period of time.

11 Q Would ninety days give the operator ample time to
12 evaluate his wells as to what their production capacities
13 would be?

14 A I would say ninety days would give us sufficient time
15 to know what our intentions are. I wouldn't say we
16 could have the salt water disposal system in production,
17 or anything of this sort, but I think that period of
18 time would afford us an opportunity to say what our
19 intentions will be.

20 MR. RAMEY: That's all I have.

21 MR. PORTER: Does anyone else have any questions
22 of Mr. Johnson?

23 MR. RAMEY: I would like to direct a question to
24 Mr. Smith.

25 You didn't really answer to my satisfaction the

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 question as to why none of the Commission requirements were
2 answered. You said this information was supplied to Miss
3 Holler, and it was up to her to submit the information.
4 Was that the gist of your testimony?

MR. SMITH: Yes, I would say so.

5 MR. RAMEY: So what you are saying is that she was
6 fed the information, and just did not file the forms?

MR. SMITH: My feeling is I really don't know.

MR. RAMEY: That's what I thought you said.

MR. PORTER: The witness may be excused.

(Witness excused.)

MR. PORTER: Do you have anything further, Mr. Lyons?

MR. LYONS: No.

MR. CARR: I would like to re-call Mr. Ramey.

* * * *

JOSEPH D. RAMEY,

was re-called as a witness, and having been already duly
sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CARR:

Q You heard Mr. Porter a few minutes ago state what he
understood your recommendation to be contingent upon
certain evidence put in by Mr. Grace and his
representatives here. Now, having heard that evidence,
would you please state your recommendations for the

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-3691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87103

Commission?

A I would afford the operator ninety days, mainly because I don't want to see any well that may be economical plugged. However, I would certainly recommend-- or I would insist that reports be submitted to the Hobbs office every ten days as to the tests on the wells, what is being done.

I would think that if the operator doesn't see fit to submit these reports, that we should insist on the wells being plugged. I do not feel this is unreasonable.

MR. LYONS: You don't think ten days is unreasonable?

THE WITNESS: No, sir.

MR. LYONS: Rather than a thirty-day period?

THE WITNESS: No, I would prefer ten days.

MR. LYONS: Would you request that these be in writing, or can they be oral?

THE WITNESS: I would want them in writing on the appropriate Commission form, which would be Form C-103.

MR. LYONS: I don't want to argue, but I believe that is unreasonable to ask for them every ten days. I think the Graces have acted in good faith. In fact, it has been testified to that they have invested between eight and ten thousand dollars in these three wells over the last week. Obviously if they intended to abandon them, they certainly wouldn't want to put that kind of money into

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 testing.

2 MR. RAMEY: I might state, Mr. Porter, that the
3 test allowables that we granted yesterday are good for
4 only the month of June. So come the first of July, if they
5 need to run any more oil, they are going to have to come
6 in for another testing allowable, and I certainly insist
7 on something concrete at that time before I would issue a
8 second testing allowable for these wells.

9 MR. PORTER: I realize the testing allowable
10 doesn't go beyond the current month, but if during the month
11 of June, they were to complete one of these wells to their
12 satisfaction, they could file a C-106 requesting a regular
13 allowable.

14 MR. RAMEY: One of these wells does have an
15 allowable of twenty barrels, so in essence, it doesn't
16 need a testing allowable.

17 MR. PORTER: But they will need a new assignment
18 to the other wells on the first of July?

19 MR. RAMEY: That's correct.

20 MR. PORTER: I have been sitting here listening
21 to you, Mr. Ramey, and it appears to me that you wrote four
22 letters; on June 5th, 1972, August 4th, 1972, September 11th,
23 1972, and May 1st, 1973. Would it be your position that
24 this whole thing could have been avoided had you received
25 prior to your first letter, second letter, third letter, or

1 fourth letter, an answer from the operator?

2 MR. RAMEY: Perhaps not the fourth letter. The
3 fourth letter said that this had been set for hearing. On
4 any of the other three, yes.

