(2)(B) That the allowable factor for a well drilled at either of the proposed unorthodox locations described in Finding No. (1) above should be calculated as follows:

Allowable = 150 (Finding 4) = 0.30
Factor 500 (Finding 2)

(3) That the acreage set up on allowable factor as described in Finding No. (2) above will protect the applicant's correlative just and equitable share with respect to the source of supply in Pennsylvanian Gas Pool, will protect applicant's correlative rights and prevent waste, and will protect the correlative rights of offset operators in the pool.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian

formation is hereby approved for a well to be located at a point 800

feet from the North line and 790 feet from the East

line of Section 27, Township 22 South, Range 33 East,

Lea County, Unless Hearing Examiner for Oil Conservation Division, previously authorized, shall, after notice and hearing as in other cases, order otherwise; the allowable factor for said

well shall be 0.30.

(2) That 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.

CASE 6844: APPLY FOR NSP AND NSGU, NEW POOL, ETC. FOR STANDARD GAS PRODUCING STATUS, ETC. FOR STANDARD GAS PRODUCING STATUS, AND TO CONTRACT UNIT, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order for the establishment of a non-standard gas proration unit comprising the NW/4 of Section 27, Township 22 South, Range 33 East, Lea County, New Mexico, to be dedicated to its Pennsylvanian gas well to be drilled at a point 800 feet from the North line and 790 feet from the East line of said Section 27, and for the establishment of a new gas pool for said well and the promulgation of special rules therefor, including a provision for 320-acre spacing and proration units.

CASE 6844: APPLY FOR NSP AND NSGU, NEW POOL, ETC. FOR STANDARD GAS PRODUCING STATUS, ETC. FOR STANDARD GAS PRODUCING STATUS, AND TO CONTRACT UNIT, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order for the establishment of a non-standard gas proration unit comprising the NW/4 of Section 27, Township 22 South, Range 33 East, Lea County, New Mexico, to be dedicated to its Pennsylvanian gas well to be drilled at a point 800 feet from the North line and 790 feet from the East line of said Section 27, and for the establishment of a new gas pool for said well and the promulgation of special rules therefor, including a provision for 320-acre spacing and proration units.

CASE NO. 6844

Application,
Transcripts,
Small Exhibits

CAMPBELL and BLACK, P.A.

March 15, 1960

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Case 6844: Application of Coyle Hartman for Non-Standard Position, Lea County, New Mexico

Dear Mr. Ramey:

This letter is to advise you that the applications filed on behalf of Coyle Hartman which were consolidated into the above-styled case for hearing on March 16, 1960 are the subject matter of Mr. Hartman's supplemental posting application. I have discussed the matter with Mr. Hartman and have been informed by Mr. Hartman's application, thereby benefiting Aztec Oil and Gas Company doing those things Mr. Hartman was requesting to have done.

Your attention to this matter is appreciated.

Very truly yours,

CAMPBELL and BLACK, P.A.

By: William F. Carr

WFC:mr

cc: Mr. Burt Mossman

CASE 6846: Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6834: (Continued and Readvertised)

Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its SEMU Burger Well No. 107 at an unorthodox location 2615 feet from the South and East lines of Section 19, Township 20 South, Range 38 East, to produce oil from the Blinebry Oil and Gas and Drinkard Pools.

CASE 6837: (Continued from March 12, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6847: Application of Tenneco Oil Company for dual completions and downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete, in such a manner as to produce gas from the Dakota formation and commingled Chacra and Mesaverde production through parallel strings of tubing, ten proposed wells to be located as follows: in Township 29 North, Range 10 West: Unit C, Section 19; Unit K, Section 19; Unit A, Section 30; and Unit D, Section 30; in Township 29 North, Range 11 West: Unit C, Section 24; Unit O, Section 24; Unit A, Section 25; Unit D, Section 25; Unit M, Section 25; and Unit P, Section 25.

CASE 6818: (Continued from March 12, 1980, Examiner Hearing)

Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

CASE 6849: (This is the same matter as was previously designated Case No. 6813.)

Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized [illegible] of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and [illegible] feet from the West line of said Section 13.

CASE 6848: Application of Petroleum Development Corporation for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Querecho Plains-Bone Spring Pool to comprise the Upper Bone Spring formation only, from 8390 feet to 8660 feet on the log of its McKay West Federal Well No. 1 located in Unit [illegible] of Section 34, Township 18 South, Range 32 East, and the creation of the Querecho Plains-Lower Bone Spring Pool to comprise said formation from 8660 feet to the base of the Bone Spring underlying the [illegible] of said Section 34.

CASE 6826: (Continued from March 12, 1980, Examiner Hearing)

[illegible]

Docket No. 8-80

Dockets Nos. 9-80 and 10-80 are tentatively set for April 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 26, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6838: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 11, 12, and 13, Township 19 South, Range 30 East, and Sections 7 and 18, Township 19 South, Range 31 East.

CASE 6839: Application of Kimbell Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Chacra and South Blanco-Pictured Cliffs production in the wellbore of its Salazar Well No. 4-26 to be located in Unit O of Section 26, Township 25 North, Range 6 West.

CASE 6840: Application of Union Texas Petroleum for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of its Johnston Federal Well No. 11Y located in Unit N of Section 7, Township 31 North, Range 9 West.

CASE 6841: Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.

CASE 6842: Application of ARCO Oil and Gas Company for an unorthodox gas well location, simultaneous dedication, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its W. C. Roach Well No. 6, 660 feet from the North line and 1980 feet from the West line of Section 21, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its W. C. Roach Well No. 1 in Unit D to the W/2 of said Section 21. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.

CASE 6843: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SW/4 SE/4 and the second being the SE/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6844: Application of Arrowhead Oil Corporation for two exceptions to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Creek Federal Well No. 3 at an unorthodox location [illegible] feet from the North line and 2350 feet from the East line and its Creek Federal Well No. 4 to be drilled in Unit [illegible], both in Section [illegible], Township [illegible] South, Range 30 East, by setting surface casing at a depth of approximately 600 feet and production casing at total depth. The production casing would have cement circulated back to the potash zone in the salt section.

CASE 6845: Application of Marathon Oil Company for an unorthodox gas well location, Eddy County, New Mexico. [illegible]

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

March 12, 1980

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Doyle Hartman for Compulsory Pooling, Unorthodox Well Location and Non-Standard Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman in the above-referenced matter.

The applicant requests that this matter be readvertised to include the Queen, Penrose and Grayburg formations and be included on the docket for the examiner hearing scheduled to be held on April 9, 1980.

Very truly yours,

[signature]

William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO. Case ________

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumong Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a. Flour Oil & Gas Corporation 1/16

b. Gary E. Leascher and Cynthia B. Leascher and Michael Sullivan and Gail Sullivan 1/16

c. Texaro Oil Company 1/40

d. Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased 28/120

e. Edith G. Socolow and A. Walter Socolow, individually and as Trustees under Agreement dated November 24, 1976 28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By [signature]
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case _____

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a. Flour Oil & Gas Corporation 1/16

b. Gary K. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c. Texaco Oil Company 1/40

d. Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-Trustees under the Will of Dorothy Gutman, deceased 28/120

e. Edith G. Sooslow and A. Walter Sooslow, Individually and as Trustees under Agreement dated November 24, 1976 28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

-2-

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____

Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case _____

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a. Flour Oil & Gas Corporation 1/16

b. Gary K. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c. Texaco Oil Company 1/40

d. Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-Trustees under the Will of Dorothy Gutman, deceased 28/120

e. Edith G. Sooslow and A. Walter Sooslow, Individually and as Trustees under Agreement dated November 24, 1976 28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

-2-

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____

Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL W. EATON, JR.

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE 988-4421

March 12, 1980

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Doyle Hartman for Compulsory Pooling, Unorthodox Well Location and Non-Standard Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman in the above-referenced matter.

The applicant requests that this matter be readvertised to include the Queen, Penrose and Grayburg formations and be included on the docket for the examiner hearing scheduled to be held on April 9, 1980.

