

4

OFFICE OF THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Case No. 8901 / 1

Applicant

Filed for Record 19 June 1936

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
 YATES PETROLEUM CORPORATION, YATES)
 DRILLING COMPANY, MYCO INDUSTRIES, INC.)
 AND ABO PETROLEUM CORPORATION)
 FOR THE DETERMINATION OF REASONABLE)
 WELL COSTS.)

CASE NO. _____

APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, YATES DRILLING COMPANY, MYCO INDUSTRIES, INC. and ABO PETROLEUM CORPORATION (hereinafter collectively referred to as applicant) by its attorneys and in support hereof, respectfully states:

1. That applicant is a working interest owner in the Grynberg State 1-20. Said well was drilled pursuant to Order No. R-7393 in Case No. 7984 wherein the Commission ordered all mineral interests from the surface through and including the Abo formation underlying the SW/4 and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2, all in Section 20, Township 9 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, pooled to form a standard 160 acre and a 320 acre proration unit to be dedicated to the

Grynberg State 1-20. Jack J. Grynberg was designated as the Operator of the well. A copy of Order No. R-7393 is attached hereto and made a part hereof as Exhibit "A."

2. Applicant owns 25% of the working interest attributable to the Abo formation, and 62.5% of the working interest attributable to the Precambrian formation.

3. Finding No. 25 of Order No. R-7393 states: "That estimated well costs for the Abo formation, except for costs directly attributable to the Precambrian, should be estimated on the basis of depth for each formation and that costs for the Abo formation should not exceed 81.89 % of the total cost of the proposed well, (5200 foot Abo depth/6350 foot total depth = 0.8189)." Further, the Commission in Order No. R-7393, page 5, paragraph No. 4 ordered, "That the itemized schedule of well costs shall be prepared to reflect actual well costs properly attributable to each zone in accordance with Finding No. (25) in this Order."

4. Pursuant to the Commission's Order and the estimated well costs submitted to applicant by Grynberg, applicant prepaid \$215,706.26 to Grynberg as its share of the estimated well costs.

5. The well was spudded on February 1, 1984, and completed on April 1, 1984, as shown on Form C-105, Well Completion

or Recompletion Report and Log, filed by Grynberg with the Oil Conservation Division. A copy of said form, C-105, is attached hereto and made a part hereof as Exhibit "B."

6. Grynberg did not furnish the Commission or each working interest owner an itemized schedule of actual well costs within 90 days following completion of the well as required in Commission Order R-7393, page 5, paragraph No. 6.

7. Applicant requested from Grynberg an itemized schedule of actual well costs. An itemized schedule was not furnished and applicant audited Grynberg's records on June 24 through June 28, 1985.

8. On November 25, 1985, Yates received a letter dated November 22, 1985, wherein Grynberg purported to make an adjustment for an overpayment of \$2,608.31. Grynberg's apportionment of costs was based solely on the working interest ownership in the Precambrian formation, contrary to the Commission's Order. Attached hereto and made a part hereof as Exhibit "C" is a copy of Grynberg's letter of November 22, 1985 and its attached schedules.

9. Applicant has taken exception to Grynberg's well cost adjustment, and by letter dated January 25, 1986, notified Grynberg of its exception, and furnished a copy of its calculation

of the well costs pursuant to Commission Order R-7393. Applicant further demanded a refund of overpayment of advanced costs of \$87,116.89. Grynberg has failed to respond to applicant's letter of January 24, 1986. A copy of Yates' letter of January 24, 1986 with attachments is attached hereto and made a part hereof as Exhibit "D."

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner, and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order determining reasonable well costs and a refund, if applicable, of any overpayments made by applicant to Grynberg.

C. And for such other relief as may be just in the premises.

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation

By: 

Ernest L. Carroll
LOSEE & CARSON, P.A.
P.O. Drawer 239
Artesia, New Mexico 88210
(505) 746-3508

Attorneys for Applicant

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. 7984
Order No. R-7393

APPLICATION OF JACK J. GRYNBERG
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 October 18, 1983, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of December, 1983, 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) That the applicant, Jack J. Grynberg, seeks an order pooling all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2 of said Section 20, said units to be dedicated to a single well to be drilled at a standard location thereon.
- (3) That in companion Case 7982, Yates Petroleum Corporation seeks an unorthodox well location 1980 feet from the North line and 990 feet from the West line of said Section 20, to test all formations from the top of the Wolfcamp through the Montoya formation, the N/2 of said Section 20 to be dedicated to said well.
- (4) That in companion Case 7983, Yates Petroleum Corporation seeks compulsory pooling of all mineral interests

in the Abo formation underlying the SW/4 and all mineral interests in all formations below the top of the Wolfcamp formation underlying the S/2 of said Section 20, said units to be dedicated to a single well to be drilled at an unorthodox location, for the Wolfcamp and deeper horizons, at a point 1980 feet from the South line and 600 feet from the West line of said Section 20.

