

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 CONSIDER  
INSTITUTING GAS PRORATIONING IN  
THE SOUTH CARLSBAD-MORROW GAS  
POOL, EDDY COUNTY, NEW MEXICO.

CASE NO. 4693  
Order No. R-1670-L

APPLICATION FOR RE-HEARING

COMES NOW the Applicants, Michael P. Grace II and Corinne Grace, by and through their attorneys, BURR & COOLEY, 152 Petroleum Center Building, Farmington, New Mexico, and respectfully make application to the Commission for re-hearing in the above styled and numbered cause.

In support of the foregoing Application, Applicants would show the Commission that they are the owners of certain oil and gas leasehold rights within the geographical area defined by the Commission as the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, and that by reason of such ownership they have been affected by the Order of the Commission in the above styled and numbered cause.

Applicants verily believe the Order in the above styled and numbered cause to be erroneous in the following respects, to wit:

1. That the Commission did not have jurisdiction to institute gas proration in the Carlsbad-Morrow Gas Pool, based upon the record before the Commission in this case.

2. That the Commission improperly included acreage within the horizontal limits of the South Carlsbad-Morrow Gas Pool which has wells located thereon that are not in communication with or in the

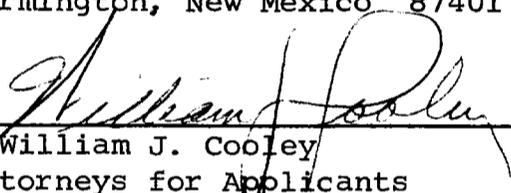
same common source of supply as the other wells in the area, i.e.,  
Section 2, Township 23 South, Range 26 East, N.M.P.M.

3. That the Commission should have exempted Applicants' City  
of Carlsbad No. 1 well located in the S/2 of Section 25, Township 22  
South, Range 26 East, N.M.P.M., from prorationing by reason of the  
fact that any substantial curtailment of production from said well  
will cause it to cease flowing, with probable watering out and complete  
loss of productivity, thereby causing underground waste, as well as  
impairment of the correlative rights of Applicants.

WHEREFORE, Applicants respectfully request the Commission to  
grant re-hearing in the above styled and numbered cause, in order to  
take into full consideration all the matters hereinabove set forth.

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152 Petroleum Center Building  
Farmington, New Mexico 87401

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William J. Cooley  
Attorneys for Applicants

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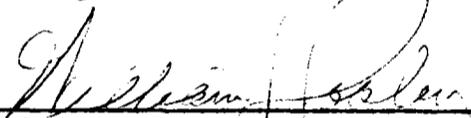
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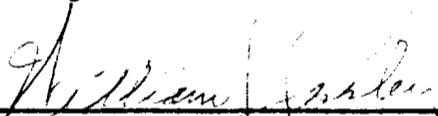
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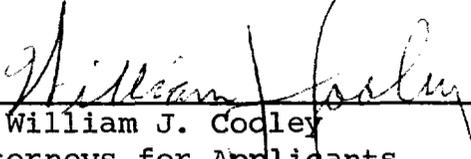
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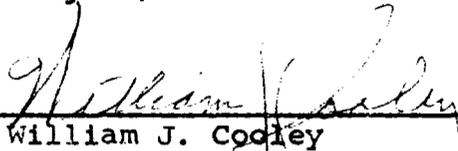
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