5 MR. PORTER: In other words, this whole thing has
6 resulted because of lack of response to your requests for
7 information on the wells?

8 MR. RAMEY: Lack of response and lack of knowledge
9 on my part as to whether I could make a determination whether
10 the wells should be or should not be plugged.

11 MR. PORTER: It seems to me that this is a high
12 price to pay for failure to answer a question. This Commission
13 does not want any wells plugged that have the possibility
14 of producing, but at the same time, we are under obligation
15 by law to see that these wells are plugged, and that oil,
16 gas and water are confined. We cannot allow wells to be
17 standing without knowing what the status is on these wells.

18 What I am trying to say here is if we had better
19 communication from the producer, these problems, or many of
20 these, could be avoided.

21 MR. LYONS: I will certainly work with my client
22 to see that they work out the details.

23 MR. PORTER: We don't enjoy hearings of this nature,
24 particularly at this moment. At this time, the Commission
25 will recognize Mr. Carr.

1 MR. CARR: I think this should be more or less in
2 the form of a statement. I don't think Mr. Ramey is needed
3 any further.

4 MR. PORTER: The witness may be excused.
5 (Witness excused.)

6 MR. CARR: I think what we have here is essentially
7 lack of communication. If there are problems concerning a
8 particular well, they should be called to the Commission's
9 attention, that is the responsibility of the operator, to
10 file certain forms with the Commission. It is then the
11 responsibility of the Commission to go out and check on
12 certain kinds of information.

13 I would recommend to the Commission that we issue
14 an order to plug and abandon these wells if they have not
15 in ninety days filed all proper forms with the Commission,
16 specifically concerning the status of the wells, and whether
17 they are going to be put on economic production, or come
18 to the Commission and request an extension.

19 MR. LYONS: We especially appreciate the latter
20 part in case there are some delays.

21 MR. CARR: If a good faith effort is being made
22 to put the wells on production at the end of ninety days,
23 then you can request an extension of time.

24 (Whereupon the Commission members conferred.)
25 (Hearing continues.)

dearnley, meier & associates

209 SIMMS BLDG. P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. PORTER: It is the decision of the Commission
2 to adopt the suggestion of Mr. Carr, and the Commission will
3 determine the frequency of these reports of tests, and that
4 will be put in the order.

5 MR. LYONS: Thank you.

6 * * * *

7 STATE OF NEW MEXICO)
8 COUNTY OF BERNALILLO) ss

9 I, RICHARD E. McCORMICK, a Certified Shorthand
10 Reporter, in and for the County of Bernalillo, State of New
11 Mexico, do hereby certify that the foregoing and attached
12 Transcript of Hearing before the New Mexico Oil Conservation
13 Commission was reported by me; and that the same is a true
14 and correct record of the said proceedings to the best of
15 my knowledge, skill and ability.

16
17 *Richard E. McCormick*
18 CERTIFIED SHORTHAND REPORTER
19
20
21
22
23
24
25

dearnley, meier & associates

299 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

	<u>WITNESS</u>	<u>PAGE</u>
1		
2		
3	JOSEPH D. RAMEY	4
4	Direct Examination by Mr. Carr	11
5	Cross Examination by Mr. Porter	13
6	Cross Examination by Mr. Lyons	17
7	Redirect Examination by Mr. Carr	
8	KENNETH SMITH	20
9	Direct Examination by Mr. Lyons	26
10	Cross Examination by Mr. Carr	
11	RONALD JOHNSON	28
12	Direct Examination by Mr. Lyons	31
13	Cross Examination by Mr. Ramey	
14	JOSEPH D. RAMEY (recalled)	33
15	Direct Examination by Mr. Carr	
16		
17		
18	Exhibit #1	
19		
20		
21		
22		
23		
24		
25		

E X H I B I T S
Letters

ADMITTED OFFERED
11 9

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS



POSTMARK OF DELIVERING OFFICE

Print your name and address below. If you want to restrict delivery, or to have the address of delivery shown on this receipt, check block(s) on other side. Moisten gummed ends and attach this card to back of article.

