

GRAMA RIDGE 34 STATE WELL #1

Chronology

REVISED 10/20/02

- 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. 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.

- 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. 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 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.**
- 1/23/01: Received a letter from the SLO reversing its prior objection to a waiver for the formation of NEC non-standard spacing units. **TAB 12.**
- 1/29/01: Notice letter sent to Redrock Operating Ltd. **TAB 13.**
- 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 14.**
- 2/15/01: OCD advises that it has received an objection to NEC's application for two non-standard units and is setting the application for hearing for the 3/22/01. **TAB 15.**
- 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.
- 6/26/01: Advised by Bill Carr that the OCD wants the case heard on June 28 or the well shut in.
- 6/28/01: Examiner hearing on application of Nearburg Exploration Company for the creation of two non-standard spacing units in Section 34.

7/27/01: The Oil Conservation Division case was re-opened. Mr. Stogner ordered the well shut-in.

8/19/01: Discussion with EOG concerning possible sale or acreage trade.

11/15/01: Received a letter from the SLO requesting NPC advise them concerning whether we intend to do any additional drilling on the S/2 of Section 34.

11/19/01: Filed notice of our intent to plug the Llano 34 State Com #1 well.

12/8/01: Mailed maps and write-ups to the SLO concerning further drilling in the S/2 of Section 34.

5/23/02: Oil Conservation Division Order No. R-11768 entered denying NEC application for two Non-standard spacing units in Section 34. **TAB 16.**

6/6/02: Paul Kautz in Hobbs advised that he is up to speed on the geology for a pool boundary change and does not need any information from NEC. If boundary changed, it would be on a motion made by the OCD.

6/22/02: Filed De Novo application for the 160-acre non-spacing unit application.

6/23/02: Raptor makes application for a continuance of the De Novo hearing from the scheduled July 19 hearing date to August 30, 2002.

8/7/02: Attorney for Redrock called regarding a nomenclature hearing.

8/9/02: Redrock filed a motion to dismiss or reopen the nomenclature hearing.

8/13/02: NEC filed a response to Redrock's motion to dismiss or reopen the nomenclature hearing. Agreed to consolidate the nonstandard spacing unit case and the nomenclature case and request Commission hearing.

8/13/02: NEC filed Joint Motion with Redrock to consolidate cases before the Commission.