(5) That these cases were consolidated with this case for the purpose of obtaining testimony.

(6) That the spacing in this area is 160 acres for Abo gas and 320 acres for Wolfcamp and older gas.

(7) That while all formations from the Wolfcamp and below are sought to be pooled, the primary "deep" target is the Fusselman formation.

(8) That although evidence was presented that wells in the Fusselman formation might not drain 320 acres, no party to these cases had applied for an amendment to the applicable 320-acre spacing rules.

(9) That all parties to these cases agreed that the West half of said Section 20 should be more productive than the East half in the Fusselman formation.

(10) That the West half of said Section 20 is a logical spacing unit for the Wolfcamp and older formations.

(11) That Jack J. Grynberg is also an interest owner in Section 19, Township 9 South, Range 27 East, Chaves County, New Mexico, which section lies immediately West of said Section 20.

(12) That Mr. Grynberg objects to the unorthodox locations proposed by Yates Petroleum Corporation.

(13) That approval of the two Yates applications for wells at unorthodox locations would result in such wells having a calculated drainage radius outside their proration units of 116 net acres greater, in said Section 19, than wells at standard locations.

(14) That approval of said unorthodox locations, with the resultant change in net drainage outside the assigned proration units, would result in drainage across lease lines not offset by counter drainage and would, therefore, result in violation of correlative rights.

(15) That to prevent the violation of correlative rights, the applications of Yates Petroleum Corporation in Case No. 7982 and Case 7983 should be denied.

(16) That the application of Jack J. Grynberg in Case 7984 should be approved.

(17) That the applicant, Jack J. Grynberg, has the right to drill and proposes to drill a well at a standard location thereon.

(18) That the proposed 160-acre spacing unit would apply to and should only be approved in the Abo formation.

(19) That the proposed 320-acre spacing unit would apply to and should only be approved from the top of the Wolfcamp to the Precambrian formation.

(20) That there are interest owners in the proposed proration units who have not agreed to pool their interests.

(21) That to avoid the drilling of unnecessary wells, to prevent waste, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in any appropriate pool covered by said units, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(22) That the applicant should be designated the operator of the subject well and units.

(23) 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.

(24) That since the interests of the parties are different in each proration unit, it will be necessary to estimate well costs on the basis of a well to the Abo formation drilled to 5,200 feet and a well to the Precambrian formation drilled to 6350 feet.

(25) That estimated well costs for the Abo formation, except for costs directly attributable to the Precambrian, should be estimated on the basis of depth for each formation and that costs for the Abo formation should not exceed 81.89 percent of the total cost of the proposed well, (5200 foot Abo depth/6350 foot total depth = 0.8189).

(26) 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.

(27) 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.

(28) 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.

(29) That \$2,825.00 per month while drilling and \$283.00 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.

(30) 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.

(31) 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, 1984, 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, from the surface through and including the Abo formation underlying the SW/4 and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2, all in Section 20, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, are hereby pooled to form a standard 160-acre and a 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said units shall commence the drilling of said well on or before the 1st day of March, 1984 and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Wolfcamp and Precambrian formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of March, 1984, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the 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 Jack J. Grynberg is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject units two itemized schedules of estimated well costs, one to be for a well to the Abo formation drilled to a depth of 5,200 feet and the second for a well to the Precambrian formation drilled to a depth of 6350 feet.

(4) That the itemized schedule of well costs shall be prepared to reflect actual well costs properly attributable to each zone in accordance with Finding No. (25) in this order.

(5) That within 30 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 wells 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.

(6) That the operator shall furnish the Commission 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 Commission and the Commission 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 Commission will determine reasonable well costs after public notice and hearing.

(7) 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.

(8) 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.

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

(10) That \$ 2,825.00 per month while drilling and \$285.00 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.

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

Case No. 7984
Order No. 7393

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

(12) 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.

(13) 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.

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

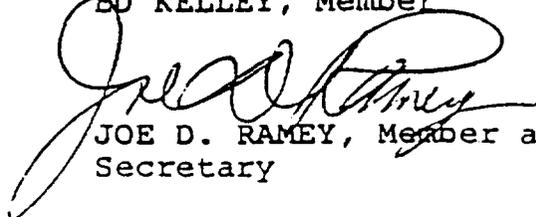
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Member and
Secretary

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
LH-1898

1a. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER _____

b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER _____

7. Unit Agreement Name
N/A

8. Farm or Lease Name
Grynberg St. Com

2. Name of Operator
Jack J. Grynberg

9. Well No.
#1

3. Address of Operator
5000 S. Quebec, Suite 500, Denver, CO 80237

10. Field and Pool, or Wildcat
Und. Pecos Slope A

4. Location of Well
UNIT LETTER L LOCATED 1980 FEET FROM THE South LINE AND 660 FEET FROM

12. County
Chaves

THE West LINE OF SEC. 20 TWP. 9S RGE. 27E NMPM

15. Date Spudded 2/1/84 16. Date T.D. Reached 2/20/84 17. Date Compl. (Ready to Prod.) 4/1/84 18. Elevations (DF, RKB, RT, GK, etc.) 3812' GR 19. Elev. Casinghead Same