RETURN
TO

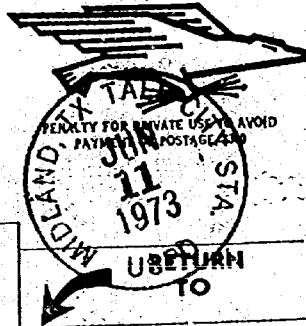
Oil Conservation Commission

P. O. Box 2088

Santa Fe, New Mexico 87501

Case No. 4993

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS



POSTMARK OF DELIVERING OFFICE

Print your name and address below. If you want to restrict delivery, or to have the address of delivery shown on this receipt, check block(s) on other side. Moisten gummed ends and attach this card to back of article.

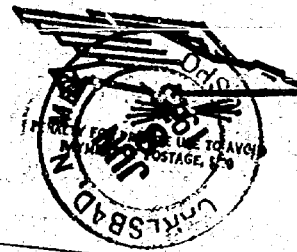
RETURN
TO

Oil Conservation Commission
P. O. Box 2088

Santa Fe, New Mexico 87501

Case No. 4993

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS



POSTMARK OF DELIVERING OFFICE

Print your name and address below. If you want to restrict delivery, or to have the address of delivery shown on this receipt, check block(s) on other side. Moisten gummed ends and attach this card to back of article.

RETURN
TO

Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Case No. 4993

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT
Received the numbered article described below.

REGISTERED NO. _____
CERTIFIED NO. **635903**
INSURED NO. _____
DATE DELIVERED **6/11/73**

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
John W. Rahlfs
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
Samuel Crawford
SHOW WHERE DELIVERED (only if requested)

65-16-71545-11 817-195 GPO

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT
Received the numbered article described below.

REGISTERED NO. _____
CERTIFIED NO. **635904**
INSURED NO. _____
DATE DELIVERED _____

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
Corinne Grace
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
Elise Dapart
SHOW WHERE DELIVERED (only if requested)

65-16-71545-11 817-195 GPO

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO **JOHN N. RAHLFS CO., Agent**
The Travelers Indemnity Co.

STREET AND NO. _____
CITY, STATE, AND ZIP CODE **404 West Illinois Midland, Texas, 79701**

If you want a return receipt, check which
☐ 10¢ shows to whom and when delivered ☐ 35¢ shows to whom, when, and address where delivered ☐ 50¢ fee

FEES ADDITIONAL TO 20¢ FEE
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL (See other side)

POD Form 3800 July 1963

No. 635903

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT
Received the numbered article described below.

REGISTERED NO. _____
CERTIFIED NO. **635902**
INSURED NO. _____
DATE DELIVERED **6/8/73**

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
Mrs. Corinne Grace
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
Elise Dapart
SHOW WHERE DELIVERED (only if requested)

65-16-71545-11 817-195 GPO

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO **Mrs. Corinne Grace**

STREET AND NO. **P. O. Box 1418**

CITY, STATE, AND ZIP CODE **Carlsbad, N.M. 88220**

If you want a return receipt, check which
☐ 10¢ shows to whom and when delivered ☐ 35¢ shows to whom, when, and address where delivered ☐ 50¢ fee

FEES ADDITIONAL TO 20¢ FEE
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL (See other side)

POD Form 3800 July 1963

No. 635902

RECEIPT FOR CERTIFIED MAIL—20¢

SENT TO **Grubestic & Walsh**

STREET AND NO. **Inner Loop at Manhattan**

CITY, STATE, AND ZIP CODE **Santa Fe, N. M. 87501**

If you want a return receipt, check which
☐ 10¢ shows to whom and when delivered ☐ 35¢ shows to whom, when, and address where delivered ☐ 50¢ fee

FEES ADDITIONAL TO 20¢ FEE
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL (See other side)

