

STATE OF NEW MEXICO
COUNTY OF LEA

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
AP 110	EXHIBIT NO. 5
CASE NO.	9043
personally appeared	

BEFORE ME on this 12th day of May, 1986, Alan W. Ralston who, being duly sworn, deposes and says:

THAT he is the operator of the State 'E' Tract 17 #5, a gas well, located 990 feet from the south line and 660 feet from the east line of Section 1, 17S, 36E, Lea County, New Mexico;

THAT said search did reveal there were some discrepancies in the management of this lease. This well was recompleted in 1976 as an undesignated Queen gas well. It was put on the line in November, 1978 and the first recorded sale as per records and search was in January, 1979. This well produced until 1980 as an undesignated Lea Queen gas well. It was grouped into the Lovington Queen pool in 1980. At that time, the accumulated production was 103 million cubic feet. The pertinent data to support a new reservoir should have been presented prior to 1980. From 1980 to May, 1983, this well produced approximately 195 million cubic feet. In June, 1983, this well dropped to stripper status and remained there until March, 1985, producing only seven million cubic feet in the next 21 months, for an average of 333 thousand cubic feet per month or 11 thousand cubic feet per day.

THAT Amoco, the former operator, failing to notice this well was qualified at this time as a stripper, performed a workover on 3-12-85. Subsequent workover increased the production and since March, 1985, this well has produced 97 million cubic feet, and the monthly average is approximately 8 million cubic feet.

THAT, in summary, he believes the well should have been classified as a new reservoir by the former operator when production began in 1979 and his failure to qualify this well as a stripper in 1985 has cost the State a substantial amount of revenue.

THAT all the material contained herein was provided through the records of the New Mexico Oil & Gas Conservation Commission and the New Mexico Engineering Committee.

Alan W. Ralston
Alan W. Ralston, Operator

Subscribed and sworn to before me on this 12th day of May, 1986