Very truly yours,

William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 7076

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the N/2 NE/4 of Section 13, Township 21 South, Range 36 East, Kumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the N/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the N/2 NE/4 of said Section 13 except for the following working interest owners:

a. Fluor Oil & Gas Corporation 1/16

b. Gary L. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c. Texaco Oil Company 1/16

d. Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Guttman, deceased 28/120

e. Edith G. Socolow and A. Walter Socolow, individually and as Trustees under Agreement dated November 24, 1976.

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By William F. Carr

William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 7076

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the N/2 NE/4 of Section 13, Township 21 South, Range 36 East, Kumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the N/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the N/2 NE/4 of said Section 13 except for the following working interest owners:

a. Fluor Oil & Gas Corporation 1/16

b. Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c.	Texaro Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow, individually and as Trustees under Agreement dated November 24, 1976.	

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6846

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Queen, Penrose and Grayburg Formations in and under the N/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the N/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the N/2 NE/4 of said Section 13 except for the following working interest owners:

a.	Fluor Oil & Gas Corporation	1/16
b.	Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan	1/16

c. Texaro Oil Company 1/40

d. Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased 28/120

e. Edith G. Socolow and A. Walter Socolow, individually and as Trustees under Agreement dated November 24, 1976.

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By William F. Carr

William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for two compulsory poolings, Two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

CASE 6846

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-E
Santa Fe, New Mexico 87501
Phone (505) 455-7409

MR. STAMETS: Call next Case 6846.

MR. PADILLA: Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

MR. STAMETS: Applicant in this case has requested that it be continued to the April 9th Examiner Hearing and it shall be.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6846, heard by me on 3-26 1980.

Richard L. Stamets, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for two compulsory poolings, Two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

CASE 6346

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

MR. STAMETS: Call next Case 6346.

MR. PADILLA: Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

MR. STAMETS: Applicant in this case has requested that it be continued to the April 9th Examiner Hearing and it shall be.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

REPORTER'S CERTIFICATE

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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. ____, heard by me on ____, 19__.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6850: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6851: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878 and amended by R-5878-A. The proposed amendments would make said SPECIAL RULES conform to FERC Order No. 65 which promulgated final regulations implementing filing requirements of the Natural Gas Policy Act of 1978.

CASE 6852: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider special rules and procedures for the designation of "tight formations" or "tight sands" as outlined in the FERC interim rules and regulations issued February 20, 1980, relating to Section 107(b) of the Natural Gas Policy Act of 1978.

CASE 6853: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha-Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6854: Application of Jack A. Cole for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Hills Well No. 6, 1326 feet from the North line and 1843 feet from the West line of Section 17, Township 23 North, Range 3 West, Ballard-Pictured Cliffs Pool, the NW/4 of said Section 17 to be dedicated to the well.

CASE 6841: (Continued from March 26, 1980, Examiner Hearing)

Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.

CASE 6855: Application of Dome Petroleum Corporation for an unorthodox well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Santa Fe 3 Well No. 1 to be drilled 1220 feet from the North line and 900 feet from the West line of Section 3, Township 21 North, Range 10 West.

CASE 6856: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Fusselman production in the wellbore of its C. C. Fristoe "B" Federal NCT-2 Well No. 6 located in Unit H of Section 34, Township 24 South, Range 37 East, Justis Field.

CASE 6857: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 14 Well No. 1, a Morrow test to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

CASE 6843: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6858: Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Bluitt-Wolfcamp gas and condensate production from ten federal wells located as follows: Units K and P of Section 33 and L of 34, Township 7 South, Range 37 East; Units D and L of Section 3, C and J of 4, I of 5, C of 9 and G of 10; and one fee well in D of 10, all in Township 8 South, Range 37 East. Applicant would separate and meter the gas and condensate production from each well, then recombine the well's stream and commingle all wells into a small gasoline plant. Allocation of gas and condensate to each well would be on the basis of wellhead meter readings and allocation of gasoline plant production would be on the basis of gas production and BTU content at each well.