POD Form 3800 July 1963

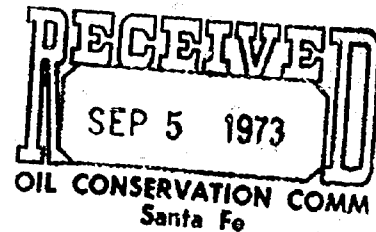
No. 635904

Case 4953

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

September 5, 1973



C
O
P
Y

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

Attention: Mr. Kenneth F. Smith

Gentlemen:

Pursuant to your letter of August 30, 1973, this is to advise that this office will take no action as called for in the provisions of Order No. R-4568 concerning the Corinne Grace T. P. State No. 1 located in Section 17, T-10-S, R-33-E, until October 1, 1973.

This request is necessitated by legal action on the part of the owner of the land surface around the well. On or before that date I will expect operations to be renewed and this office notified prior to this date of your resumption of operations.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District 1

JDR/mc
cc-Mr. William F. Carr, attorney
Oil Conservation Commission
Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 4993
Order No. R-4568

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO PERMIT CORINNE GRACE AND
THE TRAVELERS INDEMNITY COMPANY AND ALL
OTHER INTERESTED PARTIES TO APPEAR AND
SHOW CAUSE WHY THE T. P. STATE WELL NO. 1
LOCATED IN UNIT A OF SECTION 17, TOWNSHIP
10 SOUTH, RANGE 33 EAST, LEA COUNTY, NEW
MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED
IN ACCORDANCE WITH A COMMISSION-APPROVED
PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 20, 1973, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 28th day of June, 1973, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Corinne Grace is the owner and operator of the T. P. State Well No. 1, located in Unit A of Section 17, Township 10 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the operator of said wells has failed to file proper forms with the Commission concerning said well and has not responded to repeated inquiries from the Commission concerning the status of this well.

(4) That a hearing was held before the Commission on June 20, 1973, to permit any interested party to appear and show cause why said well should not be plugged and abandoned.

(5) That the operator appeared before the Commission and requested a reasonable time within which to test said wells and attempt to put them on commercial production.

-2-

Case No. 4993
Order No. R-4568

(6) That as a condition precedent to granting said request for an extension of time all Commission forms concerning said well should be promptly filed with the Commission.

(7) That the operator should report to the Hobbs office of the Commission in writing on Form C-103 every 30 days outlining what progress has been made toward placing said well on commercial production.

(8) That 90 days from the date of the hearing of this matter, September 20, 1973, should afford the operator sufficient opportunity to test said well and determine its potential for economic production.

(9) That should said well not be placed on production within 90 days, or should not a satisfactory showing be made to the Commission within 90 days that said well is capable of commercial production and will be placed in production at a definite time, said well should be plugged and abandoned.

(10) That in order to prevent waste and protect correlative rights said T. P. State Well No. 1 should be plugged and abandoned in accordance with a program approved by the Hobbs District Office of the New Mexico Oil Conservation Commission on or before September 30, 1973, unless said well has been placed on commercial production by that date, or the time for plugging said well has been extended by order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Corinne Grace and Travelers Indemnity Company are hereby ordered to plug and abandon the T. P. State Well No. 1, located in Unit A of Section 17, Township 10 South, Range 33 East, NMPM, Lea County, New Mexico, on or before September 30, 1973, if said well has not been placed on commercial production by that date or the time for plugging said well has not been extended by order of the Commission.

IT IS FURTHER ORDERED:

(1) That Corinne Grace promptly file all Commission forms and file a written report on Form C-103 with the Hobbs office of the Commission every thirty days outlining what progress has been made toward placing said wells on commercial production.

