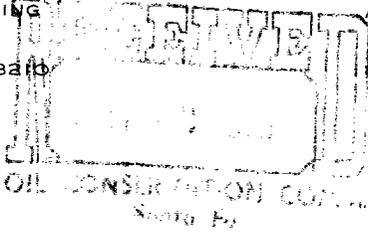


LAW OFFICES

LOSEE & CARSON, P.A.

A. J. LOSEE
JOEL M. CARSON

300 AMERICAN HOME BUILDING
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210



AREA CODE 505
746-3508

1 October 1973

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Y

Mr. Jason W. Kellahin
Kellahin and Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Mr. Clarence E. Hinkle
Hinkle, Bondurant, Cox & Eaton
P. O. Box 10
Roswell, New Mexico 88201

Re: Michael P. Grace II et ux vs. Oil Conservation
Commission of New Mexico et al, Eddy County
No. 28329

Gentlemen:

Petitioners have filed a petition to set aside the default judgment entered in the above case on August 22, and Judge Archer has set October 23, 1973, at 9:30 A.M. in Carlsbad, as the date for hearing said petition.

I have just received a copy of the petition and order, and in the event the same were not mailed to each of you, I enclose copies for your consideration.

Very truly yours,

LOSEE & CARSON, P.A.

AJL:jw
Enclosures

cc: Mr. Bill Carr w/enclosures

For Legal Review
C.C.C.

7/23/73 PM 1 23

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

MICHAEL P. GRACE II AND)	
CORINNE GRACE,)	
)	
Petitioners,)	
)	
vs.)	No. <u>28329</u>
)	
OIL CONSERVATION COMMISSION OF)	
NEW MEXICO, MIDWEST OIL CORPORATION)	
AND PENNZOIL COMPANY,)	
)	
Respondents.)	

PETITION TO SET ASIDE DEFAULT JUDGMENT

COME NOW MICHAEL P. GRACE and CORENNE GRACE, petitioners, by LON P. WATKINS and F. B. HOWDEN their attorneys and move the Court pursuant to 21-9-1 (55) (60) NMSA 1953, and 21-1-1 (55) (60) NMSA 1953 to set aside the Default Judgment hereinbefore entered on the 22 day of August 1973 and as grounds therefore show the Court as follows:

1. That the Court entered its judgment by default herein on August 22, 1973 after hearing on August 16, 1973.
2. That the matter was before the Court on August 16, 1973 on a petition to review an order of the Oil Conservation Commission of the State of New Mexico said petition for review having been filed for petitioners herein by the law firm of BURR & COOLEY; that subsequent to the filing of said petition to review said firm of BURR & COOLEY understood they would withdraw as counsel for petitioners, although no order or notice thereof was as yet filed.
3. That it appears from the record that a hearing on said petition for review was set down before the District Court of Eddy County on August 16, 1973 and so noted on the docket.
4. That concurrent to the aforesaid proceedings herein the same petitioners were parties in Eddy County Causes 21180 and 21181 and 21182 among others all of which involved the Oil Conservation Commission of the State of New Mexico; that during the month of July, 1973 a hearing was held on a Motion to Consolidate the aforesaid

Causes 21180 and 21182 before the Honorable N. Randolph Reese District Judge in Lovington, New Mexico at which hearing the undersigned attorney F. B. HOWDEN did appear on behalf of MICHAEL P. GRACE: that during and following the hearing on said Motion to Consolidate, reference was made by opposing counsel to the cause herein but the said F. B. HOWDEN at said time had no knowledge of or familiarity with said cause.

5. That opposing counsel following said hearing discussed the within cause with MICHAEL P. GRACE discussing among other things, the fact that they would come on for hearing on August 16, 1973. That thereafter GRACE asked HOWDEN to review the status of this cause preparatory to entering an appearance on behalf of GRACE herein and at the same time turned over to HOWDEN for review numerous other active files including various cases involving the Oil Conservation Commission of New Mexico. That HOWDEN by reason of mistake, inadvertence, surprise, or excuseable neglect determined that the August 16, 1973 setting pertained to causes 21180 and 21182 consolidated which he knew to be vacated and reset for hearing before the Honorable N. Randolph Reese District Judge in Lovington, New Mexico on September 24, 1973.

