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BEFORE THE  
OIL CONSERVATION DIVISION  
ENERGY & MINERALS DEPARTMENT  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF JACK J. GRYNBERG FOR DECLARATION )  
OF A COMPULSORY POOLING, TOWNSHIP 9 )  
SOUTH, RANGE 27 EAST, SECTION 18: )  
NE/4, CHAVES COUNTY, NEW MEXICO )

Case No. 7249

A P P L I C A T I O N

The applicant, JACK J. GRYNBERG, d/b/a JACK GRYNBERG AND ASSOCIATES, by its attorneys Jones, Gallegos, Snead & Wertheim, P.A., hereby requests an order forming a drilling unit covering 160 acres of land in Chaves County, New Mexico, and in support of its application states:

1. Pursuant to the Oil and Gas Act (Sec. 70-2-17, et seq., N.M.S.A. 1978) the applicant desires to obtain an order of the Division declaring a drilling unit covering those certain lands upon which the specified mineral ownership is held, described as follows:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 18: NE/4 160 acres

(see Exhibit "A")

2. There presently exists a producing gas well in Township 9 South, Range 27 East, Section 19: NW/4 (Elk Oil Company); the potentially producing reservoirs have been reasonably defined by that development and development on surrounding acreage.

3. This application seeks pooling of all of the subject acreage from the surface down through and including the Abo formation.

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4. The Stephan Mark Trust, Miriam Zela Trust and Rachel Susan Trust, collectively referred to as the Grynberg Trusts, are the holders of state lease L-6907 covering 120 acres of the proposed unit and being within said Section 18 as follows: N/2 NE/4, SW/4 NE/4. The applicant is an owner of an interest in the subject acreage under §70-2-33(e) entitled to make this Application on behalf of himself and the Grynberg Trusts. Applicant asks designation as operator of the unit and if he is designated as operator of the unit, he will operate under a unit agreement and plan of operation customary and usual in the Permian Basin of New Mexico, or as otherwise ordered by the Division.

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5. A map of the proposed drilling unit is attached hereto and marked as Exhibit "A" and also illustrates those portions of the unit under lease to the Grynberg Trusts. Additionally, a schedule, Exhibit "B", is attached and sets out the various working interest owners in the unit and their proportionate shares therein.

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6. The applicant believes that his method of operating, especially with respect to completion of the well sought to be drilled, is superior to that employed by all other working interest owners and, accordingly, believes that he would be the more prudent operator of this unit. The applicant also alleges that he is in a position to drill and complete the proposed well for a substantially lower cost than all other working interest owners. These factors will lead to greater ultimate recovery, the prevention of waste and the protection of correlative rights.

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7. If the unit is declared as sought by this application, the applicant will locate the well in a standard location in the NE/4 of Section 18 and will pool all formations

1 through and including the Abo, with the probable producing  
2 horizon being the Abo.

3 WHEREFORE, the applicant requests the Division set  
4 this matter down for a hearing before an examiner at the  
5 earliest possible date, give notice as required by law and  
6 after hearing enter its Order (a) compulsory pooling the unit,  
7 as described, (b) assigning a risk factor for the proposed  
8 well, (c) providing for overhead to be charged during drilling  
9 and producing operations, (d) declaring the applicant to be  
10 the Operator of said unit, and (e) granting such further  
11 relief as is deemed proper.

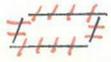
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13 JACK J. GRYNBERG

14 JONES, GALLEGOS, SNEAD & WERTHEIM, P.A.  
15 Attorneys for Applicant

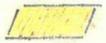
16 By J. E. Gallegos  
17 J. E. GALLEGOS *by JEM*  
18 Post Office Box 2228  
19 Santa Fe, New Mexico 87501  
20 (505) 982-2691

EXHIBIT "A"

