

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

January 6, 1987

P.O. Drawer DD
Artesia, N.M. 88210
Ph: 505-748-1283



GARREY CARRUTHERS
GOVERNOR

Viking Petroleum, Inc.
2700 Center Bldg.
2761 E. Skelly Drive
Tulsa, Okla. 74105

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Re: Grynberg State #1
Ut.A 12-11S-27E
Chaves County, N.M.

Gentlemen:

According to our records no work has been done on the subject well nor have any reports been received since September 15, 1981.

You are hereby requested to submit a Form C-103 Intent to P & A, with operations to commence within thirty (30) days.

Failure to comply with this request will result in the setting of a hearing, to appear and show cause why the subject well should not be plugged and abandoned in accordance with a Division approved program.

If you have any questions regarding this matter or need assistance please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Mike Williams".

Mike Williams
Oil & Gas Inspector

MW;br

No work Done
3/17/87

SHORT, HARRIS, TURNER & DANIEL

ATTORNEYS AT LAW

2761 EAST SKELLY DRIVE
SUITE 700
TULSA, OKLAHOMA 74105
(918) 743-6201

WILLIAM K. POWERS
OF COUNSEL

REX SHORT
RICHARD L. HARRIS
FRANK E. TURNER
SAM P. DANIEL, III
JOHN A. McMAHAN
STEPHEN O. PETERS

EX-1007

May 1, 1987

Jeffery Taylor, Esq.
General Counsel
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Grynberg State Well #1, Unit A of Section
12-11S-27E, Chaves County, New Mexico

Dear Mr. Taylor:

Thank you very much for the materials that you forwarded to this office pertaining the matter of Case 9120, pertaining to Viking Petroleum, Inc. and the Grynberg State Well #1, located 330' from the North and East lines of Section 12-11S-27E, Chaves County, New Mexico.

I have thoroughly checked all of the Viking records as to this area and find that Viking Petroleum, Inc. did not ever drill or operate this well.

The information that your office has provided indicates that the well was proposed for drilling by a company named Orla Petco, Inc. of Midland, Texas, and apparently the well was taken over by Jack Grynberg under the name of Viking Petroleum, Inc. The Form C-103 as submitted to this office under date of September 15, 1981, indicates that the document was signed by Nancy Stoylz, who at the time was in the Grynberg offices in Denver.

It appears that this is one of those wells that was operated or re-entered by Jack Grynberg under the Viking Operating Bond and that Viking had no interest of any nature in this well.

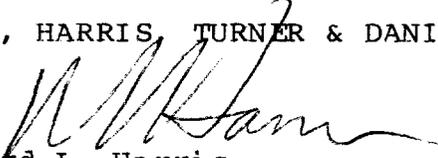
May 1, 1987
Page 2

Would you please be kind enough to report this to the Commission at the hearing which is set for 8:15 a.m. on May 6, 1987.

Please advise if I may be of any further service in this matter.

Respectfully submitted,

SHORT, HARRIS, TURNER & DANIEL


Richard L. Harris

RLH/jb

cc: Joyce Duncan (Viking Petroleum, Inc.)

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- 1. Show to whom, date and address of delivery.
- 2. Restricted Delivery.

3. Article Addressed to:

Viking Petroleum, Inc.
1050 17th Street, Suite 1950
Denver, Colorado 80265

4. Type of Service:

- Registered
- Certified
- Express Mail
- Insured
- COD

Article Number

P 612 458 460

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

X

6. Signature - Agent

X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

**UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS**



PENALTY FOR PRIVATE USE, \$300

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

OIL CONSERVATION DIVISION
(Name of Sender)

POST OFFICE BOX 2088

(No. and Street, Apt., Suite, P.O. Box or R.D. No.)

SANTA FE, NEW MEXICO 87504-2088

(City, State, and ZIP Code)

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

April 13, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

CERTIFIED - RETURN
RECEIPT REQUESTED

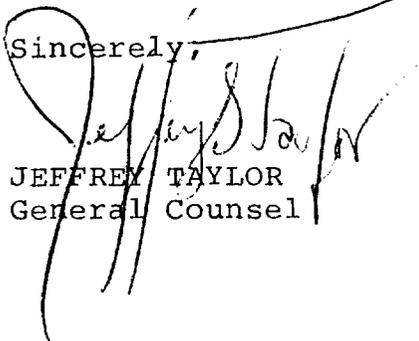
Viking Petroleum, Inc.
2700 Center Building
2761 E. Skelly Drive
Tulsa, Oklahoma 74105

Re: Grynberg State Well No. 1,
located in Unit A of Section
12, Township 11 South, Range
27 East, Chaves County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, April 22, 1987, at 8:15
a.m. in the Oil Conservation Division Conference Room,
State Land Office Building, Santa Fe, New Mexico. Case
9120 concerns the above captioned subject matter.

