

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date APRIL 22, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
<i>Les Clemente</i>	<i>N. M. O. C. D.</i>	<i>ARTESIA, N. M.</i>
<i>Danell Moore</i>	<i>N. M. O. C. D.</i>	<i>Artesia, N. M.</i>
<i>W. T. Kellobin</i>	<i>Kellobin Kellubi <u>ambrey</u></i>	<i>Santa Fe</i>
<i>Tom Olk</i>	<i>Meridian Oil</i>	<i>Midland, Tx</i>
<i>Paul Hulce</i>	<i>Byram</i>	<i>Santa Fe</i>

OF CONSERVATION DIVISION

JUN 11 1987

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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date APRIL 22, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
Santa Fe, New Mexico

22 April, 1987

EXAMINER HEARING

IN THE MATTER OF:

Called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Inc., et al, to appear and show cause why the Grynberg State Well No. 1, Chaves County, should not be plugged and abandoned in accordance with a Division approved plugging program. CASE 9120

BEFORE: Michael E. Stogner, Alternate Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

OIL CONSERVATION DIVISION

JUN 11 1987

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I N D E X

LES CLEMENTS

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MR. STOGNER: Call next Case Number 9120, which is in the matter called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Incorporated, and all other interested parties to appear and show cause why a certain well in Chaves County, New Mexico, should not be plugged and abandoned.

Call for appearances.

MR. TAYLOR: May it please the Examiner, I'm Jeff Taylor, Counsel for the Division and I have one witness.

MR. STOGNER: Are there any other appearances? There being none will the witness please stand and raise your right hand?

(Witness sworn.)

Mr. Taylor.

LES CLEMENTS,

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

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BY MR. TAYLOR:

Q Would you please state your name, position, and place of residence?

A Les Clements, Supervisor District II, Artesia, New Mexico.

Q Mr. Clements, how long have you held this position?

A Five years.

Q And how -- how long have you been employed by the Oil Conservation Division?

A 27 years and 1 month.

Q Have you previously testified before the Commission and have your credentials been accepted as a matter of record?

A Yes, sir.

MR. TAYLOR: Mr. Examiner, I tender the witness as an expert.

MR. STOGNER: He is so qualified, Mr. Taylor.

Q Mr. Clements, does District II include that part of Chaves County involved in this case?

A Yes, it does.

Q And do your duties as Supervisor of District II include making recommendations to the Commission as

1 to when wells should be plugged and abandoned?

2 A Yes, it does.

3 Q Are you familiar with the subject matter
4 of this case?

5 A Yes, I am.

6 Q What is the purpose of this case?

7 A To have Viking Petroleum to show cause
8 why this well should not be plugged.

9 Q Do you have -- have you reviewed all the
10 reports filed with the Commission concerning the well in
11 question here?

12 A Yes, I have.

13 Q Do you have these records with you?

14 A Yes, I do.

15 Q Would you please refer to the records
16 that pertain to this well and summarize its history?

17 First, I don't think we've stated the
18 name of the well.

19 A Okay, it's the Viking Petroleum Grynberg
20 State No. 1-A in Section 12, Township 11 South, Range 27
21 East, Chaves County, New Mexico.

22 Q Okay, and would you just briefly summar-
23 ize the well history as recorded in records on file?

24 A Yes. On April the 28th, 1981, a C-101
25 was approved by District II for Orla-Petco, Incorporated, to

1 drill this well.

2 This well was spudded May the 18th, 1981.

3 On June the 22nd, 1981, received a C-103
4 showing the running and cementing of the 8-5/8ths inch cas-
5 ing and this casing was set at a depth of 450 feet and
6 cement was circulated.

7 And after this surface casing was set,
8 the well was drilled to a total depth of 212 feet, and the
9 rig was -- and then this rig was moved off and no further
10 work was done.

11 MR. STOGNER: What was the
12 total depth you said?

13 A 2112.

14 MR. STOGNER: Thank you.

15 A On September the 15th, 1981, we received
16 a C-103 showing the change of ownership from Orla-Petco to
17 Viking Petroleum, Incorporated, and also this shows that
18 they suspended drilling operations at this time.

