IN THE SUPREME COURT OF THE STATE OF NEW MEXICO

MICHAEL P. GRACE II and CORINNE GRACE,

Petitioners-Appellants,

vs.

OIL CONSERVATION COMMISSION OF NEW MEXICO,

NO. 9821

Respondent-Appellee,

and CITIES SERVICE OIL COMPANY and the CITY OF CARLSBAD,

Intervenors.

CERTIFICATE OF SERVICE

This will certif	fy that on this Reply Brief	date I	served	a true
by mailing such copy A. J. Losee, Esquire Attorney at Law P. O. Box 239 Artesia, New Mexico 8				:
Jason W. Kellahin, Es Attorney at Law 500 Don Gaspar, P. O. Santa Fe, N. M. 87501	Box 1769	, ,	;	
William F. Carr, Esq Special Asst. Atty Ge P. O. Box 2088 Santa Fe, N. M. 87501	n.			

Mar	ch	٠.		_, 19	7.4				
	Date	ed at	Santa	Fe,	New Mexi	co, this	19	th day	of
рй	first	class	mail	with	postage	thereon	fully p	repaid.	•

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

Deputy Clerk

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE Corrine Grace,		
vs.		No. 28181
OIL CONSERVATION	COMM. OF N.M.	
STATE OF NEW MEXICO)	
) ss.	
COUNTY OF CHAVES)	

I, Clarence G. Blair, do hereby certify that
I am the Official Court Reporter for the Fifth Judicial
District, State of New Mexico, and that I did report
the foregoing proceedings in Stenographic Shorthand
and did later personally transcribe my notes into
this typewritten material, and that the foregoing
transcript is a true, complete and accurate transcription
of the proceedings had in this case, to the best of my
ability.

DONE	this	16th	day of	March	. 1973.	
DOM			day or		1 1 7 1 T	

Official Court Reporter



OIL CONSERVATION COMMISSION

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

87501

January 12, 1973

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

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

Dear Jerry:

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

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

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

Very truly yours,

ELVIS A. UTZ Gas Engineer

EAU/dr

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

Allowable calculation September thru December, 1972.

Total Pool Production

5,981,012

Marginal Production

1,489,230

Non-Marginal Production

4,491,782

Divided by non-marginal acreage

Factors of 5.94 equals

" .98

741,068

Allowable calculation January thru June, 1973.

Total Production (est.base Jan.) 13,771,038

Marginal production

3,728,684

Non-marginal production

10,042,354

Divided by Non-marginal acreage

Factors of 5.48 equals

Allowable for Factor of 1.00 1,832,546

Factor of .97 1,777,569
" " .51 934,598

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

Allowable calculation September thru December, 1972.

Total Pool Production

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Marginal Production

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Non-Marginal Production

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Divided by non-marginal acreage

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14 12 Marginal production

3,728,684

Non-marginal production

10,042,354

Divided by Non-marginal acreage

Factors of 5.48 equals

Allowable for Factor of 1.00 1,832,546 200,000 MQ (

Factor of .97 1,777,569

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