Sincerely,


JEFFREY TAYLOR
General Counsel

JT/fd
enc.

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

No. 2-87

M E M O R A N D U M

TO: ALL OPERATORS AND INTERESTED PARTIES *WJL*

FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR

SUBJECT: RULES AND REGULATIONS

A new, updated Oil and Gas Rule Book is now available from Division offices. The price is \$4.00.

The following rules were amended or added:

Rule 101	Plugging Bond
Rule 312	Treating Plants
Rule 402	Method and Time of Shut-In Pressure Tests
Rule 414	Gas Sales by Less Than One Hundred Percent of the Owners in a Well
Rule 701	Injecting Fluids into Reservoirs
Rule 704	Testing, Monitoring, Step-Rate Tests, Notice to the Division, Requests for Pressure Increases
Rule 1220	De Novo Hearing Before Commission

An amendment to Rule 1207, Additional Notice Requirements, took effect after printing of the new book. A copy of amended Rule 1207 is attached.

April 10, 1987
fd/

RULE 1207. ADDITIONAL NOTICE REQUIREMENTS

(a) Each applicant for hearing before the Division or Commission shall give additional notice as set forth below:

1. (i) In cases of applications filed for compulsory pooling under Section 70-2-17 NMSA 1978, as amended, or statutory unitization under Section 70-7-1, et. seq. NMSA 1978, as amended: Actual notice shall be given to each known individual owning an uncommitted leasehold interest, an unleased and uncommitted mineral interest, or royalty interest not subject to a pooling or unitization clause in the lands affected by such application which interest must be committed and has not been voluntarily committed to the area proposed to be pooled or unitized. Such individual notice in compulsory pooling or statutory unitization cases shall be by certified mail (return receipt requested).

1. (ii) When an application for compulsory pooling is known to be unopposed, the applicant may file under the following alternate procedure:

Actual notice shall be given as required in (i) above. The application for hearing shall state that no opposition for hearing is expected and shall include the following:

- (1) a map outlining the spacing unit(s) to be pooled showing the nature and percentage of the ownership interests therein and location of the proposed well;
- (2) a listing showing the name and last known address of all parties to be pooled and the nature and percent of their interest;
- (3) the name of the formations and/or pools to be pooled (Note: The Division cannot pool a spacing unit larger in size than provided in the General Rules or appropriate special pool rules);
- (4) a statement as to whether the pooled unit is for gas and/or oil production as appropriate (See note under (3) above);
- (5) written evidence of attempts made to gain voluntary agreement including but not limited to copies of appropriate correspondence;
- (6) appropriate geological map(s) of the formation(s) to be tested and a geological and/or engineering assessment of the risk involved in the drilling of the well and a proposed risk penalty to be assessed against any owner who chooses not to pay his share of estimated well costs;
- (7) proposed overhead charges (combined fixed rates) to be applied during drilling and production operations along with a demonstration that such changes are reasonable;
- (8) the location and proposed depth of the well to be drilled on the pooled unit(s); and,
- (9) a copy of the AFE (Authorization for Expenditure) to be submitted to the interest owners in the well.

(over)

All submittals required under this paragraph shall be accompanied by statements (sworn and notarized) by those persons who prepared the same attesting that the information is true and complete to the best of their knowledge and belief.

All unopposed pooling applications will be set for hearing. If the Division review of such application finds them acceptable, the information submitted above will be incorporated as the record in the case and an order will be written thereon. At the request of any interested party or upon the Division's own initiative, any pooling application submitted under paragraph (ii) of this rule shall be set for full hearing with oral testimony by the applicant.

2. In cases of applications for approval of unorthodox well locations:

If the proposed location is unorthodox by virtue of being located closer to the outer boundary of the spacing unit, than permitted by rule, actual notice shall be given to any operator of a spacing unit or owner of an undrilled lease which adjoins the applicant's spacing unit on one or more of the two sides or the single corner closest to the proposed well.

If the proposed location is unorthodox by virtue of its proximity to another well or wells within the same spacing unit, actual notice shall be given to offsetting operators or owners of undrilled leases bordering applicant's spacing unit on a common boundary or unit corner.