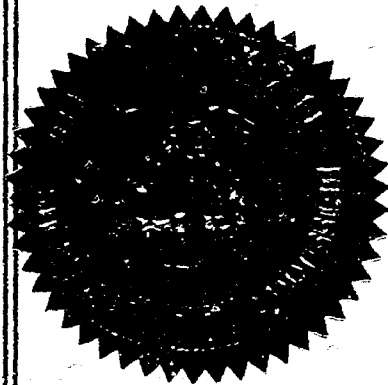
(2) That Corinne Grace and Travelers Indemnity Company, prior to plugging and abandoning the above-described well, shall obtain from the Hobbs Office of the Commission a Commission-approved program for said plugging and abandoning, and shall notify said Hobbs Office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

-3-

Case No. 4993
Order No. R-4568

(3) 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

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

Case 4993 - Terinne Khan

TESTIMONY FOR SHOW CAUSE HEARINGS

Make appearance for Oil Conservation Commission

one witness: Joe Lamey

1. Name, position, place of residence.
2. Does district I include Nea County?
3. Does it include the part of Nea County involved in this case?
4. Would you briefly describe your duties as district supervisor as they relate to this case?
(recommendations to the Commission as to when wells should be plugged and abandoned)
5. Are you familiar with subject matter of Case No. 4993?
6. What is the purpose of this case?
(be sure wells are identified)
7. Are you familiar with these wells?
8. Have you reviewed all reports filed with the Commission concerning this/these wells and visited the well site ~~for~~?
9. Do you have these records with you?
10. Please refer to these records and give us the history of the ~~each~~ well as reflected by the official records:
 - A. application to drill and date
 - B. operator
 - C. location and dedicated acreage (C-102)
 - D. well depth
 - E. formation completed in
 - F. information from other forms
11. The date of the last official form.
12. Other communication
(any which is relative to this case that should be called to the examiner's attention)
13. *Have you been in communication w/ the operator concerning this well*
How recently have you visited these wells? *frequency & response*
14. Would you tell us what you found at the site:
 - A. abandoned
 - B. a dry hole
 - C. any sign of present production
15. Would there be any danger in leaving this well in its present condition?
16. Could it be a safety problem?
17. Do you have any opinion as to whether or not the well should be plugged?

18. Do you have a recommended plugging program to submit to the Commission at this time?

(if there is a recommended plugging program:

1. What should be pulled from the well?
2. Where should plugs be set and why?
3. How many sacks of cement needed?)

19. Do you have true and correct copies of all Commission forms for inclusion in the record of this case?

20. Offer forms as exhibits.

DOCKET: REGULAR HEARING - WEDNESDAY - JUNE 20, 1973

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

CASE 4990: In the matter of the hearing called by the Oil Conservation Commission of New Mexico upon its own motion to consider the application of Thriftway Company, operator of a petroleum refinery in Bloomfield, New Mexico, for certification to the Commissioner of Public Lands as a small business enterprise within the state not having an adequate supply of charge stocks and eligible to be granted a preference, pursuant to Chapter 34, New Mexico Laws of 1967, for the purchase of state royalty oil. The Commission will consider the application and such pertinent evidence as may be submitted concerning the capacity of the refinery, the source and grade of all refinery charge stocks currently available to the applicant; the minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity, and the efforts made by applicant to purchase refinery charge stocks on the open market.

CASE 4991: Application of El Paso Natural Gas Company for the amendment of the prorated gas pool rules promulgated by Order No. R-1670, as amended.

Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Commission Order No. R-1670, as amended. Applicant proposes:

1. That Rule 9 (B) of the Northwest New Mexico Gas Proration Rules and 10 (A) of the Southeast New Mexico Gas Proration Rules each be amended to provide that the monthly allowable assigned to a marginal well would be equal to its latest available monthly production.

2. That Rule 13 of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that the proration period would be the 12-month period from 7:00 a.m. April 1 of each year to 7:00 a.m. April 1 of the following year. (The current proration period, due to terminate at 7:00 a.m. January 1, 1974, would be extended to 7:00 a.m. April 1, 1974).