CASE 6859: Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6860: Application of Flag-Redfern Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit P of Section 3, Township 19 South, Range 31 East.

CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6837: (Continued from March 26, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6862: Application of ARCO Oil and Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 157 "D" Well No. 11 drilled 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, Drinkard Pool, the NW/4 SE/4 of said Section 12 to be dedicated to the well.

CASE 6863: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, to produce undesignated Atoka and Morrow gas thru parallel strings of tubing.

CASE 6864: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Smith Ranch Well No. 11, to be drilled 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, Teas-Penn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.

Docket No. 9-80

CASE 6846: (Amended)

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

CASE 6846: (Continued from March 26, 1980, Examiner Hearing)

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 SE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 SE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6865: Application of Getty Oil Company to reopen Case No. 6608, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 6608 for consideration of the establishment of maximum efficient rates of withdrawal from the Grama Ridge-Wolfcamp Gas Pool.

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Docket No. 10-80

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980

8:45 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard befor Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Docket No. 11-80

DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

March 6, 1980

Case 6946

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Doyle Hartman for Compulsory Pooling, Unorthodox Well Location and Non-Standard Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on March 26, 1980.

Very truly yours,

William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6816

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennrose Formation in and under the N/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the N/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the N/2 NE/4 of said Section 13 except for the following working interest owners:

a.	Fluor Oil & Gas Corporation	1/16
b.	Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan	1/16

c.	Texaro Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow	28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6846

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennrose Formation in and under the N/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the N/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the N/2 NE/4 of said Section 13 except for the following working interest owners:

a.	Fluor Oil & Gas Corporation	1/16
b.	Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan	1/16

c.	Texaro Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow	23/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

March 7, 1980

Case 6846

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Doyle Hartman for Compulsory Pooling, Unorthodox Well Location and Non-Standard Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on March 26, 1980.

Very truly yours,

William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6846

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennrose Formation in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a.	Fluor Oil & Gas Corporation	1/16
b.	Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan	1/16

c.	Texaro Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow	28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By William F. Carr

William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6846

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennrose Formation in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a. Fluor Oil & Gas Corporation 1/16

b. Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c.	Texaro Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow	28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case 6846

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennrose Formation in and under the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 53% of the working interest in and under the S/2 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 NE/4 of said Section 13 except for the following working interest owners:

a. Fluor Oil & Gas Corporation 1/16

b. Gary E. Leascher and Cynthia D. Leascher and Michael Sullivan and Gail Sullivan 1/16

c.	Texaco Oil Company	1/40
d.	Betti G. Guttag and Jack Guttag and Charles Guttag, individually and as co-executors under the Will of Dorothy Gutman, deceased	28/120
e.	Edith G. Socolow and A. Walter Socolow	28/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

4. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its order pooling the land, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling, equipping and completing the well and further approving the non-standard proration unit and the unorthodox location for said well and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Bill Carr
2/29/80

Doyle Hartman
Compulsory Pooling, Non-
Standard Proration Unit,
Unorthodox Location

80-acre
Eumont Gas Pool

N/2 NE/4
1330/N + 2310/E
13-T21S-R36E
Penrose formation

OIL CONSERVATION COMMISSION-SANTA FE

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Bill Carr
2/29/60

Doyle Hartman

Compulsory Pooling, Non-Standard Proration Unit, Unorthodox Well Location

80-acre
Eumont Gas Pool.

S/2 NE/4
1650/N + 2310/E 13-T21S-R36E
Penrose formation

OIL CONSERVATION COMMISSION-SANTA FE

DRAFT

dr/

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:

CASE NO. 6846

Order No. R- 6333

APPLICATION OF DOYLE HARTMAN FOR
TWO COMPULSORY POOLINGS, TWO NON-STANDARD
GAS PRORATION UNITS, AND TWO UNORTHODOX
WELL LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 9, 19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 19 80, 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 in this case the applicant, Doyle Hartman, applied for ~~seeks~~ an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, T-21-S, R-36-E, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

(3) That the applicant has the right to drill and proposes to drill ~~a well~~ on the aforesaid lands.