20. Total Depth 6419' 21. Plug Back T.D. 4756 22. If Multiple Compl., How Many _____ 23. Intervals Drilled By: Rotary Tools 0-6419' Cable Tools 0

24. Producing Interval(s), of this completion - Top, Bottom, Name
Abo 4728-36' 25. Was Directional Sur Made Yes

26. Type Electric and Other Logs Run
CNL-LD-GR; DLL-MSFL 27. Was Well Cored No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24#	1035'	12 1/4"	475 sxs Hal. lite, 200 sxs Class "C"	-
5 1/2"	15.5#	6419'	7 7/8"	750 sxs, 50-50 POZ, 2% CCl	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 3/8"	4728'	4756' (B.P.)

31. Perforation Record (Interval, size and number)

1) 6198-6207, 2 s/ft.	32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
6163-6170, 2 s/ft.	
2) 5414-5429, 2 s/ft.	
3) 4728-4736, 2 s/ft.	

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
6198-6207	2000gals, 10% Acid, 65,000sc
6163-6170	2000gals, 10% Acid, 65,000sc
6163-6207	20,000gals gelled KCL 670
5414-5429	3000gals, 15% Acid, 500sc/ft

33. PRODUCTION (continue, see attachment).
Date First Production _____ Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
7/21/84	24	6/64		---	130	---	---

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Curr.)
250	120		---	130	---	

34. Disposition of Gas (Sold, used for fuel, vented, etc.) Vented Test Witnessed By Leon Brumfield

35. List of Attachments Exhibit "B"

36. I hereby certify that the information shown on both sides of this form is true and correct to the best of my knowledge and belief.
Drlg. & Prod. Coordinator 11/14/84

GRYNBERG PETROLEUM COMPANY

RECEIVED
NOV 25 1985

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237 USA • PHONE 303 - 850-7490

TELEX: 45-4497 ENERGY DVR
TELECOPIER: 303-753-9997

November 22, 1985

Mr. Tom Kelly
 Yates Petroleum Company
 207 South 4th Street
 Artesia, NM 88210

Dear Tom:

Enclosed please find schedules showing costs of #1-20 Grynberg State. Total cost of the well as adjusted by your audit exceptions is \$340,956.72.

		<u>Company Share</u>	<u>Amount Advanced</u>	<u>Balance</u>
Grynberg Petroleum	37.50%	\$127,858.77	\$127,858.77	---
Yates Petroleum	21.25%	72,453.30	150,994.38	\$(78,541.08)
Yates Drilling	13.75%	46,881.55	21,570.62	25,310.93
Myco Industries	13.75%	46,881.55	21,570.63	25,310.92
Abo Petroleum	13.75%	46,881.55	21,570.63	25,310.92
		<u>\$340,956.72</u>	<u>\$343,565.03</u>	<u>\$(2,608.31)</u>

Costs are shared on applicable percentages for the 6,350' AFE on the #1-20 Grynberg State.

Your Exception No. 2 on your audit of costs on the #1-20 Grynberg State regarding the monthly overhead for an operating lease will be adjusted on our regular joint interest billings, and your account will be credited accordingly.

Please call if you have any further questions regarding the above.

Sincerely,

GRYNBERG PETROLEUM COMPANY

Robert D. Pelo
 Robert D. Pelo
 Controller

RDP/rw

Exhibit "C"

Guyanberg Petroleum Co.

Schedule 1

Guyanberg State # 1-20

1 2 3 4

Total Costs Per Page 3 of Attached Schedules # 2

339,470.07

*Adjustments Per Audit by Mr. Tom Kelly
of Yates Petroleum*

- # 1 - Overhead chg. - Drilling Overhead*
- # 3 - Credit for 1,522.72' of tubing*
- # 4 - " " " 20.13' of casing*

376431
< 212109
< 35657

Total Costs as Adjusted

340,956.72

Guyanberg Petroleum Company

37.5%

12785977

Yates Petroleum Company

21.25%

7245330

Yates Drilling Company

13.75%

4688155

MYCO Industries, Inc.

