



STATE OF NEW MEXICO
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
 OIL CONSERVATION DIVISION

August 24, 1990

GARREY CARRUTHERS
 GOVERNOR

Mr. Michael P. Grace
 1101 Ocean Front Walk
 Suite 4
 Venice, CA 90291

Ms. Corinne B. Grace
 P.O. Box 1418
 Carlsbad, NM 88220

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 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87504
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re: Operator of the Grace Atlantic Well #1
 Sec. 24, T.22S., R.26E., Eddy County, NM

Dear Mr. Grace and Ms. Grace:

It has come to the attention of the Oil Conservation Division that there is a dispute between you about who is the proper operator of the above well. On August 8, 1990, Corinne Grace filed Division form C-104 changing the operator from Michael P. Grace to herself, and on the next day she filed a C-103 as a notice of intent to perform remedial work on the well. Subsequently Michael P. Grace notified Corinne that he disputed the change of operator and objected to the remedial work. (The OCD has received copies of some of that correspondence.)

By filing the C-104 form with the OCD, the operator named in and signing the form certifies to the OCD that the information contained therein is true and accurate. Filing the C-104 notifies the OCD that the operator of a well has been changed pursuant to authority granted in an operating agreement or by other agreement of the parties, and the new operator becomes responsible for compliance with Division Regulations. The operator so designated becomes the person authorized and required to file subsequent reports on the well, including requests to perform remedial work.

If the person filing the C-104 is not authorized to do so pursuant to whatever agreement exists between the parties, the filing the form to change operator constitutes the filing of a false report, which may subject the offending party to civil and possibly criminal sanctions. If there is a legitimate dispute between the parties regarding the operator, the OCD has no authority to resolve that dispute. It is a matter of contract law which must be resolved either by agreement of the parties or by a court of competent jurisdiction.

There is a presumption that reports filed with the Division are accurate and true. The OCD therefore presumes that The C-104 filed by Corinne Grace was proper and she is recognized by the OCD as the current operator of the well. Any sundries filed for work to be done on the well will be approved if appropriate. The C-103 filed Aug 9, 1990, for tubing repair was properly approved by the Artesia District office, and work may be performed pursuant to that sundry.