(4) That there are interest owners in the proposed proration units who have not agreed to pool their interests.

(5) That at the hearing the applicant was permitted to amend each of the above-described unorthodox locations to a new position less unorthodox than originally requested and less likely to impair correlative rights than the original locations; and that said amended unorthodox locations would be 1650 feet from the North line and 1980 feet from the East line of Section 13, and 330 feet from the North line and 1980 feet from the East line of Section 13, respectively.

(6) That there is no necessity for the formation of two 80-acre non-standard proration units in the NE/4 of Section 13, nor for an order pooling all mineral interests in the Eumont Gas Pool underlying each of the proposed 80-acre units, inasmuch as all ownership throughout the NE/4 of said Section 13 is identical throughout, and the purposes of conservation would be served more adequately by the approval of a single 160-acre non-standard unit comprising said lands and an order pooling all mineral interests underlying the NE/4 of said Section 13.

(7) That there is an old Eumont Gas well which has not been plugged and abandoned on said lands, being the Getty Oil Company Marshall Well No. 1 located in Unit G of Section 13, and the NE/4 of Section 13 is dedicated to this temporarily ~~abandoned~~ abandoned well.

(8) That because of the aforesaid old well, if the applicant is to obtain an NGPA gas well category determination as a new onshore production well for either or both of the wells proposed in this case, it will be necessary to obtain findings as to the necessity for either or both of said wells after they have been drilled.

(9) That the application for two 80-acre non-standard gas proration units and two compulsory poolings should be denied and an order entered approving one 160-acre non-standard gas proration unit comprising the NE/4 of Section 13, Township 21 South, Range 36 East, NMPM, and pooling all mineral interests in the Eumont Gas Pool thereunder, said unit to be dedicated to two wells to be drilled at unorthodox locations, one being 1650 feet from the North line and 1980 feet from the East line of said Section 13 and the other being 330 feet from the North line and 1980 feet from the East line of Section 13, provided however, that the well proposed to be drilled at a point 1650 feet from the North line and 1980 feet from the East line should be drilled first, and the second well should not be drilled until a reasonable period of time has elapsed in which to evaluate the production characteristics of the first well.

(10) That such an order would avoid the drilling of unnecessary wells, would protect correlative rights, and would 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.

(11) That the applicant should be designated the operator of the subject well(s) and unit.

(12) That with respect to each well individually, 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.

(13) That with respect to each well, any non-consenting working interest owner that 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 well.

(14) That with respect to each well, any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) That with respect to each well, following determination of reasonable well costs, any non-consenting working interest owner that 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.

while drilling and $375.00 while producing

(16) That $3000.00 per month should be fixed as reasonable charges for supervision (combined fixed rates) for each well; 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 wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(17) That all proceeds from production from the subject wells 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.

(18) That upon the failure of the operator of said pooled unit to commence drilling of the first well herein authorized to which said unit is dedicated on or before July 15, 1980, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That the application of Doyle Hartman to pool all mineral interests, whatever they may be, in the Eumont Gas Pool ~~formation~~ underlying ~~the~~ ~~two 80-acre~~ two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, ~~of Section~~, Township 21 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the East line of said Section 13 ~~County, New Mexico~~ and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be ~~hereby pooled for a standard acreage gas spacing~~ drilled at an unorthodox location 330 feet from the North line and 1980 feet from ~~and proration unit to be dedicated to a well to be drilled~~ East line of said Section 13 is hereby denied.

(2) That all mineral interests, whatever they may be, in the Eumont Gas Pool underlying the NE/4 of Section 13, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 160-acre non-standard gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the East line of said Section 13.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1980, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Eumont Gas Pool. ~~formation;~~

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 1980, Order (1) of this Order shall be null and void and of no effect whatsoever, unless operator obtains a time extension from the Division.

PROVIDED FURTHER, that should said well 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.

(3) That Doyle Hartman is hereby designated the operator of the subject well and unit.

(4) 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 subject unit an itemized schedule of estimated well costs.

(5) 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.

(6) 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.