6. That thereafter MICHAEL P. GRACE asked HOWDEN if there was not a hearing set on August 16, 1973 and HOWDEN believing the same to be true advised GRACE that the hearing originally scheduled for August 16, 1973 was the hearing in Causes 21180 and 21182 consolidated which had been vacated and reset for hearing on September 24, 1973 and that therefore there was no hearing set for August 16, 1973.

7. That by reason of the premises aforesaid neither GRACE nor HOWDEN or any representative of the petitioners was aware of nor appeared at the hearing herein on August 16, 1973 whereupon the Court entered its judgment by default.

8. That valid, serious, meritorious questions of law and fact effecting the fundamental right of the parties in the premises are set out in the petition for review hereinbefore filing which is made a part hereof by reference; that by reason of the valid, serious, meritorious nature of said questions the same should be reviewed by the Court and determined on the merits so that justice be served.

9. That this petition should be set for hearing or in the alternative the Court should enter its order retaining jurisdiction herein for purpose of consideration of said motion and such other action as the Court may deem appropriate all on or before the 21st day of September 1973.

WHEREFORE petitioners move the Court as follows:

1. That this petition be set for hearing and heard on or before the 21st day of September or in the alternative that the Court enter its order on or before the 21st day of September 1973 retaining jurisdiction herein and setting this petition for hearing.

2. That the Court set aside its judgment by default hereinbefore entered and set this matter for hearing and hear the same and dispose of the same upon its merits.

3. For such other and further relief as the Court may deem just.

LON P. WATKINS
122 1/2 North Canyon
Carlsbad, New Mexico 88220

F. B. HOWDEN
P. O. Box 718
Las Lunas, New Mexico 87031

ATTORNEYS FOR PETITIONERS

STATE OF NEW MEXICO)
 :
COUNTY OF EDDY)

F. B. HOWDEN being first duly sworn upon oath deposes and says that he is one of the attorneys for the petitioners herein, that he has read the foregoing Petition to Set Aside Default Judgment, and that the matters therein stated are true and correct.

F. B. HOWDEN

SUBSCRIBED AND SWORN to before me this _____ day of _____,
1973.

NOTARY PUBLIC

MY COMMISSION EXPIRES:

SEP 23 1973

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE II AND
CORINNE GRACE,

Petitioners,

vs.

No. 28329

OIL CONSERVATION COMMISSION OF
NEW MEXICO, MIDWEST OIL CORPORATION
and WERNZOIL COMPANY,

Respondents.

ORDER

This matter came on to be heard upon verified Petition to Set Aside Default Judgment and the same being under the control and jurisdiction of this District Court until the 21st day of September, 1973 and the Court finding that additional time is necessary beyond the 21st day of September, 1973 to enable the Court to pass upon and dispose of the aforesaid motion to set aside said judgment,

THEREFORE IT IS HEREBY ORDERED that the Court does maintain under its control, beyond September 21, 1973, continuing jurisdiction of this cause for the purpose of passing upon and disposing of the motion of the Petition to Set Aside Default Judgment and,

IT IS FURTHER ORDERED that said motion be and is set down for hearing before the undersigned District Judge on the 23 day of October 1973, at 9:30 o'clock A.m. at Parishad, N.M.

DISTRICT JUDGE

LAW OFFICES

LOSEE & CARSON

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88210

A. J. LOSEE

JOEL M. CARSON

AREA CODE 505

746-3508

11 September 1973



Mr. Jason Kellahin
Kellahin and Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

Re: Michael P. Grace II et ux vs. Oil Conservation
Commission of New Mexico et al, No. 28329

Dear Jason:

Please be advised that the default judgment was signed by
Judge Archer and entered in the above case on August 22,
1973.

Very truly yours,

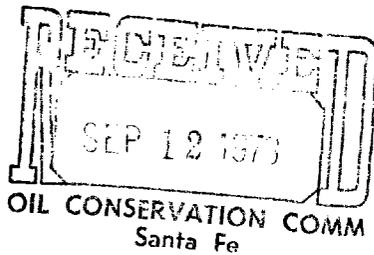
LOSEE & CARSON, P.A.

A. J. Losee

AJL:jw

cc: Mr. Clarence Hinkle
Mr. Bill Carr w/enclosure

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IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE II AND CORINNE)
GRACE,)

Petitioners,)

vs.)