19 On September the 15th. 1981, we received
20 a C-101 asking to drill this well to the Abo formation at
21 5600 feet. After full investigation it was found that this
22 lease had expired and that Viking Petroleum could no longer
23 lay claim to drilling to the deeper depths.

24 Q So they didn't drill to 5600 feet --

25 A Right.

1 Q -- and as far as we know its -- its total
2 depth is 2112 feet?

3 A Yes, sir, that's right, and that's the
4 latest and the only information we have received from them
5 as of this date.

6 Q So the last form filed with the Commis-
7 sion was September 15th, 1981?

8 A Yes, sir.

9 Q Do you have any other communications rel-
10 ative to this case?

11 A Only a letter that we wrote and told them
12 that we were going to set it for a show cause hearing if
13 they didn't plug it, and that was dated January the 6th,
14 1987.

15 Q Okay, and that's -- okay, and since that
16 time the records would indicate that the Division has sent
17 notice to them of this hearing.

18 A Yes, sir.

19 Q Do you have a copy of that?

20 A The notice for the hearing?

21 Q Uh-huh.

22 A No, sir, I don't.

23 Q Okay, I'll supply a copy of that to the
24 file if it's not already in there.

25 A Oh, yes, I do.

1 Q Actually probably the hearing examiner
2 has a copy.

3 A You gave a file to keep for you.

4 Q Okay.

5 MR. STOGNER: What letter are
6 you--

7 MR. TAYLOR: Just the notice of
8 the hearing.

9 MR. STOGNER: And would that be
10 the letter --

11 MR. TAYLOR: With the return
12 receipt.

13 MR. STOGNER: -- dated April
14 7th?

15 MR. TAYLOR: Probably so.

16 A And the only thing I did, I left it over
17 in the Xerox room.

18 MR. STOGNER: Oh, no, that's
19 April 13th with the return receipt.

20 MR. TAYLOR: Right, the April
21 7th was to us from Les and April 13th was from us to them,
22 and because of the lateness of that, I would request that at
23 the end of the hearing today we keep this case open because
24 our rules require 20 days notice and obviously they haven't
25 got that, but as far as we know, Viking Petroleum no longer

1 exists.

2 MR. STOGNER: Thank you, Mr.
3 Taylor. How long do you propose we keep the record open?

4 MR. TAYLOR: Oh, well, a maxi-
5 mum of -- until the next hearing.

6 MR. STOGNER: Okay. Shall we
7 continue this case for the next hearing?

8 MR. TAYLOR: Yeah, and that --

9 MR. STOGNER: And call it at
10 that time?

11 MR. TAYLOR: That would allow
12 them to -- to get in contact with us if there's anybody
13 there.

14 I did have communication with
15 Grynberg Petroleum, who at various times have either claimed
16 to or to not have anything to do with Viking Petroleum. So
17 I'm not sure what their relationship, if any, is, and at one
18 time they said they'd look into whether they'd take these
19 wells over and I guess they decided that they wouldn't, so
20 if we get no response from Viking Petroleum it will be up to
21 the Division to plug these.

22 MR. STOGNER: Mr. Clements, has
23 this well been inspected?

24 A Yes, sir.

25 MR. STOGNER: And observed by

1 OCD personnel?

2 A Yes, sir.

3 MR. STOGNER: And what did he
4 observe, do you know?

5 A He observed that it was just the casing
6 was open to the air and no plugs. It's a cable tool loca-
7 tion and the location itself is not in, you know, doesn't
8 have any reserve pits or anything of that sort to cover up.

9 MR. STOGNER: Okay.

10 A Just the well. It would be simple to
11 plug; easy to plug.

12 MR. STOGNER: Do you propose to
13 -- oh, Mr. Taylor, do you have any other questions?

14 Q Yeah, I have a few more.

15 MR. STOGNER: Please continue.

16 Q In your opinion, Mr. Clement, would
17 failure to plug this well cause waste or contamination of
18 fresh water resources?