(7) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that 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.

(8) 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.

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

(10) That $3000.00 per month while drilling and $375.00 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.

(11) That upon completion of the well authorized in Order No. (2) above, and after a reasonable period of time in which to evaluate its production characteristics and reserves, the applicant is authorized to drill a second well on the pooled lands, said well to be drilled at an unorthodox location 330 feet from the North line and 1980 feet from the East line of Section 13, and to simultaneously dedicate both wells to the spacing and proration with the option to produce the unit allowable from either well in any proportion.

PROVIDED HOWEVER, that within 30 days prior to commencing the second well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of the second well's estimated costs, and

PROVIDED FURTHER, that the provisions of Orders Nos. (5) through (10) above shall apply to the second such well drilled on the unit, in the same manner as they apply to the first well and as though the second well were the only well on the unit.

PROVIDED FURTHER, that within ten days after receipt of such estimate of well costs, any ~~operator~~ working interest owner in the proration unit who objects to the commencement of the second well on the grounds of an insufficient evaluation of the first well may lodge such objection with the operator and the Division Director, whereupon the Division Director shall arbitrate the differences or, if necessary, set the matter for hearing.

(12) 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.

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

(14) That all proceeds from production from the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea 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.

(15) That 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.

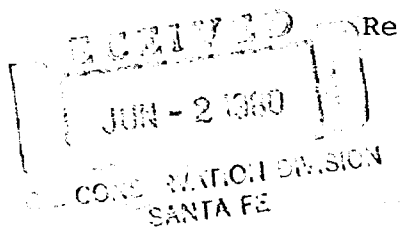
James H. Isbell
OIL PROPERTIES
727 MIDLAND TOWER BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915/684-3933

May 28, 1980

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey
Director



Re: Case No. 6846
Order No. R-6333
NE/4 Section 13
T-21-S, R-36-E, N.M.P.M.
Lea County, New Mexico
Gutman #1 and #2 Wells

Gentlemen:

This is to confirm our telephone conference of Wednesday, May 28, 1980, relative to the captioned matter and your verbal response to certain questions raised by my letter of May 13, 1980. In this connection, you have advised that it was the intention of the Oil Conservation Division in its captioned order that a reasonable period of time to evaluate the #2 well (the first well drilled) would be given prior to drilling the second well. I am advised by Mr. Hartman's offices that the well was hooked up Tuesday, May 27, and to date there has been no period for evaluation. As you recall, I also advised you by my May 13 letter that to date we have been unable to agree on the terms of an operating agreement although I have sent to Mr. Hartman an executed agreement and my attorney has attempted to negotiate on my behalf in an effort to obtain a compromise.

I am enclosing a copy of a letter from Mr. Hartman dated May 22, 1980, stating that "we have been advised by our attorney that although some parties have paid their invoiced share of the development costs, in the event they have not signed the operating agreement by the deadline date of May 31, 1980, they will still be considered non-consenting parties. If this happens, each non-consenting party's prepayment will be refunded." In this connection, you have advised me that this is not the case. I have also been advised by counsel that the force-pooling order does not become applicable simply

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
May 28, 1980
Page 2

because Mr. Hartman's form of operating agreement has not been executed. For the record, I wish to state that I do intend to participate in the #1 well if, after a reasonable period of time, I am satisfied that the #1 well would be economically and geologically advisable to drill the second well. I have signed an AFE and have paid my share of the cost of the #1 well. I have requested copies of invoices for costs attributable to the #1 well from Mr. Hartman and, to date, I have received no invoices.

With the above matters in mind, it appears that the only reasonable way to protect my correlative rights is for me to file an action on behalf of myself and others similarly the Oil Conservation Division requesting a determination of that the operations hereinafter mentioned are not in compliance with the above referenced order. In this connection, my attorney will be in contact with the Division Attorney and will advise me if my understanding of the situation is incorrect.

