

Entered December 21, 1978
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5961
Order No. R-5483-A

APPLICATION OF D. L. HANNIFIN FOR
AN AMENDMENT OF ORDER NO. R-4432,
EDDY COUNTY, NEW MEXICO.

REHEARING

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 a.m. on June 21, 1977, and for rehearing at 9:00 a.m. on October 19, 1977, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of December, 1978, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearings, 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 Commission Order No. R-4432 entered November 8, 1972, compulsorily pooled the S/2 of Section 24, Township 22 South, Range 26 East, NMPM, to form a standard 320-acre proration unit for the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.
- (3) That said order designated Michael P. Grace II as the operator of said pooled unit and proposed well.
- (4) That Michael P. Grace II subsequently completed the Grace-Atlantic Well No. 1 located in Unit J of said Section 24 as a producing gas well in said South Carlsbad-Morrow Gas Pool.
- (5) That the applicant herein, D. L. Hannifin, is a co-owner in said Grace-Atlantic Well No. 1.

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(6) That D. L. Hannifin seeks the amendment of Order No. R-4432 to remove Michael P. Grace II as operator of the pooled unit and the Grace-Atlantic Well No. 1 and to designate D. L. Hannifin as operator thereof.

(7) That in support of his request that Michael P. Grace II be removed as operator of said Grace-Atlantic Well No. 1, applicant presented testimony attempting to show that Michael P. Grace II had operated said well in such a manner as to cause waste, to violate the correlative rights of the other owners in said well, to prohibit such owners in said well from recovering or receiving, without unnecessary expense, their just and fair share of the oil and gas produced therefrom, and otherwise operated such well in violation of Commission Rules and Regulations.

(8) That at the time of hearing, none of the actions complained of by the applicant was occurring.

(9) That the parties have entered into an operating agreement relative to the operation of the Grace-Atlantic Well No. 1.

(10) That the terms of said agreement were not entered in evidence.

(11) That Michael P. Grace II should operate the Grace-Atlantic Well No. 1 in accordance with the terms of that agreement.

(12) That in the absence of evidence demonstrating continuing waste of oil or gas, violation of correlative rights, or violation of Commission Rules and Regulations, the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of D. L. Hannifin for amendment of Order No. R-4432 to remove Michael P. Grace II as operator of the proration unit pooled thereunder and the Grace-Atlantic Well No. 1 located in Unit J of Section 24, Township 22 South, Range 26 East, NMPM, is hereby denied.

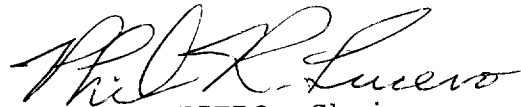
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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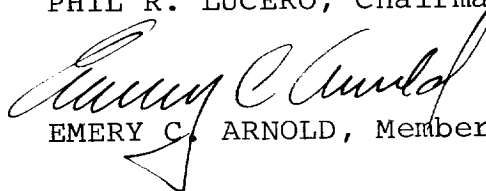
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

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