19 A Yes, sir, it certainly could cause pos-
20 sible contamination of fresh water and definitely reservoir
21 energy loss.

22 Q Are you prepared to recommend a plugging
23 program at this time or do you prefer to wait until we see
24 if the respondent is going to plug the well?

25 A I would prefer to wait to see if the

1 respondent is going to reply, and set a plugging procedure
2 at that time.

3 Q Is there anything else in the -- in the
4 well file or any other records that we need to bring to the
5 attention of the Examiner?

6 A No, sir, none that I know of.

7 Q Do you have anything further to add to
8 your testimony?

9 A No, sir, I certainly don't.

10 MR. TAYLOR: I think that's all
11 we have, then, Mr. Examiner.

12 I would just state that the
13 bond on this well was released and we can't tell exactly
14 how. Apparently a computer check indicated there was no --
15 there were no wells and in 1983 the bond was released. It
16 was a blanket bond so there's no bond on this well as of
17 now.

18 We did write a couple years ago
19 attempting to get them to rebond the well once we found out
20 there was a well without a bond and were unsuccessful, main-
21 ly because nobody responded from -- from Viking Petroleum.

22 But somebody, I would point
23 out, somebody did sign the return receipt that we sent to
24 them, so it's really unclear to us whether Viking Petroleum
25 exists or not.

1 MR. STOGNER: I notice there's
2 two addresses. Would you elaborate on this?

3 MR. TAYLOR: Well, currently,
4 we have just two addresses in the file. We had sent corres-
5 pondence to the Denver address and had received that back
6 and we subsequently found a Tulsa address and have been sen-
7 ding correspondence to there recently, and it has been
8 signed for.

9 Talking to the -- let's see, I
10 talked to this Miss Stolse, Miss Stosel (sic) in Denver and
11 she may now be located in Tulsa, but she said that there's
12 no direct connection between Viking Petroleum and Grynberg,
13 but I know on other occasions we've heard they're more or
14 less one and the same, so I'm just unclear as to what's
15 going on.

16 We'll clarify it in the future,
17 I guess.

18 MR. STOGNER: Okay.

19

20 CROSS EXAMINATION

21 BY MR. STOGNER:

22 Q Mr. Clements, what was the intent of this
23 well? Was it to go to a certain formation and then switch
24 over to rotary or what was it?

25 A Yes, sir. No, sir, the original intent

1 was just to drill it to the San Andres.

2 Q Did they penetrate the San Andres?

3 A Yes, sir, and then later on since the San
4 Andres was apparently very low productivity rate, or had a
5 very log productivity rate there, they intended to drill it
6 to the Abo, I assume, by the 101 that they filed.

7 MR. STOGNER: Okay, I have no
8 further questions of Mr. Clements.

9 Are there any other questions
10 of this witness?

11 If not, he may be excused.

12 This case will be continued at
13 the May 6th, 1987 hearing to be held here. At that time
14 we'll call for any additional appearances and the record
15 will be kept open between now and that time.

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17 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY the foregoing Transcript of Hearing before
the Oil Conservation Division (Commission) was reported by
me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9/10
heard by me on 9/10 1987.
Walter E. Hayes Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
Santa Fe, New Mexico

6 May, 1987

EXAMINER HEARING

IN THE MATTER:

Called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Inc., et al, to appear and show cause why the Grynberg State Well No. 1, Chaves County, should not be plugged and abandoned in accordance with a Division approved plugging program.

CASE
9120

BEFORE: Michael E. Stogner, Alternate Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

1 MR. CATANACH: Call Case 9120.

2 In the matter of the hearing
3 called by the Oil Conservation Division on its own motion to
4 permit Viking Petroleum, Incorporated, and all other
5 interested parties to appear and show cause why the Viking
6 Petroleum Incorporated Grynberg State Well No. 1, Chaves
7 County, New Mexico, should not be plugged and abandoned in
8 accordance with a Division approved plugging program.

