

STATE OF NEW MEXICO
COUNTY OF LEA

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

AP 110 EXHIBIT NO. 5
CASE NO. 9043

BEFORE ME on this 12th day of May, 1986, personally appeared
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
undesigned 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 undesigned
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