13.75%

4688155

Als Petroleum Corporation

13.75%

4688155

340,956.72

Expenditures - Wyoming State "1-20

Invoice #	Vendor	Inv. Date	Description	Amount
1 33404	Associated Pipe	2-18-84	6544' 5 1/2" x 16.50 Cong Equip	2912020
2 R6662	B.R. Lease Service	3-19	Flashed P.L.	15815
3 R66717	/	3-30	Food + Fuel 49 jts 2 3/4 2 jts 5 1/2	16984
4 -	Robert W. Becker	12-23	Ecological Service	178663
5 004172	Big Red Supply	12-7	2-Boxes Sample Bags	3225
6 004406	/	12-18	Cong. Head + Parts Equip	109027
7 41050	Bell Petroleum	13-26	Tracer Survey for Leaky Leak	329123
8 2227	Buckeye Inc.	13-8	Weld Chemical to expand pipe from tubing	255552
9 3014	/	13-15	/	178322
10 -	Thomas K. Campbell	1-10	Loganburg v. M. M. M. M.	70167
11 -	/	7-12	/	21697
12 -	/	6-17	/	150000
13 12122	Wach Chase Inc.	3-31	Completion Rig	2397124
14 -	Comm. of Public Land	/	Regist of Wty	213000
15 90957	Completion Rentals	13-31	Equipment Rental	60580
16 160	Desert Drilling	2-21	Drilling Chg. "1-20	9920000
17 /	/	/	1-20	1480507
18 -	Double L Anchor	17-10	Prod Payoid	62400
19 -	Lynnman Durham	12-83	Surface Damages	50000
784228	Halliburton	2-19-84	Conent 5 1/2" L.S.	1058974
784778	/	2-2	8 5/8" Surface	817235
125050	/	2-16	DST 6325' - 6396'	357431
785108	/	3-14	Acid + 712	2161753
73613	/	13-14	Acidlog	183793
785109	/	13-16	Acid + 712	219097
73980	/	/	/	176433
727257	/	13-17	Workover + CO2	2221276
061547	/	13-19	Inv. 784778 - 1589.64 784778 - 1226.47 2250.50 554.43	335046
073617	/	13-21	Acid + 712	172767
785111	/	/	/	401726
785114	/	3-28	/	382683

Schedule 2

Expenditures - Dyerling State # 1-20

Invoice #	Resident	Inv. Date	Description	Amount
073984	Halliburton	3-28	Atmosphy Chemical w/ Nitrogen	1971.58
784687	/	3-29	CO ₂ & Dross	16193.26
062227	/	4-16	Inv # 73617 - 259.35 # 73618 - 275.29 # 73619 - 124.45 785149 - 335.23 # 785150 - 331.38 # 785151 - 294.44	1095.53
062228	/	/	Inv # 785114 - 515.26 # 785115 - 413.73 # 785116 - 3310.58	7600.27
6648R	Hondo Pipe	2-1	1048, 4 1/2" 8' Casing - Surface Equip	8943.69
6792R	/	2-29	Hyland 5 1/2"	2243.7
6904R	/	3-27	Testing stand & parts	2088.77
6901R	/	/	2' x 2' box + Storage	187.10
6898R	/	3-27	Files, Plugs, Straps	2067.57
6953R	/	3-28	Sub Callow	277.22
1389	Jones Water Service	1-31	Water Transport	430.04
1453	/	2-2	/	767.62
1434	/	/	/	752.57
1435	/	2-3-9	/	645.06
1462	/	2-10-9	/	860.08
1488	/	2-7	/	107.51
1522	/	2-9	/	107.51
1567	/	2-11-12	/	497.07
1606	/	2-5	/	671.55
1607	/	2-15	/	107.38
1608	/	2-17	/	107.51
1609	/	2-19	/	322.53
2452	/	3-28	/	731.18
1687	/	2-5	/	564.04
1787	/	2-5	/	107.51
1907	/	3-14	/	437.15
1978	/	3-14-21	/	2830.74
2042	/	3-14-27	/	2801.51
2109	/	2-5	/	2820.2
2202	/	3-16	/	628.94
2168	/	3-27	Truck Rental	46.74
2419	/	2-5	Water Transport	2820.2