Very truly yours,

James N. Isbell

JNI:lh

cc: Mr. Doyle Hartman
500 C & K Petroleum Building
Midland, Texas 79701

Mr. Conrad Coffield, Esq.
Hinkle, Isbell, Canfield & Hensley
1000 First National Bank Tower
Midland, Texas 79701

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

JAMES W. HARTMAN
Oil Producer
5000 Fair
P. O. Box 1231 Midland, Texas
Telephone
(915) 682-6811

May 27, 1980

CERTIFIED MAIL

All Non-Consenting Parties
W/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: W/4 Section 13, T-21-S,
R-36-E, Lea County, N.M.

Gentlemen:

Reference is made to our recent compulsory pooling of all unpooled interests in the W/4 Section 13, T-21-S, R-36-E, Lea County, New Mexico (OCD Order No. R-6221).

On May 1, 1980 we mailed each party by registered mail a final request for acceptance or rejection of the AFE which each party who wished to voluntarily join in the drilling of the first well, unless a signed copy of the AFE and paid well estimate for the well, unless a signed copy of the AFE and paid well estimate covering the W/4 Section 13 is furnished to you on April 1, 1980, and a check for each party's involved share of the estimated development cost of the well, then you are notified by our attorney that unless such parties have paid their involved share of the development costs, to the exact they have not signed short of the development deadline of May 31, 1980, they will still be considered as having forfeited by such parties. If this happens, each non-consenting party's prospective will be refunded.

We would appreciate your prompt attention to this matter since there are only nine days remaining before the deadline.

Very truly yours,

Doyle Hartman

DH/sh

James W. Isbell
Oil Producer
500 C & K Petroleum Building
Midland, Texas 79701

Area Code 915 683-6691

April 10, 1980

Mr. Doyle Hartman
500 C & K Petroleum Building
Midland, Texas 79701

Re: Gutman Nos. 1 and 2 Wells
Lea County, New Mexico

Dear Sir:

I am enclosing herewith an executed original and copy of your proposed operating agreement (containing certain revisions) relative to the subject well. If it meets with your approval, please execute the copy and return it to me and retaining the copy for your files.

Upon receipt of your drilling well proposals and proposed spud date, I will be happy to discuss an arrangement for the payment of drilling costs with you.

Very truly yours,

James N. Isbell

JNI:lh

Enclosures

AUTHORITY FOR EXPENDITURE
DETAIL WELL ESTIMATE

APPR. NO. ____

LEASE NO. ____ WELL NO. 1 W. I. ____

LEASE NAME Gutman STATE New Mexico FIELD Eumont

COUNTY Lea LOCATION W/2 W/4 Section 13, T-21-S, R-36-E

DRILLING INTANGIBLES:		PRODUCER	DRY HOLE
1. Drilling Cost 6000 Feet @ 36.50 Per Foot		66,000	66,000
2. Day Work 1 1/2 days @ $4500		6,750	6,750
	Well Surveys 6,000		
3. Casing Service		5,000	5,000
4. Tubing		7,000	7,000
	Water 8,500	8,500	8,500
5. Fuel 7,000	Mud Logging ____ Fluids ____	14,000	14,000
6. Mud 2,000	Cement 7,000	7,000	7,000
7. Cementing Service	Contract Labor	700	9,000
8. Completion Rig	Fishing Tools	9,000	
9. Drilling Mud	Surveying & Staking 2,000	12,000	2,000
10. Logging & Perforating	Fracturing Surfacing 7,000		7,000
11. Acidizing 2,000		2,000	2,000
12. Plugging		1,300	1,300
13. Directional Cost	Rent @ $.052 /day	1,300	
14. Development Geoconsidence 25		2,000	
15. Reactor Equipment	6 days 2 WOO/day	7,000	7,000
16. Supervision & Labor 6 days @ $400/day		2,400	2,400
17. Other Cost Legal and Regulatory		7,000	7,000
Insurance		1,000	1,000
Other		1,000	
	Total Intangibles	182,950	137,150