3. That Rule 16 (A) of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that each proration period consist of four classification periods for the purpose of classifying wells marginal, each such classification period being of three months duration; and to provide that after production data is available for the last month of each such classification period, any well which had an underproduced status at the beginning of the gas proration period would be classified marginal

(Case 4991 continued from Page 1)

if its highest single month's production during the classification period is less than its average monthly allowable for the classification period, unless within 15 days after receipt of notice of classification of a well as marginal, the operator of the well or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

Applicant, in addition to the above-requested specific rule changes, further requests such additional word changes in other orders and/or Rules of the Commission (including but not limited to Order No. R-333-F-1) as may be necessary to effectuate the substantive rule changes proposed herein.

CASE 4992: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the Ranger Lake Wells Nos. 1 and 3 located in Unit N of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4993: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the T. P. State Well No. 1 located in Unit A of Section 17, Township 10 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4994: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Glenn Petroleum Corporation and United States Fire Insurance Company and all other interested parties to appear and show cause why the Crosby Well No. 1 located in Unit O of Section 26, Township 7 South, Range 30 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4995: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Glenn Petroleum Corporation and United States Fire Insurance Company and all other interested parties to appear and show cause why the Sanders Well No. 1 located in Unit N of Section 25, Township 7 South, Range 30 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

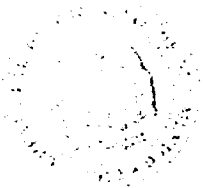
- CASE 4996: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit C. H. Brockett Inc. and the Indemnity Company and all other interested parties to appear and show cause why the Lazy J State "A" Well No. 1 located in Unit A of Section 3, Township 14 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4997: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Jal Fishing Tool Company and United States Fidelity & Guarantee Company and all other interested parties to appear and show cause why the H. Whitten Well No. 1 located in Unit C of Section 4, Township 24 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4998: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell and Aetna Casualty and Surety Company and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4999: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Standard Production Company and Aetna Life & Casualty and all other interested parties to appear and show cause why the Brown Lease Wells Nos. 1, 2, 3, 4, 5, and 5-A, located in Units F, D, C, F, E, and E, respectively, of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program, and why the location of Well No. 6 in Unit L and No. 7 in Unit M of said Section 25 should not be cleaned and levelled.
- CASE 5000: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Aztec Totah Unit Wells Nos. 17 and 18, located in Unit E of Section 20, and Unit H of Section 19, respectively, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5001: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Corporation and Continental Casualty Company and all other interested parties to appear and show cause why the El Poso Ranch "N" Well No. 11 located in Unit N of Section 11, Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 5002: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Corporation and Continental Casualty Company and all other interested parties to appear and show cause why the Pound Ranch "B" Well No. 27 located in Unit B of Section 27, Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5003: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Dan M. Lockie and Hartford Fire Insurance Company Group and all other interested parties to appear and show cause why the Dan M. Lockie, Gersbach Com #1 located in Unit J of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5004: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Pettus and Associates and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Pettus and Associates, Hunt Well No. 1 located in Unit K of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5005: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Pettus and Associates and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Pettus and Associates, Don Stock Well No. 1 located in Unit E of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5006: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Southeast Cha Cha Unit Well No. 1 located in Unit M of Section 32, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4989: (Continued from the June 6, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the general rules governing prorated gas pools in Northwest and Southeast New Mexico as promulgated by Order No. R-1670, as amended. Rule 15 of the aforesaid general rules would be amended to provide that if a well is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well or a well in a newly prorated pool, six times its average monthly allowable for the months available), it shall be shut in during that month and each succeeding month until it is overproduced in an amount less than six times its average monthly allowable, as determined above.

Rule 15 would be further amended to permit the Secretary-Director of the Commission to grant a pool-wide moratorium of up to three months on the shutting in of gas wells during periods of high demand emergency if a significant number of the wells in the pool are subject to being shut in.



