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NEW MEXICO OIL CONSERVATION COMMISSION

APR 12 1982

O. C. D.  
ARTESIA, OFFICE

50-005-61540  
Form C-101  
Revised 1-1-65

A. Indicate Type of Lease	
STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
B. State Oil & Gas Lease No. LG-565	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name N/A
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		8. Farm or Lease Name Grynberg, 12 State "Com"
2. Name of Operator Viking Petroleum Inc. ✓		9. Well No. 1
3. Address of Operator 1050 17th Street, Suite 1950, Denver, Colorado 80265		10. Field and Pool, or Wildcat Pecos Slope-ABO
4. Location of Well UNIT LETTER _____ LOCATED 1980 FEET FROM THE South LINE AND 660 FEET FROM THE East LINE OF SEC. 12 TWP. 5 S RGE. 24 E NMPM		12. County Chaves
19. Proposed Depth 4200'		19A. Formation ABO
20. Rotary or C.T. Rotary		21. Elevations (Show whether D.F., R.T., etc.) 3912.0'
21A. Kind & Status Plug. Bond Current Blanket		21B. Drilling Contractor Aztec
22. Approx. Date Work will start May 8, 1982		

23. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
13-1/2"	10-3/4"	32.75#	900'	Cement to Surface	
7-7/8"	4-1/2"	10.5#	4200'	500' Above Top of Pay	

1. Spud well, drill 13-1/2" hole to 900', run 10-3/4" surface casing.
2. Drill 7-7/8" hole to 4200', checking B.O.P. daily.
3. Run tests and logs as needed.
4. Run 4-1/2" producing casing to 4200' if warranted.
5. Perforate and stimulate as needed.

Posted ID-1  
API & PL Book  
4-16-82

In the event that circulation is lost while drilling 7-7/8" hole and intermediate casing is needed, the hole will be reamed and 1500' of 7-5/8" intermediate casing will be set.

B.O.P. Diagram is attached.

Gas in not dedicated.

APPROVAL VALID FOR 180 DAYS  
PERMIT EXPIRES 10-16-82  
UNLESS DRILLING UNDERWAY

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Deborah Hill Title Agent Date 4-8-82  
DEBORAH HILL, JACK GRYNBERG AND ASSOCIATES  
(This space for State Use)

APPROVED BY [Signature] TITLE Oil and Gas Inspector DATE APR 16 1982  
CONDITIONS OF APPROVAL, IF ANY:

All distances must be from the outer boundaries of the Section.

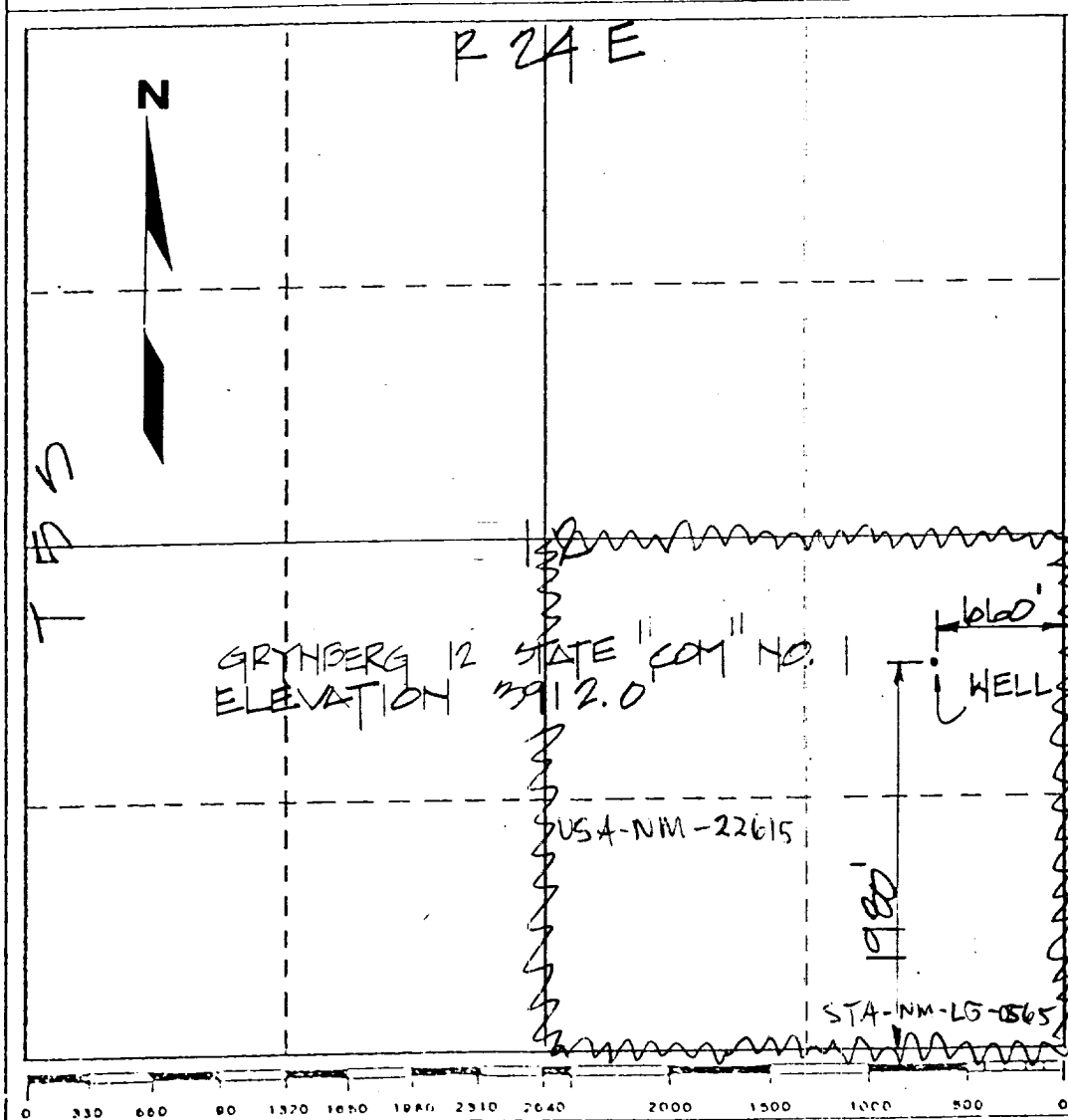
Operator <b>Viking Petroleum Inc.</b>			Lease <b>Grynberg 12 State "COM"</b>		Well No. <b>No. 1</b>
Unit Letter <b>I</b>	Section <b>12</b>	Township <b>5-S</b>	Range <b>24-E</b>	County <b>Chaves</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>SOUTH</b> line and <b>660</b> feet from the <b>EAST</b> line					
Ground Level Elev. <b>3912'</b>	Producing Formation <b>ABO</b>		Pool <b>Pecos Slope ABO</b>		Dedicated Acreage: <b>160</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation force-pooling, Order 6295; 4/5/82

