

BEFORE THE
OIL CONSERVATION DIVISION
ENERGY AND MINERALS DEPARTMENT
STATE OF NEW MEXICO

RECEIVED
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OIL CONSERVATION DIVISION

Case 9355

IN THE MATTER OF THE APPLICATION OF JACK J. GRYNBERG TO AMEND COMMISSION ORDER NO. R-6873 TO PROVIDE FOR THE DRILLING OF A SECOND WELL AT AN UNORTHODOX LOCATION ON THE 320 ACRE PRORATION UNIT, TO DESIGNATE AN OPERATOR AND TO DETERMINE THE RISK FACTOR AND OVERHEAD CHARGES, CHAVES COUNTY, NEW MEXICO.

The Applicant, Jack J. Grynberg, hereby requests an Order which would amend the State of New Mexico's Oil Conservation Commission Order No. R-6873, dated January 7, 1982, to allow for a second Prepermian well at an unorthodox location on the previously established 320 acre spacing and proration unit, to declare the Applicant to be the Operator of the second well or, in the alternative, to be the Operator of the Unit, to determine the risk factor for the proposed well and to provide for the overhead to be charged for the drilling and producing operations. In support of this application, it is further stated:

1) The State of New Mexico's, Oil Conservation Commission Order No. R-6873, dated January 7, 1982, pooled all of the mineral interests, whatever they may be, down through the Orcovician formation underlying the $W\frac{1}{2}$ of Section 18, Township 9 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, to form a standard 320 acre gas spacing and proration unit.

Pursuant to the above referenced Commission Order the Seymour State Com #1 was drilled in the $SW\frac{1}{4}NW\frac{1}{4}$ of Section 18, Township 9 South, Range 27 East, to a depth of 6385 feet and was dually completed in the Prepermian and Abo formations.

2) Applicant requests that Order No. R-6873 be amended to allow for the drilling of a second Prepermian well on the previously established 320 acre standard gas spacing and proration unit. Said well to be located at an unorthodox location 660 feet from the South line and 660 feet from the West line of Section 18, Township 9 South, Range 27 East, Chaves County, New Mexico.

3) Applicant believes that a well located at said unorthodox location will better enable applicant to produce the gas underlying the proration unit, will prevent waste, protect correlative rights and afford applicant the opportunity to produce its just and equitable share of gas underlying the unit.

4) Applicant requests designation by the Commission as Operator of the second well to be drilled on the established 320 acre proration unit or, in the alternative, should the Commission's policy and judgment so dictate, Applicant will accept designation as Operator of the unit in place of Harvey E. Yates Company.

5) Applicant is the holder of State Lease L-6907 covering 80 acres of the 320 acre spacing and proration unit within Section 18 as follows: E $\frac{1}{2}$ NW $\frac{1}{4}$. A diagram of the proration unit as established by Commission Order No. R-6873 is attached and marked Exhibit "A". This Exhibit also sets out the other working interest owners in the unit and their proportionate shares thereof.

6) If, in the drilling of the second Prepermian well on the previously established 320 acres standard spacing and proration unit, the designated operator encounters shows of production at a shallower horizon the Operator will make every attempt as a prudent Operator to complete said zone and establish production.

7) Applicant will participate for his 24.6123554% working interest in any well drilled on the previously established 320 acre spacing and proration unit in accordance with Commission Order No. R-6873 and in accordance with New Mexico District Court Decision, Case No. CV-86-55-S, a copy of which is attached and marked Exhibit "B".

8) Applicant is not challenging Order No. R-6873 and except for these amendments believes that it should remain in full force and effect.

WHEREFORE, the Applicant requests the Commission to set this matter down for a hearing before the full Commission at the earliest possible date, give notice as required by law and after hearing, enter its Order (a) amending Order No. R-6873 to allow for the drilling of a second Prepermian well at an unorthodox location on the previously established 320 acre proration unit (b) declaring the Applicant to be the Operator of the second well or in the alternative, to be the Operator of the Unit, (c) assigning a risk factor for the proposed well (d) providing for overhead to be charged during the drilling and producing operations and (e) making such other and further provisions as deemed appropriate.

DATED this 23rd day of February, 1988.

JACK J. GRYNBERG

By: _____

Susan Stone

Susan Stone
Land Manager