No. 28329

OIL CONSERVATION COMMISSION OF)
NEW MEXICO, MIDWEST OIL CORPORATION)
and PENNZOIL COMPANY,)

Respondents.)

JUDGMENT

THIS MATTER coming on to be heard on the Petition for Review filed herein, Respondents being present by their counsel at record and Petitioners appearing not, although notice of the setting of this case having been given in the manner provided by law and the Court having heard testimony that Petitioner Michael P. Grace II was informed on July 24, 1973, of this setting; the Court finds that Petitioners are in default and the Petition for Review should be dismissed.

IT IS, THEREFORE, ORDERED that Petitioners be, and they are hereby adjudged in default.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that judgment be entered herein ratifying and confirming Order No. R-4392 of the Oil Conservation Commission of New Mexico; and that the Petition for Review be, and it is hereby dismissed.

/s/ D. D. Archer
District Judge

FILED AUGUST 22, 1973.

To: Mr. Bill Carr, Attorney
Oil Conservation Commission
Santa Fe, New Mexico

A. J. LOSEE
LOSEE & CARSON LAW OFFICES
P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3508

SUBJECT Case No. 4795

DATE 8/3/73

Dear Bill:

Enclosed is Transcript which you requested for review. I understand that you will have it xeroxed for Jason Kellahin and your use, and promptly return it to me so that I may review the same before the hearing.

We have Grace Exhibits #1-7, but not the amended #7. We do not have Midwest Oil #1-9 or Pennzoil #1-5, and if you have these exhibits in your files, we should appreciate your sending them to us when you return the transcript.

Jerry

AJL/jw
Enclosure

*Returned to Jerry
August 8, 1973
w/ exhibits*

MICHAEL P. GRACE et ux vs. OIL CONSERVATION COMMISSION

OIL CONSERVATION COMMISSION

CASE 4795

ORDER R-4392

DISTRICT COURT

COUNTY OF EDDY

CASE 28329

APPEAL BY MICHAEL P. GRACE

Subject of Case:

Creation of Two New Pools

1. West Carlsbad - Strawn
2. West Carlsbad - Morrow

Other Parties:

Opposing Counsel:

William J. Cooley (Grace)

Other Counsel of Record

A. J. Losee (Oil Conservation Commission)
Clarence Hinkle (Midwest Oil Corporation)
Jason Kellahin

LAW OFFICES

LOSEE & CARSON

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88210

A. J. LOSEE
JOEL M. CARSON

AREA CODE 505
746-3508

12 December 1972

Mrs. Frances M. Wilcox
Clerk of the District Court
Carlsbad, New Mexico

Re: Michael P. Grace et ux vs. Oil Conservation
Commission of New Mexico, No. 28329
Our File 15-007-001(e)

Dear Mrs. Wilcox:

Enclosed for filing in the captioned case, please find Response of the Oil Conservation Commission of New Mexico to the Petition for Review.

Very truly yours,

LOSEE & CARSON


A. J. Losee

AJL:jw
Enclosure

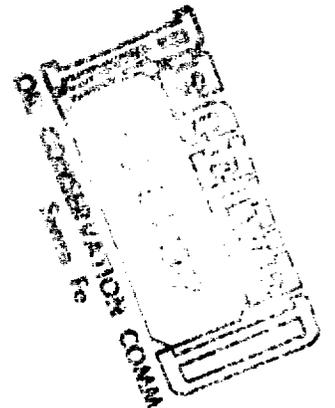
cc w/enclosure:

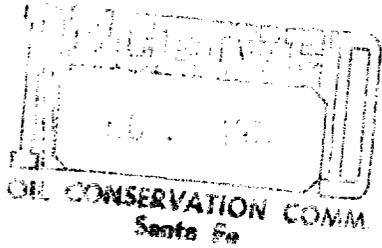
Mr. A. L. Porter, Jr., Director
Oil Conservation Commission of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Mr. William J. Cooley
Burr & Cooley
152 Petroleum Center Building
Farmington, New Mexico 87401

Mr. Clarence E. Hinkle
Hinkle, Bondurant, Cox & Eaton
P. O. Box 10
Roswell, New Mexico 88201

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IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE II and CORINNE)	
GRACE,)	
)	
Petitioners,)	
)	
vs.)	No. 28329
)	
OIL CONSERVATION COMMISSION OF)	
NEW MEXICO,)	
)	
Respondent.)	

