

GRAMA RIDGE 34 STATE WELL #1

Chronology

- 1/13/99: Prior lease (#K-03592) owned by Apache Corporation is cancelled by the State of New Mexico. Title failure from non payment of rental. This lease covered the N/2 of Section 34-21/34, Lea County, New Mexico. **TAB 1.**
- 12/21/99: New Oil and Gas Lease is offered by the State of New Mexico, without stipulation, on the December 1999 SLO sale. Lease is acquired by a representative of GWDC and assigned to GWDC. Lease is effective 1/1/00. **TAB 2.**
- 2/28/00: Received approved APD from the OCD on a N/2 Section 34 spacing unit. **TAB 3.**
- 3/1/00: LG&E added the Grama Ridge 34 State #1 well under the existing gas contract.
- 3/3/00: Purchase of the prospect from Great Western Drilling Company.
- 3/7/00: Well Spuds.
- 5/4/00: Received position letter from the SLO. SLO states that it is the position of the SLO that when the previous lease expired the unit agreement terminated with it. The subsequent and current lease is independent of the unit agreement. **TAB 4.**
- 6/9/00: Completed well: Morrow perforated 6/10/00. Flowed 2,010 MCFG and 45 B/O with 5300# FTP on a 6/64th choke; Estimated that the BH flowing pressure is 6,790#.
- 6/19/00: Received APPROVED Request for Allowable and Authorization to Transport from the OCD. **TAB 5.**
- 6/22/00: Received APPROVAL from the OCD for test allowable. **TAB 6.**
- 6/27/00: Filed completion report with the OCD. **TAB 7.**
- 7/00: Notified in a telephone conversation from the OCD that the N/2 spacing unit crossed two (2) pool boundary lines.

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- 7/21/00: New Mexico SLO issues a letter advising that our lease is a VALID Oil and Gas lease BUT subject to LG&E's rights to store gas in the unitized formation in the W/2 of Section 34 and the E/2 of Section 33. **TAB 8.**
- 12/13/00: NEC files an Administrative Application for the formation of two non standard gas spacing units in the E/2 of Section 34-21/34. NE/4 is applied for as our 160-acre spacing unit. Notices of waiver are sent out to all affected parties. **TAB 9.**
- 1/8/01: NEC receives a waiver from EOG for the formation of the two non standard spacing units in the E/2 of Section 34. **TAB 10.**
- 1/9/01: Notices sent out to ORRI owners.
- 1/10/01: Received a letter from the SLO objecting to our request for a waiver to our application for the 160 acre non standard spacing unit. **TAB 11.**
- 1/10/01: Received a waiver of objection from the ORRI owners in the NE/4 of Section 34-21/34. **TAB 12.**
- 1/23/01: Received a letter from the SLO reversing its objection to a waiver for the formation of NEC non standard spacing units. **TAB 13.**
- 1/29/01: Notice letter sent to Redrock Operating Ltd. **TAB 14.**
- 2/01: NEC is advised by telephone that Redrock Operating will not execute the waiver for the two nonstandard spacing units in the E/2 of Section 34-21/34. **TAB 15.**
- 2/15/01: OCD advises that he has received objection to our application for two non standard units and set the hearing for the 3/22/01. **TAB 16.**
- 4/27/01: Received a subpoena from Tom Kellahin (Red Rock Operating) for production of information.
- 5/14/01: NEC furnishes information pursuant to the subpoena.
- 6/11/01: Telephone discussion with Bill Carr. Carr advises that Birkeland and he have a meeting with Tom Kellahin on June 21st to discuss a settlement.
- 6/21/01: Advised by Bill Carr that the meeting to be held today with Bryan Birkeland, Bill Carr and Tom Kellahin has been cancelled, because Tom had to attend a funeral. Confirmed that the Com agreement for the Llano 34 State Well in the SE/4 Section 34 well has expired. SLO records indicated the Com expired due to lack of production.

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6/26/01: Advised by Bill Carr that the OCD wants the case heard on June 28 or the well shut in.