Schedule 2
Expenditures - Ingersoll State #1-20

1	2	3	4	5
Invs. #	Vendor	Invs. Date	Description	Amount
1 078	Jims Water Service	4-20	Free Tank Rental	4669
2 -	James + Dallegro	4-25	Insurance - Chasco Co.	43850
3 -	-	5-25	-	6600
4 -	-	6-25	-	3381
5 -	A. J. Lange	12-20	Smelting Consultant	191809
6 0840627	Magnolia Packer	3-15	Reel - Buckeye Plug	121973
7 0840673	-	3-29	- South Grip Packer	90371
8 -	Jim B. McMillan	4-4	Professional Service	543535
9 7065	Merrico	13-10	6304' 19936. 2 3/8" 4.7 Tubing - Equip	1167561
10 83/580A	Oilfield Const.	1/23/83	Build Location	205625
11 84/004	-	1-4-84	Stands to build locations	103750
12 182	Oilfield Industrial	2-10	Outfitting + gear	153017
13 -	P.R. Patton + Assoc.	3-14	Consultation - Road to lease	47081
14 22705	Rossell Ready Mix	1-4	Rock - cellars - Deep Rig	51574
15 4-017049	Schlusserger Well Ser.	2-12	Logging	2036386
16 4-017057	-	2-18	Oil	649362
17 NMA-3-114	F.C. Tank Rental - Anchor	3-22	Demish + Inst 11 4 guydine anchors	46245
18 712	Troy Welding	2-12	Out + weld casing	17660
19 680	-	2-12	- - - - - head	12626
20 684	-	2-4	Weld on the grounds	16868
21 699	-	2-19	Out casing to more rig	10868
22 3493	Valley Construction	5-30-85	Final Cleanup	64000
23 -	Walters Dufford et al.	10-31	Legal fees	221-
24 -	Dennis Wright Inc.	-	-	52250
25 -	Rumrills Well	-	-	624000
26 -	-	-	-	33907007
27 -	Compensation from 85	-	-	-
28 -	-	-	-	54
29 -	Engineering Charge - C. Parvato	-	-	60000
30 -	-	-	-	33967007



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS

January 24, 1986

Mr. Jack Grynberg
Grynberg Petroleum Company
5000 South Quebec No. 500
Denver, Colorado 80237

CERTIFIED

RE: OCD Order R-7393
Grynberg State 1-20
Chaves County, New Mexico

Dear Sir:

We are in receipt of your well costs adjustment of November 22, 1985; to which we take exception.

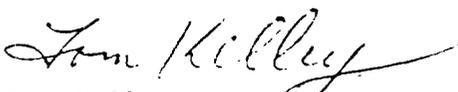
Per the commission order, (copy attached) well costs should be shared based on ownership in each proration unit. Yates et al own 25 percent of the Abo and 62.5 percent of the Precambrian.

We, therefore make demand on you for refund of overpayment of advanced costs of \$87,116.89, per the attached schedule.

Costs are divided in compliance with the commission order, 81.89% to the Abo and 18.11% to the deep zone, except for those costs directly attributable to each zone.

Payment is expected within 30 days from receipt of this letter. Otherwise, Yates will seek remedy both before the commission and through legal action.

Very truly yours,


Tom Kelley, Manager
Joint Interest Auditing

TK:aj

attachment

Exhibit "D"

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

DEC 7 1983

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

CASE NO. 7983
Order No. R-7392

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING
AND AN UNORTHODOX LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 18, 1983, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of December, 1983, 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) That the applicant, Yates Petroleum Corporation, seeks compulsory pooling of all mineral interests in the Abo formation underlying the SW/4 and all mineral interests in all formations below the top of the Wolfcamp formation underlying the S/2 of Section 20, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, said units to be dedicated to a single well to be drilled at an unorthodox location 1980 feet from the South line and 660 feet from the West line of said Section 20.

(3) That in companion Case 7982, Yates Petroleum Corporation sought an unorthodox well location 1980 feet from the North line and 990 feet from the West line of said Section 20, to test all formations from the top of the Wolfcamp through the Montoya formation, the N/2 of said Section 20 to be dedicated to said well.

Case No. 7983
Order No. R-7392

(4) That in companion Case 7984, Jack J. Grynberg sought compulsory pooling of all mineral interests from the surface through and including the Abo formation underlying the SW/4 of said Section 20, and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2 of said Section 20, said units to be dedicated to a single well to be drilled at a standard location thereon.

(5) That these cases were consolidated with this case for the purpose of obtaining testimony.

(6) That by Order No. R-7393 dated December 2, 1983, the Commission approved the application of Jack J. Grynberg in Case 7984.

(7) That the application in Case 7983 should be denied.

IT IS THEREFORE ORDERED:

(1) That Case 7983 is hereby denied.

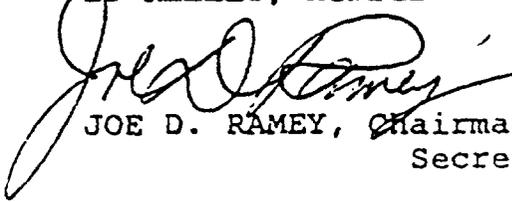
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member


ED KELLEY, Member


JOE D. RAMEY, Chairman and
Secretary

S E A L

fd/

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. 7984
Order No. R-7393

APPLICATION OF JACK J. GRYNBERG
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 October 18, 1983, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of December, 1983, 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) That the applicant, Jack J. Grynberg, seeks an order pooling all mineral interests from the surface through and including the Abo formation underlying the SW/4 of Section 20, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2 of said Section 20, said units to be dedicated to a single well to be drilled at a standard location thereon.
- (3) That in companion Case 7982, Yates Petroleum Corporation seeks an unorthodox well location 1980 feet from the North line and 990 feet from the West line of said Section 20, to test all formations from the top of the Wolfcamp through the Montoya formation, the N/2 of said Section 20 to be dedicated to said well.
- (4) That in companion Case 7983, Yates Petroleum Corporation seeks compulsory pooling of all mineral interests

in the Abo formation underlying the SW/4 and all mineral interests in all formations below the top of the Wolfcamp formation underlying the S/2 of said Section 20, said units to be dedicated to a single well to be drilled at an unorthodox location, for the Wolfcamp and deeper horizons, at a point 1980 feet from the South line and 600 feet from the West line of said Section 20.

