

BEFORE THE OIL CONSERVATION COMMISSION
ENERGY AND MINERAL DEPARTMENT
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
JACK J. GRYNBERG)
_____) Case No. 8400

APPLICANT'S EXHIBIT LIST

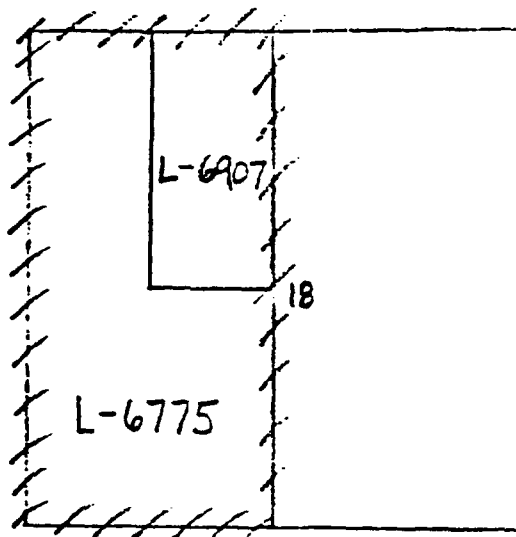
<u>NO.</u>	<u>DESCRIPTION</u>	<u>WITNESS</u>
1.	Foor Ranch Field, Ownership Map	Morris Ettinger
2.	320 Acre Unit and WI Owners	Morris Ettinger
3.	Lease Assignment to Grynberg	Morris Ettinger
4.	Oil Conservation Comm. Order R-6973	Morris Ettinger
6.	Foor Ranch Field (Structure Contour Map on Top of Fusselman Formation)	Morris Ettinger
7.	Cross-Section of Fusselman Formation T95-R27E	Morris Ettinger
8.	Seymour State Com #1 Production Report	Morris Ettinger
9.	Seymour State Well History Summary Sheet	Morris Ettinger
10.	February 2, 1984 letter from Susan Stone to Harvey E. Yates Company	Morris Ettinger
11.	Grynberg Authority for Expenditure	Morris Ettinger
12.	Foor Ranch Field (Limiting Factor Calculations for Unorthodox Location)	Morris Ettinger

<u>NO.</u>	<u>DESCRIPTION</u>	<u>WITNESS</u>
13.	Bruce Kramer Resume	Bruce Kramer
14.	Principles Underlying Application of Grynberg	Bruce Kramer
15.	Map: Effect of Compulsory Pooling	Bruce Kramer
16.	Cross-Section Well Comparison	Bruce Kramer

2852m

EXHIBIT "2"

PROPOSED 320 ACRE DRILLING UNIT AND WORKING INTEREST OWNERS,
W $\frac{1}{2}$ SECTION 18, TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,
CHAVEZ COUNTY, NEW MEXICO.



Containing 325.04 acres, more or less

		Acres	Percent
L-6907	Jack J. Grynberg	80.00	24.6123554
L-6775	Harvey E. Yates Company et al	245.04	75.3876445

84.00
Grynberg
9.18.85



NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF OIL AND GAS LEASE

From lease number

L-6907-3

To lease number

L-6907-4

KNOW ALL MEN BY THESE PRESENTS:

That Viking Petroleum Inc., 2700 Center Building, 2761 East Skelly Drive,
(wife, if any or state of incorporation)

Tulsa, Oklahoma 74105

hereinafter called "Assignor" (whether one or more), for and in consideration of Ten or more Dollars,
paid by Jack J. Grynberg

whose Post Office address is 5000 South Quebec, Suite 500, Denver, Colorado 80237

hereinafter called "Assignee" (whether one or more), does hereby sell, assign and convey to the
Assignee the entire interest and title in and to that certain Oil and Gas Lease No. L-6907
made by the State of New Mexico to Jack J. Grynberg
under date of February 1, 19 72, only insofar as said lease covers the following land, in
Chaves County, New Mexico, to wit:

T 9 S - R 27 E, NMPM

Sec. 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$

Sec. 19: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ WAT. RES.

Sec. 20: NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$

Containing 480.00 acres, more or less

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JAN 19 9 51 AM '83
STATE LAND OFFICE
SANTA FE, N.M.

together with the rights incident thereto, and the personal property thereon, if any, appurtenant
thereto, or used or obtained in connection therewith.

Assignee assumes and agrees to perform all obligations to the State of New Mexico insofar as
said described land is affected, and to pay such rentals and royalties, and to do such other acts
as are by said lease required as to said land, to the same extent and in the same manner as if the
provisions of said lease were fully set out herein. It is agreed that Assignee shall succeed to
all the rights, benefits and privileges granted the Lessee by the terms of said lease, as to said
land.

With warranty covenants as to the leasehold estate herein assigned, except as to any valid
overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal
record, and Assignor covenants that said leasehold estate so assigned is valid and subsisting and
that all rentals and royalties due thereunder have been paid.