If the proposed location is unorthodox by virtue of being located in a different quarter-quarter section or quarter section than provided in special pool rules, actual notice shall be given to offsetting operators or owners of undrilled leases bordering applicant's spacing unit on a common boundary or unit corner.

All such notices shall be given by certified mail (return receipt requested).

3. In the case of applications for the approval of any non-standard proration unit:

Actual notice shall be given to all operators owning a leasehold interest to be excluded from the proration unit in the quarter-quarter section (for 40-acre pools or formations), the quarter section (for 160-acre pools or formations) the half section (for 320-acre pools or formations), or in the section (for 640-acre pools or formations) in which the non-standard unit is located and to each operator on any proration unit, or owner of an undrilled tract, which unit or tract adjoins or corners such quarter-quarter, quarter, half, or whole section. Such notice shall be by certified mail (return receipt requested).

4. In the case of applications for adoption of, or amendment of, special pool rules:

Actual notice shall be given to all operators of wells and each unleased mineral owner within the existing or proposed pool boundaries and all operators of wells within one (1) mile of such boundaries. Such notice may be provided by regular mail.

5. In the case of applications to amend special rules of any Division designated potash area, actual notice shall be given to each potash owner, each oil or gas operator, and each unleased mineral owner within the designated area. Such notice shall be provided by certified mail (return receipt requested).

6. In the case of applications for approval of downhole commingling of the product of multiple formations: Actual notice shall be given to all offset operators. Such notice shall be provided by regular mail.

7. In the case of any other application which will, if granted, alter any working interest owner's or any royalty interest owner's percentage interest in an existing well: Actual notice shall be given to the operators and applicant's royalty interest owners in such existing well. Such notice shall be provided by certified mail (return receipt requested).
8. In cases of applications for exceptions to rules or orders controlling surface disposition of produced water or other fluids: Actual notice shall be given to any surface owner within one-half mile of the site for which the exception is sought. Such notice shall be provided by certified mail (return receipt requested).
9. In cases of applications not listed above, the outcome of which may affect a property interest of other individuals or entities: Actual notice shall be given to such individuals or entities by certified mail (return receipt requested).

(b) Any notice required by this rule shall be to the last known address of the party to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall apprise such party of the nature and pendency of such action and the means by which protests may be made.

(c) At each hearing, the applicant shall cause to be made a record, either by testimony at the hearing or by an affidavit signed by the applicant or its authorized representative, that the notice provisions of this Rule 1207 have been complied with, that applicant has conducted a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice, and that pursuant to Rule 1207, notice has been given at that correct address as provided by rule. In addition, such certificate shall contain the name and address of each interested person to whom such notice was sent and, where proof of receipt is available, a copy of same.

Evidence of failure to provide notice as provided in this rule may, upon a proper showing, be considered cause for reopening the case.

Dockets Nos. 14-87 and 15-87 are tentatively set for May 6 and 20, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 22, 1987

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 9119: Application of Damson Oil Corporation for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for Delaware production comprising the NE/4 of Section 29, Township 19 South, Range 32 East, and the promulgation of special rules therefore including a provision for 160-acre spacing and designated well locations.

✓ CASE 9120: In the matter called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Inc. and all other interested parties to appear and show cause why the Viking Petroleum, Inc. Grynberg State Well No. 1 located 330 feet from the North and East lines (Unit A) of Section 12, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with the Division-approved plugging program.

CASE 9116: (Continued from April 8, 1987, Examiner Hearing)

Application of Meridian Oil Inc. for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to have its Benson"3" Federal Well No. 1 located 760 feet from the North line and 280 feet from the East line (Unit B) of Section 3, Township 19 South, Range 30 East, approved as an unorthodox oil well location pursuant to the Special Rules and Regulations promulgated for the Benson-Strawn (Oil) Pool. IN THE ALTERNATIVE, the applicant seeks to have said well approved as an unorthodox gas well location if Yates Petroleum Corporation's application in Case No. 9109 to reclassify the Benson-Strawn Pool as a gas pool is granted.

CASE 9121: Application of Meridian Oil Inc. for an unorthodox gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 2315 feet from the South line and 1923 feet from the West line (Unit K) of Section 15 Township 30 North, Range 7 West, to test the Fruitland formation, the SW/4 of said Section 15 to be simultaneously dedicated to this well and to the applicant's San Juan 30-6 Unit Well No. 402 located 1455 feet from the South and West lines (Unit K) of said Section 15.