(5) That these cases were consolidated with this case for the purpose of obtaining testimony.

(6) That the spacing in this area is 160 acres for Abo gas and 320 acres for Wolfcamp and older gas.

(7) That while all formations from the Wolfcamp and below are sought to be pooled, the primary "deep" target is the Fusselman formation.

(8) That although evidence was presented that wells in the Fusselman formation might not drain 320 acres, no party to these cases had applied for an amendment to the applicable 320-acre spacing rules.

(9) That all parties to these cases agreed that the West half of said Section 20 should be more productive than the East half in the Fusselman formation.

(10) That the West half of said Section 20 is a logical spacing unit for the Wolfcamp and older formations.

(11) That Jack J. Grynberg is also an interest owner in Section 19, Township 9 South, Range 27 East, Chaves County, New Mexico, which section lies immediately West of said Section 20.

(12) That Mr. Grynberg objects to the unorthodox locations proposed by Yates Petroleum Corporation.

(13) That approval of the two Yates applications for wells at unorthodox locations would result in such wells having a calculated drainage radius outside their proration units of 116 net acres greater, in said Section 19, than wells at standard locations.

(14) That approval of said unorthodox locations, with the resultant change in net drainage outside the assigned proration units, would result in drainage across lease lines not offset by counter drainage and would, therefore, result in violation of correlative rights.

Case No. 7984
Order No. 7393

(15) That to prevent the violation of correlative rights, the applications of Yates Petroleum Corporation in Case No. 7982 and Case 7983 should be denied.

(16) That the application of Jack J. Grynberg in Case 7984 should be approved.

(17) That the applicant, Jack J. Grynberg, has the right to drill and proposes to drill a well at a standard location thereon.

(18) That the proposed 160-acre spacing unit would apply to and should only be approved in the Abo formation.

(19) That the proposed 320-acre spacing unit would apply to and should only be approved from the top of the Wolfcamp to the Precambrian formation.

(20) That there are interest owners in the proposed proration units who have not agreed to pool their interests.

(21) That to avoid the drilling of unnecessary wells, to prevent waste, to protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in any appropriate pool covered by said units, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(22) That the applicant should be designated the operator of the subject well and units.

(23) 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.

(24) That since the interests of the parties are different in each proration unit, it will be necessary to estimate well costs on the basis of a well to the Abo formation drilled to 5,200 feet and a well to the Precambrian formation drilled to 6350 feet.

(25) That estimated well costs for the Abo formation, except for costs directly attributable to the Precambrian, should be estimated on the basis of depth for each formation and that costs for the Abo formation should not exceed 81.89 percent of the total cost of the proposed well, (5200 foot Abo depth/6350 foot total depth = 0.8189).

(26) 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.

(27) 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.

(28) 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.

(29) That \$2,825.00 per month while drilling and \$283.00 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.

(30) 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.

(31) 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, 1984, 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, from the surface through and including the Abo formation underlying the SW/4 and all mineral interests from the top of the Wolfcamp formation to the Precambrian formation underlying the W/2, all in Section 20, Township 9 South, Range 27 East, NMPM, Chaves County, New Mexico, are hereby pooled to form a standard 160-acre and a 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said units shall commence the drilling of said well on or before the 1st day of March, 1984 and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Wolfcamp and Precambrian formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of March, 1984, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the 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 Jack J. Grynberg is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject units two itemized schedules of estimated well costs, one to be for a well to the Abo formation drilled to a depth of 5,200 feet and the second for a well to the Precambrian formation drilled to a depth of 6350 feet.

(4) That the itemized schedule of well costs shall be prepared to reflect actual well costs properly attributable to each zone in accordance with Finding No. (25) in this order.

(5) That within 30 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 wells 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.

(6) That the operator shall furnish the Commission 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 Commission and the Commission 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 Commission will determine reasonable well costs after public notice and hearing.

(7) 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.

(8) 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.

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

(10) That \$ 2,825.00 per month while drilling and \$285.00 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.

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

Case No. 7984
Order No. 7393

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

(12) 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.

(13) 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.