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



#### CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name  
Agent  
Position  
**Viking Petroleum Inc.**

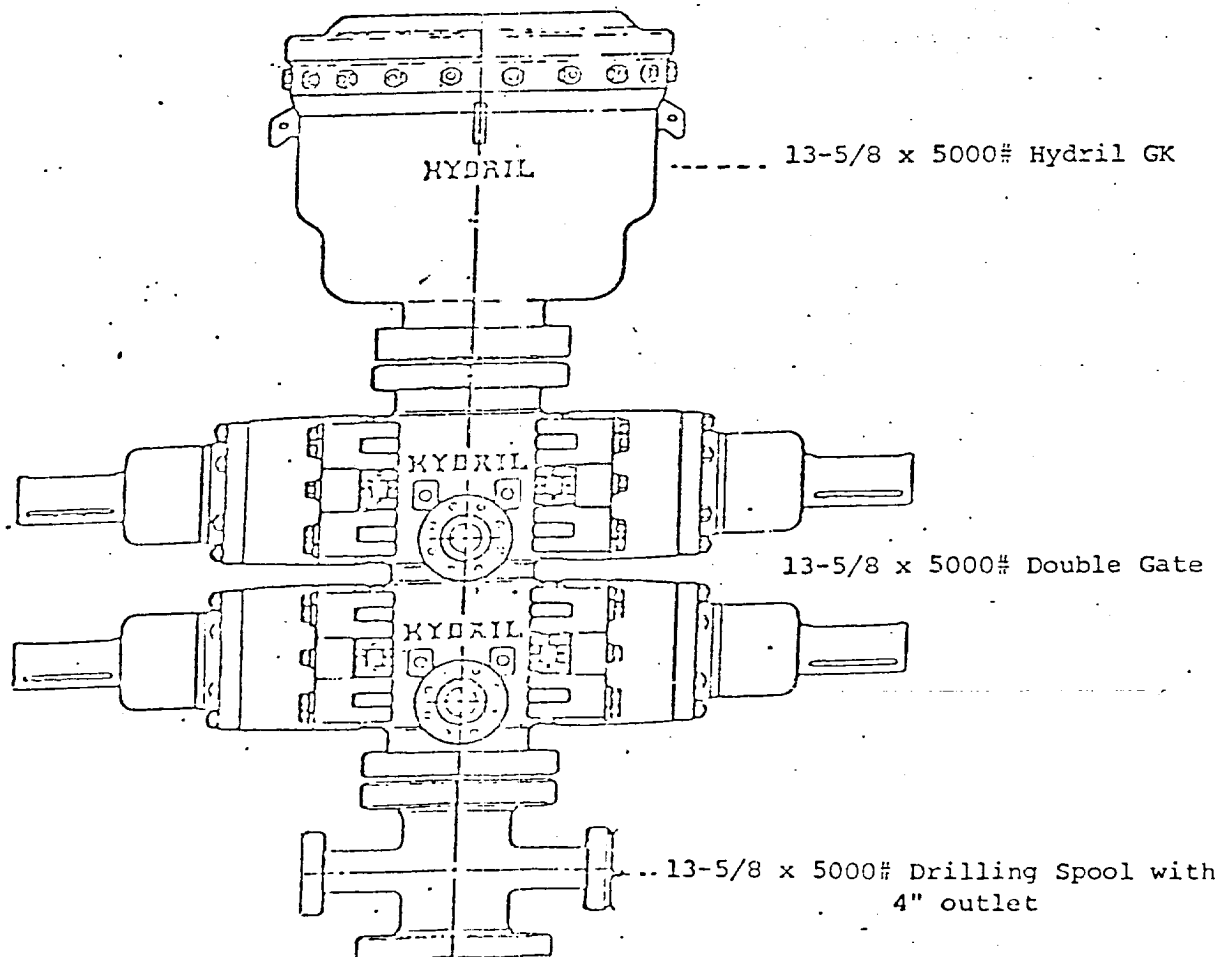
Company  
**Jack Grynberg & Assoc.**

Date  
**4/12/82**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

9 April 1982  
Date Signed  
**C. CLAUSEN**  
Registered Professional Engineer  
and/or Land Surveyor  
**6547**  
**David Clausen, PLS**  
N.M. License No. **6547**  
Certificate No.

# B.O.P. Stack



All items H<sub>2</sub>S trimmed

ATTACHMENT

VIKING PETTOLEUM INC.  
GRYNBERG 12 STATE "COM" #1

<u>Name</u>	<u>Acres</u>	<u>Working Interest</u>
JACK J. GRYNBERG	80 Acres	50%
MESA PETROLEUM COMPANY	40 Acres	25%
CORONA OIL COMPANY	<u>40 Acres</u>	<u>25%</u>
	160 Acres	100%

Leasehold Interest Parties

1. Lessor: State of New Mexico  
Original Lessee: Jack J. Grynberg  
Present Lessee: Celeste C. Grynberg  
  
Expiration Date of Lease: HBP  
Serial No. of Lease: STA-NM-LG-0565  
Description: Township 5 South - Range 24 East  
                  Section 12: E/2SE/4  
(Limited to portion included  
in contract area)
2. Lessor: United States  
Original Lessee: ) Mesa Petroleum Company  
Present Lessee: ) Corona Oil Company  
  
Expiration Date of Lease: HBP  
Serial No. of Lease: USA-NM-22615  
Description: Township 5 South - Range 24 East  
                  Section 12: W/2SE/4  
(limited to portion included  
in contract area)

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

RECEIVED

APR 12 1982

O. C. D.  
ARTESIA, OFFICE

CASE NO. 7476  
Order No. R-6925

APPLICATION OF JACK J. GRYNBERG FOR  
COMPULSORY POOLING, CHAVES COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of April, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That on December 31, 1981, the applicant, Jack J. Grynberg, filed applications seeking an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, NMPM, Chaves County, New Mexico.

(3) That the applicant's subsequent request for dismissal of his request to pool the mineral interests under the NE/4 of said Section 12 should be approved.

(4) That on February 22, 1982, Mesa Petroleum Company filed an application seeking an order pooling all mineral interests down through and including the Abo formation also underlying the SE/4 of said Section 12.

(5) That the Mesa Petroleum Company application was set as Case No. 7513 and was consolidated for purposes of testimony with the subject case.

- (6) That the applicant has the right to drill and proposes to drill a well at standard locations on each unit.