Township 9 SOUTH, Range 27 EAST, County CHAVES, State NEW MEXICO,



Proposed Drilling Unit



The Grynberg Trusts Acreage

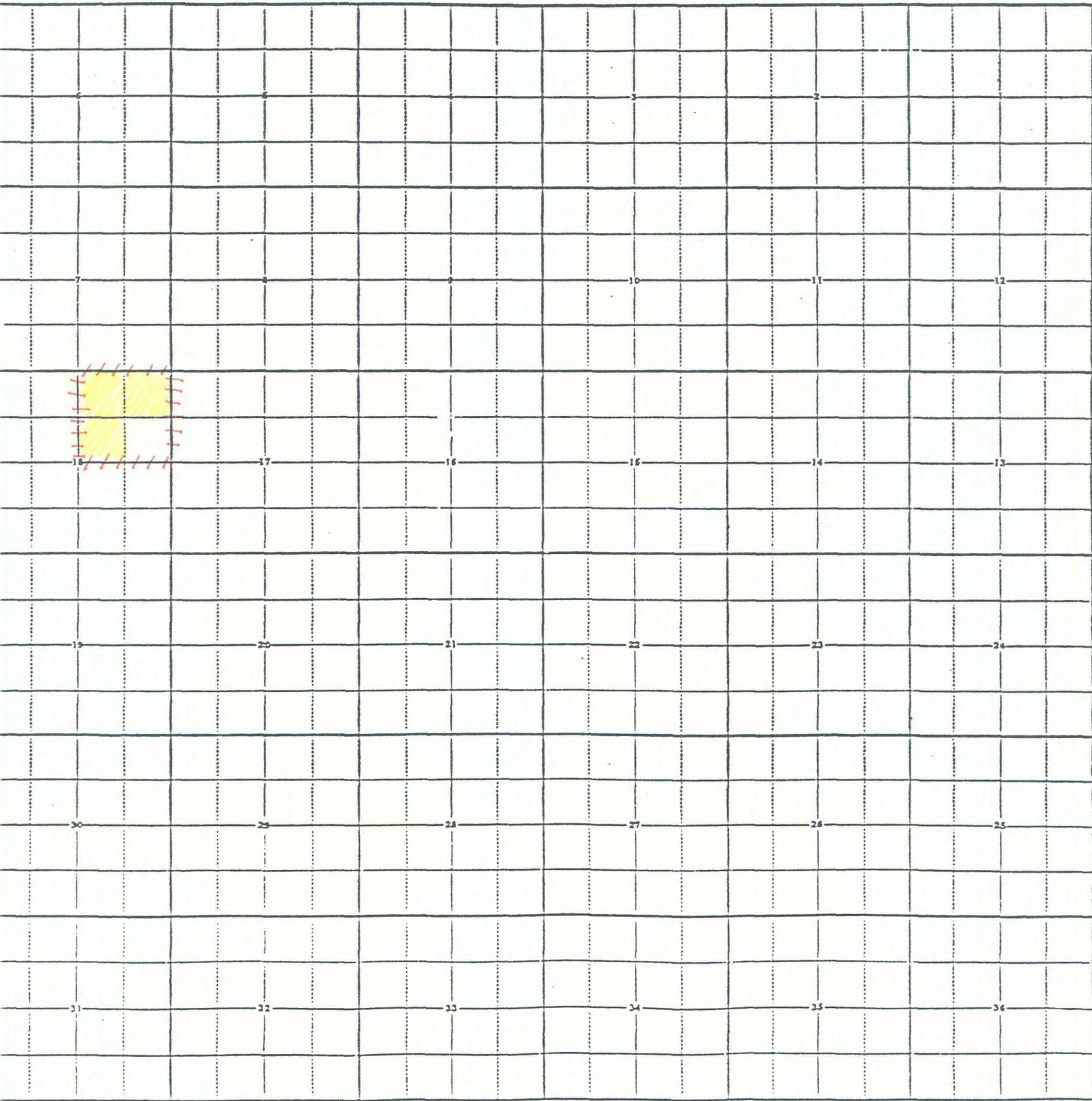


EXHIBIT "B"

RE: TOWNSHIP 9 SOUTH - RANGE 27 EAST

Section 18: NE/4

<u>WORKING INTEREST OWNER</u>	<u>INTEREST (%)</u>
The Grynberg Trusts	75.00
HEYCO, et al	25.00