OIL CONSERVATION COMMISSION

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

June 7, 1973

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

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

CERTIFIED - RETURN
RECEIPT REQUESTED

John N. Rahlfs Company
Agent
The Travelers Indemnity Company
404 West Illinois
Midland, Texas 79701

Grubestic & Walsh
The Travelers Indemnity Company
Inner Loop at Manhattan
Santa Fe, New Mexico

Re: T. P. State Well No. 1, Unit A
Section 17, Township 10 South, Range
33 East, Lea County, New Mexico,
The Travelers Indemnity Company
\$10,000 Blanket Bond Form 39-A1
issued August 11, 1970

Gentlemen:

Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, June 20, 1973, at 9:00
a.m. in the Oil Conservation Commission Conference Room,
State Land Office Building, Santa Fe, New Mexico, Case
No. 4993 concerns the subject matter.

Very truly yours,

WILLIAM F. CARR
Special Assistant Attorney General
Oil Conservation Commission

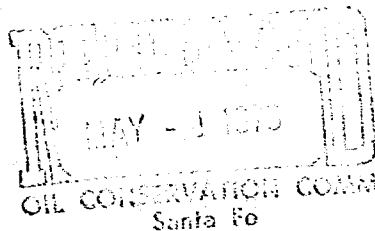
WFC/dr
enclosure
cc: Oil Conservation Commission - Hobbs

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

May 1, 1973

Case 4993



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

Dear Mrs. Grace:

As you well know, this office has contacted you numerous times concerning future plans for operating your T P State located in Unit A of Section 17, T-10-S, R-33-E, and your Ranger Lake Well No. 1 and No. 3 located in Unit N of Section 11, T-12-S, R-34-E. To date the only answer to my inquiries has been a request to run oil which has been accumulated at the batteries for these wells.

Since it is apparent to me that you no longer plan to produce these wells, and since you have refused to answer my inquiries, I have no choice but to turn this matter over to the Commission's attorney so that he may set a hearing to enable you to show cause why the wells should not be plugged and abandoned.

In line with this, the matter has been turned over to the Commission attorney, and he will notify you as to a hearing date.

Yours very truly,

OIL CONSERVATION COMMISSION

Joa D. Ramey
Supervisor, District 1

JDR/mc

cc-William F. Carr, Attorney
Oil Conservation Commission
Santa Fe, New Mexico

C
O
P
Y

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

June 5, 1972

Case 4993

C
O
P
Y

Corinne Grace
% Oil Reports & Gas Services
P. O. Box 767
Hobbs, New Mexico

Dear Mrs. Grace:

You are the operator of three wells in northern Lea County, these wells being T. P. State No. 1 located in Unit A of Section 17, T-10-S, R-33-E, and the Ranger Lake No. 1 and No. 3, both located in Unit N of Section 11, T-12-S, R-34-E.

As you know, these wells have been shut in for some period of time now, and it would appear that they are non-productive.

Since it appears that these wells will not be produced, it would seem proper that the wells be plugged and abandoned at this time. Therefore, please advise this office as to your plans for the wells, and if no workover prospects are available, please make plans to abandon these wells immediately.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District 1

JDR/mc

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

August 4, 1972

Case 4993

C
O
P
Y

Corinne Grace
% Oil Reports & Gas Services
P. O. Box 767
Hobbs, New Mexico

Dear Mrs. Grace:

On June 5, 1972, I wrote you concerning three shut in wells, being T. P. State No. 1 located in Unit A of Section 17, T-10-S, R-33-E, and the Ranger Lake No. 1 and No. 3, both located in Unit N of Section 11, T-12-S, R-34-E.

Nearly 60 days has expired since I wrote, and to date I have heard nothing from you as to what your plans for these wells may be.

Please file by September 1, 1972, Form C-103 for each of these wells showing what your immediate plans are for the wells.

If I have not heard from you by September 1, 1972, concerning these wells, I will have no alternative but to set a show cause hearing, which will enable you to appear before the Commission and show cause why the wells should not be plugged and abandoned.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District 1

JDR/mc

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

September 11, 1972

Case 4993

Corinne Grace
Box 1418
Carlsbad, New Mexico

Attention: Miss Juanita Jones

Dear Mrs. Grace:

This office is holding Forms C-104 on the T-P State No. 1, Ranger Lake No. 1, and Ranger Lake No. 3, which when approved will enable you to sell to the Permian Corporation what you have labelled as legal stock at these leases.