- (7) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.
- (9) That the applicant is the owner of the single greatest interest in the proposed proration unit.
- (10) That the applicant should be designated the operator of the subject well and unit.
- (11) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.
- (12) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the wells.
- (13) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but costs in the absence of such objection.
- (14) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.
- (15) That \$2500.00 per month while drilling and \$250.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate

share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(16) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(17) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before July 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

(18) That the application of Mesa Petroleum Company in Case No. 7513 should be denied.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Abo formation underlying a 160-acre gas spacing unit, being the SE/4 of Section 12, Township 5 South, Range 24 East, NMPM, Chaves County, New Mexico, are hereby pooled and are to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said wells on or before the 1st day of July, 1982, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Abo formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said wells not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Jack J. Grynberg is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall

furnish the Division and each known working interest owner in the unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.



(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2500.00 per month while drilling and \$250.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths ( $7/8$ ) working interest and a one-eighth ( $1/8$ ) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Chaves County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That that portion of this application which seeks the pooling of mineral interests underlying the NE/4 of Section 12, Township 5 South, Range 24 East, NMPM, Chaves County, New Mexico, is hereby dismissed.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 7476  
Order No. R-6925

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*[Signature]*  
JOE D. RAMERY,  
Director

S E A L

Forms will be submitted to  
change operator ~~to~~ to *Guyenberg*.  
+ will submit a new bond  
5-3-82 4 PM. C. S. P.