EXECUTED this 14th day of January, 19 83.
to be effective January 3, 1983

VIKING PETROLEUM INC.

BY: Richard L. Harris

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____ } ss.
COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____

My commission expires: _____

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF OKLAHOMACOUNTY OF TULSA

The foregoing instrument was acknowledged before me this 14th day of January, 19 83, by

Richard L. Harris

(Name)

(Title)

(Corporation)

Delaware

corporation, on behalf of said corporation.

My commission expires: 3-8-85

Notary Public

(ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF..... }
COUNTY OF..... } ss.


The foregoing instrument was acknowledged before me this..... day of....., 19....., by
..... as attorney-in-fact in behalf of
.....

My commission expires:..... Notary Public

APPROVAL OF THE COMMISSIONER

Office of Commissioner of Public Lands
Santa Fe, New Mexico

I hereby certify that the within Assignment was filed in my office on JAN 19 1983,
approved by me and to be effective as to the State of New Mexico on JAN 24 1983.


Commissioner of Public Lands

INSTRUCTIONS AND INFORMATION

1. An annual rental, at the rate of 50¢ per acre shall become due and payable to the lessor by the lessee, or by any transferee or assignee of the same, or any part hereof, where such transferee or assignee has been recognized, and such transfer or assignment approved by the lessor, upon each acre of land above described and then claimed by such lessee, transferee or assignee, and the same shall be due and payable in advance to the Lessor on the successive anniversary dates of the lease, (not the date this assignment was executed) but the annual rental on any assignment shall in no event be less than Six Dollars (\$6.00).
2. The lease is for a primary term of Five Years from the date of the lease, and as long thereafter as oil and gas in paying quantities, or either of them is produced from said land by the lessee, subject to all of the terms and conditions set forth in the lease.
If the lessee shall have failed to make discovery of oil and/or gas in paying quantities during the primary term of the lease, the lessee may continue the lease in full force and effect for an additional term of five years and as long thereafter as oil and gas in paying quantities, or either of them is produced from the leased premises, by paying each year in advance, as herein provided, double the rental provided herein for the primary term, or the highest rental prevailing at the commencement of the secondary term in any rental district, or districts in which the lands or any part thereof, may be situated, if it be greater than double the rental provided for the primary term. But the annual rental on any assignment shall in no event be less than Twelve Dollars (\$12.00) during the secondary term.
3. All Assignments must be filed in triplicate in the State Land Office within 100 days from date of signing and accompanied by Cashier's Check, Bank Draft, P.O. or Express Money Order.
4. Effective September 1, 1957, recording fee for each assignment is \$10.00 (if filed over 100 days from date of signing, additional fee of \$25.00 is charged).
5. When assignments are accompanied by personal check, the Commissioner of Public Lands reserves the right to withhold approval of assignment until checks are paid.
6. Assignments will not be approved when assigned to more than two persons, or for less than a regular subdivision or for undivided interests. By a regular subdivision is meant forty acres or a tract described by Lot number which may be more or less than 40 acres.
7. Assignments must show complete post office address of assignee.
8. Assignments must be executed before an officer authorized to take acknowledgments of deeds. Corporations must use corporate form of acknowledgment.
9. Assignments must show whether assignors are married or single; if married, both husband and wife must sign the assignment, and certificate of acknowledgment must show marital status of assignors.
10. All official business, letters and communications must be addressed to and sent direct to the Commissioner of Public Lands.
11. Make all payments for annual rental and recording and approval fees to

COMMISSIONER OF PUBLIC LANDS
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 7390
Order No. R-6873

APPLICATION OF HARVEY E. YATES
COMPANY FOR COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 24, 1981, and was continued, readvertised, and reopened on December 22, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of January, 1982, the Commission having considered the testimony and the exhibits, 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 the applicant, Harvey E. Yates Company, seeks an order pooling all mineral interests down through the Ordovician formation underlying the W/2 of Section 18, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location on said 320-acre tract.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11)) That \$3550.00 per month while drilling and \$355.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before March 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, down through the Ordovician formation underlying the W/2 of Section 18, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location on said 320-acre tract.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of March, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ordovician formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of March, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Oil Conservation Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Harvey E. Yates Company is hereby designated the operator of the subject well and unit.

(3) That within 20 days after the effective date of this order, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 15 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days

following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$3550.00 per month while drilling and \$355.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a

one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Chaves County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

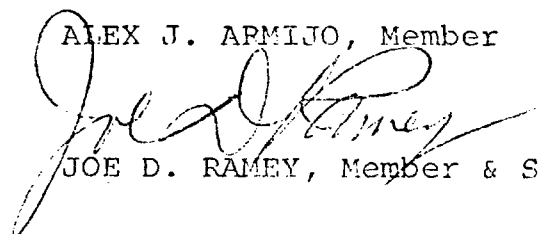
(13) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EMERY C. ARNOLD, Chairman

ALEX J. ARMIJO, Member


JOE D. RAMEY, Member & Secretary

S E A L