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

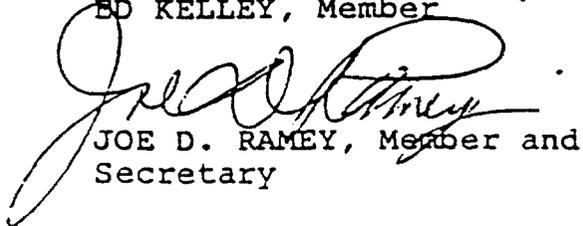
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Member and
Secretary

S E A L

SERVICE DATE	VENDOR AND SERVICE PERFORMED	AMOUNT	FORMATION SERVED	
			81.89% ABO	18.11% PERCAMBRIAN
2/18/84	Schlumberger-Logging	6,493.62	2,833.81	3,659.81
2/18/84	Big Red Supply-Casinghead & Etc.	1,090.27	892.82	197.45
2/18/84	Associated Pipe-5½" 15.5# Casing	29,120.80	23,847.02	5,273.78
2/19/84	Troy's Welding-Final Csg.Cutoff	108.68	89.00	19.68
2/19/84	Halliburton-Cement 5½" Csg.	9,000.20	7,370.26	1,629.94
2/20/84	Hondo Pipe-Forklift 5½"	224.37	183.74	40.63
2/12-2/20/84	Sonny Longo-Drlg. Consultant	1,918.00	-0-	1,918.00
2/21/84	Desert Drilling-Footage & Daywork	114,005.07	81,044.49	32,960.58
3/10/84	Mimco Pipe-6,304ft. 2 3/8Tbg.	11,675.61	11,675.61	-0-
3/10/84	Buckeye, Inc.-Return mud slick	(1,983.23)	(1,624.07)	(359.16)
3/10-3/31/84	Mack Chase - Completion Rig	23,971.44	8,091.51	15,879.93
3/12/84	Hondo Pipe-Wellhead fittings	2,067.57	2,067.57	-0-
3/12/84	Hondo Pipe-Tbghd & Subs	2,088.77	2,088.77	-0-
3/12/84	Hondo Pipe-Flow Tee & Swage	187.10	187.10	-0-
3/12/84	Troy's Welding-Cut & Weld Csg.	176.60	176.60	-0-
3/14/84	Jim's Water Svc.-Fresh & KCL	437.15	-0-	437.15
3/14/84	Halliburton-Acid @ 6190'-6207'	1,562.24	-0-	1,562.24
3/14/84	Halliburton-Acid & N ₂ @6190-6207'	1,835.68	-0-	1,835.68
3/14/84	Maypole Packers-5½" Rental Packer	1,219.73	-0-	1,219.73
3/16/84	Halliburton-Acid & N ₂ @6163-6170'	1,499.68	-0-	1,499.68
3/16/84	Halliburton-Acid & N ₂ @ 6163-6170'	1,855.64	-0-	1,855.64
3/16/84	Jim's Water Svc.-Fresh & KCL	628.94	-0-	628.94
3/16/84	Jim's Water Svc.-Fresh & KCL	2,830.74	-0-	2,830.74
3/16/84	Hondo Pipe-Return Sub. & Collar	(277.22)	(227.02)	(50.20)
3/17/84	Halliburton-Deep Frac	18,902.18	-0-	18,902.18
3/19/84	B&R Lease Svc.-Fence pit	158.15	129.51	28.64
3/21/84	Halliburton-Acid & N ₂ @ 5414-5429'	1,470.22	-0-	1,470.22
3/21/84	Halliburton-Acid & N ₂ @ 5414-5429'	3,403.53	-0-	3,403.53
3/22/84	T&CTank-Install Anchors	462.45	378.70	83.75
3/24/84	Jim's Water Svc.-Fresh & KCL	2,801.51	2,801.51	-0-
3/24/84	Maypole - 5½" Rental Packer	903.71	903.71	-0-
3/26/84	Bell Pet. Survey-Survey for leak	3,291.93	3,291.93	-0-
3/28/84	Jim's Water Svc.-Fresh & KCL	731.18	731.18	-0-