RESPONSE TO PETITION FOR REVIEW

COMES Respondent, Oil Conservation Commission of New Mexico, and for its response to the Petition for Review, states:

1. Respondent admits paragraphs 1, 3 and 4 of the Petition.
2. Respondent admits Petitioners are the owners and operators of certain gas wells situated within or adjacent to the geological area which is presently defined by the Commission as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools, and denies the remainder of paragraph 2 of the Petition.
3. Respondent denies paragraphs 5 and 6 of the Petition.

FIRST DEFENSE.

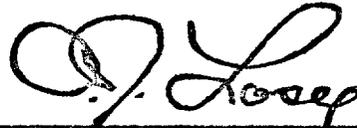
Petitioners have failed to join indispensable parties.

SECOND DEFENSE

The Petition for Review fails to state a claim upon which relief can be granted.

WHEREFORE, Respondent prays:

- A. That the Petition for Review be dismissed.
- B. That Commission Order No. R-4392 be affirmed.
- C. And for such other relief as may be just in the premises.



A. J. Losee, Special Assistant
Attorney General, Representing
the Oil Conservation Commission
of New Mexico

P. O. Drawer 239
Artesia, New Mexico 88210

I certify that I mailed a true copy of the foregoing
pleading to opposing counsel of record, on this

____ 12 ____ day of _____

19____.



IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MICHAEL P. GRACE II and)	
CORINNE GRACE,)	
)	
Petitioners,)	
)	
v.)	No. 28329
)	
OIL CONSERVATION COMMISSION)	
OF NEW MEXICO,)	
)	
Respondent.)	

ACCEPTANCE OF SERVICE

COMES NOW Clarence E. Hinkle, member of the firm of Hinkle, Bondurant, Cox & Eaton, attorneys for Midwest Oil Corporation, and accepts a true copy of the Petition for Review filed in the above cause, and hereby enters an appearance on behalf of the said Midwest Oil Corporation.

HINKLE, BONDURANT, COX & EATON

By 
Attorneys for Midwest Oil Corporation
P.O. Box 10
Roswell, New Mexico 88201

SUMMONS

IN THE FIFTH JUDICIAL DISTRICT COURT,
DIVISION I, COUNTY OF EDDY
STATE OF NEW MEXICO

For Court Use Only
, Not Write In This Space

MICHAEL P. GRACE II and

CORINNE GRACE,

Plaintiff(s)
Petitioners,

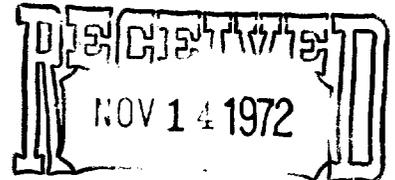
vs.

OIL CONSERVATION COMMISSION
OF NEW MEXICO,

Defendant(s)
Respondent.

No. 28329

The State of New Mexico



Santa Fe County Sheriff's Office

TO OIL CONSERVATION COMMISSION
OF NEW MEXICO

DEFENDANT(S)
RESPONDENT

GREETING:

YOU ARE HEREBY DIRECTED to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

YOU ARE NOTIFIED that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

William J. Cooley Attorneys for Petitioners
BURR & COOLEY 152 Petroleum Center Building, Farmington, NM 87401

NAME AND ADDRESS OF ATTORNEYS FOR PLAINTIFF (OR OF PLAINTIFF, IF NO ATTORNEY)

WITNESS the Honorable D. D. ARCHER, District Judge of the Fifth Judicial District Court of the State of New Mexico, and the Seal of the District Court of Eddy County, this 13 day of November A. D., 1972.

Frances M. Wilcox
FRANCES M. WILCOX, Clerk

By M.B. Foster, Deputy

(Sheriff's return when service is made personally on defendants)

STATE OF NEW MEXICO }
County of } ss.

I, Sheriff of County,
State of New Mexico, do hereby certify, that I served the within summons on the
day of by delivering a copy thereof, with copy of complaint attached,
in the county aforesaid, in person to

Dated:, Sheriff

Fees: By, Deputy

(Sheriff's return when service is made on defendants by leaving copy at usual place of abode.)

STATE OF NEW MEXICO }
County of..... } ss.