9 Are there appearances in this
10 case?

11 MR. TAYLOR: May it please the
12 Examiner, I'm Jeff Taylor, Counsel for the Division.

13 This case was heard April 22nd,
14 I believe, at which time we put on our testimony as to why
15 the well should be plugged.

16 Subsequent to that I received a
17 letter from Richard Harris, who is an attorney for Viking
18 Petroleum Inc. and I'd like to make this letter a part of
19 the record.

20 Mr. Harris states that after
21 checking the records it appears that Viking Petroleum never
22 had either any ownership interest nor operating interest in
23 this well and that he speculates that an employee of
24 Grynberg filed a change of operator form with us putting the
25 well under Viking without any authority.

1 And I guess I request that this
2 case be continued again until at least the May 20th hearing
3 so I can check into whether it was actually without any
4 authority from Viking or whether there was some agreement
5 that Viking would let them operate this well under their
6 bond.

7 Otherwise I would feel from the
8 contents of the letter that Viking would not be responsible
9 for plugging this well, if they actually had no interest in
10 it at any time.

11 MR. CATANACH: Do you know, Mr.
12 Taylor, do you know who that individual was?

13 MR. TAYLOR: Yeah, it was a
14 Nancy Stotzle (sic) or something. He's misspelled the name
15 on this but I'm -- I know who the person is and she does
16 work for Grynberg and she did sign the 103 as far as I
17 remember.

18 I don't have the file with me
19 but if she never worked for Viking Petroleum, I would assume
20 she had no authority to file that 103, putting the well
21 under their -- under the operations of Viking.

22 So I don't know where we would
23 be if that's -- if that's the case.

24 But I suppose we would go ahead
25 and have the well plugged, although it might be at State

1 expense if we couldn't determine who should be responsible.

2 MR. CATANACH: It's my
3 understanding that Case 9120 was continued to this hearing
4 for additional notice, is that correct?

5 MR. TAYLOR: Right. I can't
6 recall if the notice was not sent out in sufficient time to
7 allow Viking to respond, is what it was. We just gave them
8 10 days or something rather than the required 20 days.

9 So I'd just like to ask for
10 another continuance so that I might try to clarify who may
11 be responsible for plugging the well.

12 MR. CATANACH: Okay, that being
13 the case, we'll continue Case 9120 until May 20th.

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15 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY the foregoing Transcript of Hearing before
the Oil Conservation Division (Commission) was reported by
me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9120,
heard by me on May 6 1987.
David L. Catanzul, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

20 May 1987

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Viking Petroleum and all other interested parties to appear and show cause why Grynberg State Well No. 1 in Chaves County, New Mexico should not be plugged and abandoned in accordance with a Division approved plugging program.

CASE
9120

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

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MR. STOGNER: The hearing will come to order to consider Docket No. 16-87. Today is Wednesday, May 20th, 1987. I'm Michael E. Stogner, the alternate examiner.

We will first call Case Number 9120, which is in the matter called by the Oil Conservation Division on its own motion to permit Viking Petroleum, Incorporated, and all other interested parties to appear and show cause why a certain well in Chaves County, should not be plugged and abandoned in accordance with a Division approved plugging program.

Call for appearances.

MR. TAYLOR: May it please the Examiner, I'm Jeff Taylor, Counsel for the Division.

We heard this case, I guess on May 6th, at which time the Division presented its case as to why the well should be plugged.

Subsequent to that hearing I got a letter from Viking Petroleum in which they stated that they had never had any interest in this well and that the change of operator notice was filed by someone else without their knowledge.

So I guess I would request a continuance while we try to investigate who may actually be

1 responsible for this well, although it is shown in our re-
2 cords as operated by Viking Petroleum. We need to determine
3 whether they really have no interest in that well, and if
4 they don't, who does.

5 MR. STOGNER: For how long do
6 you request this continuance?

7 MR. TAYLOR: How about if we go
8 another month?

9 MR. STOGNER: Okay, will June
10 17th be sufficient?

11 MR. TAYLOR: Sure, that will be
12 fine.

13 MR. STOGNER: Case No. 9020
14 will be continued to the Examiner's hearing scheduled for
15 June 17th, 1987, so this matter may be straightened out.