SERVICE DATE	VENDOR AND SERVICE PERFORMED	AMOUNT	FORMATION SERVED	
			81.89% ABO	18.11% PERCAMBRIAN
12/30/83	Runnels Mud. Co.-Prepay Mud	6,240.00	5,109.94	1,130.06
12/30/83	Oilfield Construction Co.-Location	1,037.50	849.61	187.89
12/30/83	Lyman R. Graham - Surface Damage	500.00	409.45	90.55
12/31/83	Oilfield Construction Co.-Location	2,056.25	1,683.86	372.39
12/31/83	R.R. Patton - Survey Road	470.81	385.55	85.26
1/4/84	Comm. Pub. Land-ROW 20-T9S-R27E	2,130.00	1,744.26	385.74
1/6/84	Hondo Pipe - 8 5/8" 24# Casing	8,943.69	7,323.99	1,619.70
1/31/84	Jim's Water Service-Fresh Water	430.04	352.16	77.88
2/2/84	Halliburton-Cement 8 5/8"	6,945.86	5,687.96	1,257.90
2/1-2/4/84	Jim's Water Svc.-Fresh Wtr. & Trkg.	860.08	704.32	155.76
2/2/84	Jim's Water Svc.-Fresh Wtr. & Trkg.	967.62	792.38	175.24
2/2/84	Jim's Water Svc.-Fresh Wtr. & Trkg.	752.57	616.28	136.29
2/3-2/4/84	Jim's Water Svc.-Fresh Wtr. & Trkg.	645.06	528.24	116.82
2/4/84	Roswell Ready Mix-Rods for Cellar	515.74	422.34	93.40
2/4/84	Troy's Welding-Weld Cattleguard	108.68	89.00	19.68
2/5/84	Jim's Water Svc.-Brine & Trkg.	282.02	230.95	51.07
2/5/84	Jim's Water Svc.-Fresh Wtr. & Trkg.	107.51	88.04	19.47
2/5/84	Jim's Water Svc.-Brine Wtr. & Trkg.	564.04	461.89	102.15
2/5/84	Jim's Water Svc.-Brine & Fresh Wtr.	671.55	549.93	121.62
2/5/84	Jim's Water Svc.-Brine Water	282.02	230.95	51.07
2/7/84	Jim's Water Svc.-Fresh Water	107.51	88.04	19.47
2/7/84	Big Red Supply-Sample Bags	32.95	26.98	5.97
2/9/84	Jim's Water Svc.-Fresh Water	107.51	88.04	19.47
2/11/84	Jim's Water Svc.-Fresh & Brine Wtr.	497.04	407.03	90.01
2/12/84	Troy's Welding-Cut & weld wellhead	122.26	100.12	22.14
2/15/84	Jim's Water Svc.-Fresh Water	107.38	87.93	19.45
2/17/84	Jim's Water Svc.-Fresh Water	107.51	88.04	19.47
2/19/84	Jim's Water Svc.-Fresh Water	322.53	264.12	58.41
2/23/84	Robert Becker-Geologist	1,786.63	-0-	1,786.63
1/31/84	Oilfield Industrial-Line pit	1,530.14	1,253.03	277.11
2/12/84	Schlumberger-Logging	20,363.86	16,739.89	3,623.97
2/13/84	Buckeye, Inc.-Mud slick	2,555.52	2,092.72	462.80
2/16/84	Halliburton-DST 6325-6396	3,039.88	-0-	3,039.88

SERVICE DATE	VENDOR AND SERVICE PERFORMED	AMOUNT	FORMATION SERVED	
			81.89% ABO	18.11% PERCAMBERIAN
3/28/84	Halliburton-Acidize & N ₂ Abo	1,675.84	1,675.84	-0-
3/28/84	Halliburton-Acidize & N ₂ Abo	3,291.47	3,291.47	-0-
3/29/84	Jim's Water Service-Tank Rent	46.74	46.74	-0-
3/29/84	Halliburton-Frac Abo	13,779.82	13,779.82	-0-
3/29-3/30/84	Jim's Water Svc.-Tank Rent	46.69	46.69	-0-
3/31/84	Completion Rentals-BOP Rental	605.80	605.80	-0-
3/30/84	B&R Lease-load tbg & csg	169.84	169.84	-0-
4/4/84	Jim McWilliams-Drilling Consultant	5,435.35	4,451.01	984.34
4/25/84	Jones & Gallegos-Lawsuit	438.50	359.09	79.41
5/25/84	Jones & Gallegos-Lawsuit	66.00	54.05	11.95
6/25/84	Jones & Gallegos - Lawsuit	33.81	27.69	6.12
5/30/84	Valley Construction-final cleanup	640.00	640.00	-0-
7/10/84	Double Anchor -Repair Road	624.00	624.00	-0-
10/31/84	Welborn Fuffard-Lawsuit	221.00	180.98	40.02
1/10/84	T.K. Campbell-Grynberg vs. M	701.67	574.60	127.07
3/12/84	T.K. Campbell-Grynberg vs. M	216.97	177.68	39.29
10/17/84	T.K. Campbell-Grynberg vs. M	1,500.00	1,228.35	271.65
	Dennis Wright Ins.-Insurance	522.50	427.88	94.62
	Engineering Charge-Grynberg	600.00	491.34	108.66
	Overhead	3,764.31	2,485.65	1,278.66
	2 3/8" Tbg. Credited	(2,121.09)	(2,121.09)	-0-
	5 1/2" Casing credited	(356.57)	(292.00)	(64.57)
		340,956.72	225,356.22	115,600.50
ABO	$\$225,356.22 \times .25 = \$56,339.06$			
DEEP	$\$115,600.50 \times .625 = 72,250.31$			
	\$125,589.37			
	Prepayment (215,706.26)			
	Overpayment (87,116.89)			