I, Sheriff of..... County,
State of New Mexico, do hereby certify, that I served the within summons on the.....
day of..... by delivering a copy thereof, with copy of complaint attached,
in the county aforesaid, to.....
a person over fifteen years of age, residing at the usual place of abode of defendant (s).....
....., who at the time of such service was absent therefrom.

Date:, Sheriff

Fees: By....., Deputy

(Return when service is made personally on defendants by other than Sheriff.)

STATE OF NEW MEXICO }
County of..... } ss.

..... being duly sworn, upon his oath says, I am over the age
of eighteen years, I served the within summons on the..... day of..... by
delivering a copy thereof, with copy of complaint attached, in the county aforesaid to.....

Fees:

Subscribed and sworn to before me this..... day of....., 19.....

(Out of State)

STATE OF }
County of..... } ss.

....., being by me first duly sworn, upon his oath deposes and says:
That he is a resident of the State of..... over the age of eighteen years and in no
wise interested in the case of....., No..... on the Civil Docket
of the District Court of Eddy County, New Mexico; that he is not a party to said action; that this writ came
to hand the..... day of....., 19....., and there was at the same time delivered to
him for service herewithcop..... of this summons andcop..... of the complaint filed therein;
that he made service herein by delivering one copy of this summons and one copy of the complaint herein to
each of the within named defendants within the said County of..... and State
of....., as follows, towit:

..... was personally served on the..... day of....., 19.....

Affiant

Subscribed and sworn to before me this..... day of....., 19.....

My Commission Expires:

Notary Public

STATE OF NEW MEXICO

COUNTY OF EDDY

IN THE DISTRICT COURT

MICHAEL P. GRACE II and)
CORINNE GRACE,)
))
Petitioners,)
))
vs.)
))
OIL CONSERVATION COMMISSION)
OF NEW MEXICO,)
))
Respondent.)

No. 27507
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
FILED OCT 19 1972 IN MY OFFICE
FRANCES M. WILCOX
Clerk of the District Court

PETITION FOR REVIEW

COME NOW Petitioners in the above cause, and respectfully petition the Court to review Order No. R-4392, a copy of which is attached hereto as Exhibit "A", in case no. 4795 before the Oil Conservation Commission of New Mexico, hereinafter referred to as "Commission", pursuant to Section 65-3-22(b), N.M.S.A., 1953 Comp.

1. Commission case no. 4795 arose out of the Application of Petitioners for an order deleting certain acreage in the South Carlsbad-Morrow Gas Pool and for the creation of two new pools to be known as the West Carlsbad-Strawn and West Carlsbad-Morrow Gas Pools in Eddy County, New Mexico.

2. Petitioners are the owners and operators of certain gas wells situated within or adjacent to the geographical area which is presently defined by the Commission as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools, and by reason of such ownership Petitioners have been adversely affected by Commission Order No. R-4392.

3. Commission Order No. R-4392 was entered on September 8, 1972. On September 23, 1972, within the time allowed by Section

65-3-22(a), Petitioners filed their Application for Re-Hearing in case no. 4795, out of which Order No. R-4392 issued. A copy of Petitioners' Application for Re-Hearing is attached hereto as Exhibit "B".

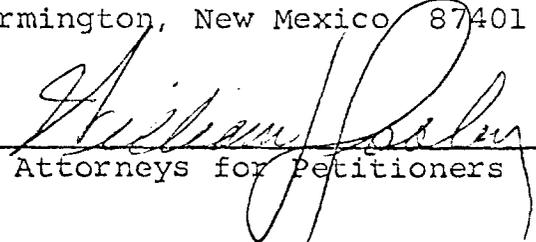
4. That Petitioners' Application for Re-Hearing in case no. 4795 was refused by the Commission through failure to act thereon for a period of ten days after filing of the same.

5. Petitioners verily believe that Commission Order No. R-4392 is erroneous in that Commission Findings no. 11 through 22 inclusive in Order No. R-4392 are not supported by substantial evidence, and in fact contrary to the evidence adduced in the record in case no. 4795.

6. That additional information and data has become available since the hearing in the above styled and numbered cause on August 16, 1972, as a result of the drilling and completion of certain additional wells in the immediate area, which information will shed additional light on the basic issues involved in case no. 4795, which information and data should have been considered and reviewed by the Commission on re-hearing.

WHEREFORE, Petitioners pray that Commission Order No. R-4392 be reversed, set aside, and held for naught.