Before these can be approved, it will be necessary for you to update your Forms C-115 for these wells. Evidently you have not been filing Form C-115 on these wells since you stopped producing the wells.

It would be my suggestion that you contact Mr. P. L. Stamets in our Santa Fe office to determine just what will need to be done in the line of filing Forms C-115.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District 1

JDR/mc

C
O
P
Y

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO PERMIT CORINNE GRACE AND THE TRAVELERS
INDEMNITY COMPANY AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE
T. P. STATE WELL NO. 1 LOCATED IN UNIT A OF
OF SECTION 17, TOWNSHIP 10 SOUTH, RANGE 33
EAST, LEA COUNTY, NEW MEXICO, SHOULD NOT BE
PLUGGED AND ABANDONED IN ACCORDANCE WITH A
COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 4993
Order No. R-4568

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 20, 1973,
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of June, 1973, the Commission, a
quorum being present, having considered the testimony presented
and the exhibits received at said hearing, 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 Corinne Grace is the owner and
operator of the T. P. State Well No. 1
located in Unit A of Section 17, Township 10 South, Range
33 East, NMPM, Lea County, New Mexico.

(3) That the operator of said wells has failed to file proper
forms with the commission concerning said well and has not responded
to repeated inquiries from the Commission concerning the status of
this well.

(4) That a hearing was held before the Commission on June 20, 1973, to permit any interested party to appear and show cause why said well should not be plugged and abandoned.
(5) That the operator appeared before the Commission and requested a reasonable time, within which to test said wells and attempt to put them on commercial production.

as a condition precedent to granting said request for
(6) That all Commission forms concerning said wells should be promptly filed with the Commission.

Case No. 4992
Order No. R-

7
(7) That the operator should report to the Hobbs office of the Commission in writing ^{on form C-103} every 30 days outlining what progress has been made toward placing said well on commercial production.

8
(8) That 90 days ^{from the date of the hearing of this matter, to September 20, 1973} should afford the operator sufficient opportunity to test said well and determine ^{its} ~~their~~ potential for economic production.

9
(9) That should said well not be placed on production within 90 days, or should not a satisfactory showing be made to the Commission within 90 days that said well ^{is} ~~are~~ capable of commercial production and will be placed in production at a defined time, said well should be plugged and abandoned.

10
(10) That in order to prevent waste and protect correlative rights said ^{T.P. STATE WELL No. 1} ~~Ranger Lake Wells Nos. 1 and 2~~ should be plugged and abandoned in accordance with a program approved by the Hobbs District Office of the New Mexico Oil Conservation Commission on or before September 30, 1973, ^{has been} unless said well ~~are~~ ^{for plugging said well} placed on commercial production by that date, or the time ^{side of} has been extended by the Commission.

IT IS THEREFORE ORDERED:

(1) That Corinne Grace and Travelers Indemnity Company are hereby ordered to plug and abandon the ^{T.P. STATE WELL No. 1} ~~Ranger Lake Wells Nos. 1 and 2~~ located in Unit ^A of Section ¹⁰ 17, Township ¹⁰ 33 South, Range ¹⁰ 33 East, NMPM, Lea County, New Mexico, on or before September 30, 1973, if said well ^{has} ~~have~~ not been placed on commercial production by that date or ^{for plugging said well} ~~the~~ time has not been extended by order of the Commission.

IT IS FURTHER ORDERED:

(1) That Corinne Grace promptly file all Commission forms and file a written report ^{on form C-103} with the Hobbs office of the Commission ~~in~~ ~~writing~~ every thirty days outlining what progress has been made toward placing said wells on commercial production.

-3-

Case No. 4992
Order No. R-

(2) That Corinne Grace and Travelers Indemnity Company, prior to plugging and abandoning the above-described well, shall obtain from the Hobbs Office of the Commission a Commission-approved program for said plugging and abandoning, and shall notify said Hobbs Office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

(3) 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 herein-
above designated.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

ac/