CASE 9109: (Continued from March 18, 1987, Examiner Hearing)

Application of Yates Petroleum Corporation for pool reclassification or, in the alternative, the amendment of Division Order No. R-6129-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Benson-Strawn (Oil) Pool to a gas pool. IN THE ALTERNATIVE, the applicant seeks to amend the Special Rules and Regulations for the Benson-Strawn Pool, as promulgated by Division Order No. R-6129-A, to provide for permanent changes in the depth bracket allowable and gas-oil ratio limitation provisions for said pool, said amendments to be made effective as of January 1, 1985.

CASE 9110: (Continued from March 18, 1987, Examiner Hearing)

Application of Meridian Oil Inc. to amend Division Order No. R-6129-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special rules and regulations for the Benson-Strawn Pool as promulgated by Division Order No. R-6129-A to provide for temporary changes in the depth bracket allowable and gas-oil ratio limitation provisions for said pool.

CASE 9122: Application of Union Texas Petroleum Company for Compulsory Pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Casey Strawn Pool, underlying the W/2SW/4 of Section 34, Township 16 South Range 37 East, forming a standard 80-acre oil spacing and proration unit for said pool to be dedicated to its existing Shipp "34" Well No. 3 located at a standard oil well location 510 feet from the South line and 660 feet from the West line (Unit M) of said Section 34. Also to be considered will be the costs incurred in the drilling and completion of the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 9123: Application of Curtis J. Little for a non-standard gas proration unit and for an exception to rule 5(a)2(2) of division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit

comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: Application of Rocanville Corporation, for a non-standard gas proration unit and for an exception to rule (a)2(2) of division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 17 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9092: (Continued from April 8, 1987, Examiner Hearing)

Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the SE/4 of Section 22, Township 25 North, Range 3 West, to form a standard 160-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 9094: (Continued from April 8, 1987, Examiner Hearing)

Application of Reading & Bates for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cjito Gallup-Dakota Oil Pool underlying the NE/4 NE/4, NW/4 NE/4, SE/4 NE/4 and SW/4 NE/4 of Section 12, Township 25 North, Range 3 West, to form four standard 40-acre oil spacing and proration units to be dedicated to wells to be drilled at standard oil well locations thereon. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gallup and Dakota formations underlying the NE/4 of said Section 12, to form a standard 160-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon, both provisions to be in accordance with the Special Pool Rules which are in existence at the time said well is drilled. Also to be considered in either case will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well or wells and a charge for risk involved in drilling that well.

P 612 458 459

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

* U.S.G.P.O. 1983-403-517

Sent to Viking Petroleum, Inc.	
Street and No. 2700 Center Building	
P.O., State and ZIP Code 2761 E. Skelly Drive Tulsa, Oklahoma 74105	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
Viking Petroleum, Inc.
2700 Center Building
2761 E. Skelly Drive
Tulsa, Oklahoma 74105

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 612 458 459

Always obtain signature of addressee or agent and **DATE DELIVERED.**

- Signature - Addressee
X *J. Duncan*
- Signature - Agent
X
- Date of Delivery
4-16
- Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

P 612 458 460

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Feb. 1982

* U.S.G.P.O. 1983-403-517

Sent to Viking Petroleum, Inc.	
Street and No. 1050 17th St., Suite 1950	
P.O., State and ZIP Code Denver, Colorado 80265	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

April 13, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

CERTIFIED - RETURN
RECEIPT REQUESTED

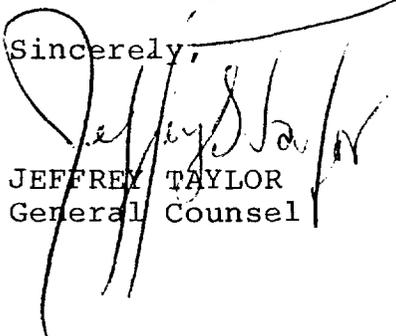
Viking Petroleum, Inc.
2700 Center Building
2761 E. Skelly Drive
Tulsa, Oklahoma 74105

Re: Grynberg State Well No. 1,
located in Unit A of Section
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27 East, Chaves County
Plugging Bond

Gentlemen:

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Hearing to be held on Wednesday, April 22, 1987, at 8:15
a.m. in the Oil Conservation Division Conference Room,
State Land Office Building, Santa Fe, New Mexico. Case
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Sincerely,


JEFFREY TAYLOR
General Counsel

JT/fd
enc.