BURR & COOLEY
152 Petroleum Center Building
Farmington, New Mexico 87401

By 
Attorneys for Petitioners

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4795
Order No. R-4392

APPLICATION OF MICHAEL P. GRACE II
AND CORINNE GRACE FOR POOL CONTRAC-
TION AND CREATION OF TWO NEW GAS
POOLS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 16, 1972, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of September, 1972, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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) Applicants, Michael P. Grace II and Corinne Grace, in the above-styled cause, seek the contraction of the horizontal limits of the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, by the deletion therefrom of the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 25: S/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 2: All
Section 11: All

(3) Applicants further seek the creation of two new pools for the production of gas from the Strawn and Morrow formations

Exhibit "A"

with the horizontal limits of each pool to comprise the following:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 24: All
Section 25: All
Section 35: All
Section 36: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 2: All
Section 11: All

(4) That by Order No. R-3922, dated February 10, 1970, the Commission created the South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, for the production of gas from the Strawn formation.

(5) That the horizontal limits of the South Carlsbad-Strawn Gas Pool have been extended from time to time by order of the Commission.

(6) That by Order No. R-3731, dated April 18, 1969, the Commission created the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, for the production of gas from the Morrow formation.

(7) That the horizontal limits of the South Carlsbad-Morrow Gas Pool have been extended from time to time by order of the Commission to include, among other lands, the area the applicants seek to delete.

(8) That the applicants contend that the area to be included in the proposed new Strawn and Morrow gas pools constitutes separate common sources of supply because said areas are not in communication with the area which would remain as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools.

(9) That the applicants attempted to show that the areas were separated by a fault, or a syncline, or both, and that the areas were not the same stratigraphically.

(10) That no wells have been completed in the Strawn formation in the area proposed as a new Strawn gas pool.

(11) That the applicant's case is practically devoid of evidence concerning the Strawn formation.

(12) That the evidence presented to show the presence of a fault is vague and unreliable.

(13) That there was no substantial evidence presented that would prove the existence of a fault as claimed by the applicants.

(14) That the evidence presented by the applicants concerning pressure and productivity differentials in the Morrow zone is not reliable due to many variables and many unknowns.

(15) That the evidence presented by the applicants concerning pressure and productivity differentials in the Morrow zone does not amount to substantial evidence.

(16) While the evidence presented does indicate there may be a syncline existing in the area of the proposed separation, there is no reliable evidence that it acts as a barrier.

(17) That the evidence presented does not show the existence of any effective barrier separating the proposed new Strawn and Morrow gas pools from the areas which would remain as the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools.

(18) That there was substantial evidence presented that each of the wells completed in the Morrow formation in the proposed new Morrow gas pool is producing from a zone or zones productive of gas from other wells on the east side of the alleged barrier.

(19) That there is substantial evidence that there is communication between the areas to the west and to the east of the alleged barrier, that said areas constitute a single common source of supply in each formation, and that the areas should not be separated.

(20) That the applicants have failed to prove that a new gas pool for Strawn production should be created.

(21) That the applicants have failed to prove that the South Carlsbad-Morrow Gas Pool should be contracted and that a new Morrow gas pool should be created.

(22) That in order to prevent waste and to protect correlative rights, the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Michael P. Grace II and Corinne Grace for the contraction of the South Carlsbad-Morrow Gas Pool and the creation of two new gas pools is hereby denied in its entirety.

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

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

APPLICATION OF MICHAEL P. GRACE II
AND CORINNE GRACE FOR POOL CONTRACTION
AND CREATION OF TWO NEW GAS POOLS,
EDDY COUNTY, NEW MEXICO.

CASE NO. 4795
Order No. R-4392

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 Carlisbad-Harrow 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 Commission Findings 11, 12, 13, 14, 15, 16, 17, 18, 19, 21 and 22 in Order No. R-4392 entered by the Commission on September 6, 1972, are erroneous and contrary to the evidence adduced in the record of the above styled and numbered cause.

2. That additional information has been developed since the hearing of the above styled and numbered cause on August 16, 1972, as a result of the drilling and completion of certain additional wells in the immediate area, which information will shed additional light on the basic issues involved in the above styled and numbered cause.

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 matters hereinabove set forth.

BURR & COOLEY
152 Petroleum Center Building
Farmington, New Mexico 87401

BY _____
William J. Cooley
Attorneys for Applicants