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17 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY the foregoing Transcript of Hearing before
the Oil Conseration Division (Commission) was reported by
me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9120.
heard by me on 20 May 1987.

Michael E. [Signature] Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 17 June 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The matter called by the Oil Conser- Case
10 vation Division on its own motion to 9120
11 permit Viking Petroleum , Inc., and
12 all other interested parties to ap-
13 pear and show cause why a certain
14 Well in Chaves County, New Mexico,
15 should not be plugged and abandoned
16 in accordance with a Division ap-
17 proved plugging program.

18 BEFORE: Michael E. Stogner, Examiner

19 TRANSCRIPT OF HEARING

20 A P P E A R A N C E S

21 For the Division:

22 Jeff Taylor
23 Legal Counsel for the Division
24 Oil Conservation Division
25 State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicants:

OIL CONSERVATION DIVISION

JUN 28 1987

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MR. STOGNER: This hearing will come to order.

We'll call Case Number 9120, which is in the matter called by the Oil Conservation Division on it's own motion to permit Viking Petroleum, Incorporated, and all other interested parties to appear and show cause why a certain well in Lea County -- I'm sorry, in Chaves County, should not be plugged and abandoned.

Call for appearances.

MR. TAYLOR: Mr. Examiner, I'm Jeff Taylor, Counsel for the Division.

Since I have not heard from I suppose it's Viking that we've written to asking for clarification, I guess it would be satisfactory to me if you took this matter under advisement and we could reopen it if the necessity arises.

MR. STOGNER: There appearing there's no other objections today, this case, which was heard on April 22nd, 1987, and continued to May 6th, May 20th, and to today's hearing, and the record was left open all these times, this case will now be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9120, heard by me on 17 June 1987.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 9120
Order No. R-8678

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, NMPM, CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 22, May 6, May 20 and June 17, 1987, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach.

NOW, on this 1st day of July, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Records at the New Mexico Oil Conservation Division show that Viking Petroleum, Inc. is the owner and operator of the 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, NMPM, Chaves County, New Mexico.

(3) The current condition of said well could be such that waste may occur, correlative rights may be violated, and/or fresh water may be contaminated if action is not taken to properly plug and abandon the well.

(4) At this time the subject well is not covered by a plugging bond.

(5) The Grynberg State Well No. 1, as described above, should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division on or before September 1, 1988, or the well should be returned to active drilling status or placed on production.

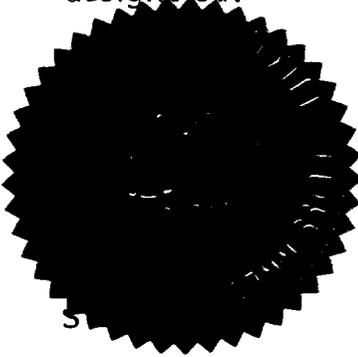
IT IS THEREFORE ORDERED THAT:

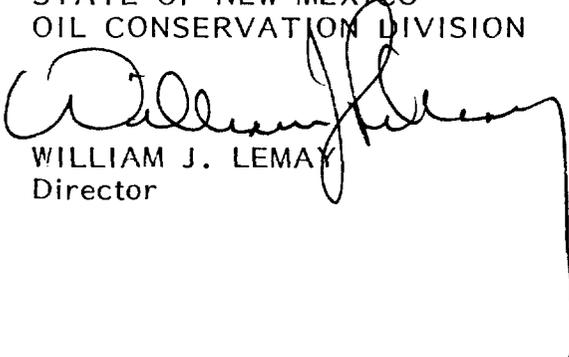
(1) Viking Petroleum, Inc. is hereby ordered to plug and abandon the Grynberg State Well No. 1, located 330 feet from the North and East lines (Unit A) of Section 12, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before September 1, 1988.

(2) Viking Petroleum, Inc., prior to plugging and abandoning the above-described well, shall obtain from the Artesia office of the Division a Division-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director