WELL EQUIPMENT:					
18. Casing 8 5/8 Ft. of 9 5/8 @ 8.00 Per Ft.					
4000 Ft. of 5 1/2 @ 4.75 Per Ft.				24,000	3,000
4000 Ft. of 2 3/8 @ 2.30 Per Ft.				9,500	650
19. Tubing 6000 Ft. of 2 3/8 @ 2.30 Per Ft.				13,800	----
20. Casing Head				1,500	----
21. Tubing Head or Equipping Connections				1,000	----
22. Pumping Unit				8,000	----
23. Tanks, Lines, Water, Controller, Powerline, etc.				15,000	----
24. Gas Unit				10,000	----
25. Pumping Equipment					----
26. Tank Battery Separator, Water Tank, etc.					----
27. Separator or Dehydration Equip.				2,000	500
28. Meters and Equipment					----
29. Flow Lines					----
30. Other				82,300	4,000
	Total Equipment			283,000	131,700
	TOTAL COST OF WELL				

REMARKS: The above costs are subject to increases due to escalating drilling and equipment service.

Prepared by [signature] Title Date 3-31-80

Approved [signature] Title Date 4/10/80

A.A.P.L. FORM 610

MODEL FORM OPERATING AGREEMENT—1956
Non-Federal Lands

OPERATING AGREEMENT

DATED

March 27, 1980

160 UNIT AREA IN Northeast Quarter (NE/4) Section 13, T-21-S, R-36-E

Lea COUNTY, STATE OF New Mexico

Gutman No. 1 and 2

NE/4 Section 13,

T-21-S, R-36-E,

Lea County, New Mexico

A.A.P.L. FORM 610

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OPERATING AGREEMENT

THIS AGREEMENT, entered into this 27th day of March, 19 80, between

DOYLE HARTMAN

hereinafter designated as "Operator", and the signatory parties other than Operator,

WITNESSETH, THAT:

WHEREAS, the parties to this instrument are owners of oil and gas leases covering and, if so indicated, undivided mineral interests in the tracts of land described in Exhibit "A", and all parties have or hereby are severally authorized to explore and develop those leases and interests for oil and gas to the extent and in hereinafter provided;

NOW, THEREFORE, it is agreed as follows:

1. DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them.

(1) The words "party" and "parties" shall always mean a party, or parties, to this agreement.

(2) The parties to this agreement shall always be referred to as the "it" or "they", whether the parties be corporate bodies, partnerships, associations, or persons real.

(3) The term "oil and gas" shall include oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons, unless an intent to limit the inclusiveness of this term is specifically stated.

(4) The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Unit Area which are owned by parties to this agreement.

(5) The term "Unit Area" shall refer to and include all of the lands, oil and gas leasehold interests and oil and gas interests subject to the development and operation hereof as to depth and acreage as described in Exhibit "A".

(6) The term "drilling unit" as used herein shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Unit Area or as fixed by the express agreement of the parties.

(7) All exhibits attached to this agreement are made a part of the contract as fully as though copied in full in the contract.

(8) The words "equipment" and "materials" as used here are synonymous and shall mean and include all oil field supplies and personal property acquired for use in the Unit Area.

2. UNIT EQUIPMENT AND MATERIALS. All equipment and materials which will be purchased for the development and operation of the Unit Area and which will be charged to the Joint Account, as hereinafter provided for, shall be purchased by the Operator as nearly as practicable on the basis of prices which are prevailing in the area in which the property is located, or which could be obtained on the market at the time of purchase. Title to all such equipment and materials shall be in the name of the Operator, or a nominee selected by the Operator for the purpose of taking and holding title, but such equipment and materials shall be paid for as provided in the Accounting Procedure attached hereto and marked Exhibit "B", and all such equipment and materials shall be and remain the property of the parties hereto in the proportions that they bear the costs of such equipment and materials. Any such equipment and materials may be used by the Operator in the operations conducted under this agreement without charge therefor. Any such equipment and materials not required for operations under this agreement shall be returned to the parties hereto or sold for the account of the parties hereto, as may be agreed upon by the parties owning the majority interest in the equipment and materials to be returned or sold. Operator shall not sell any such equipment or materials to a party hereto other than Operator without the consent of all parties hereto not affiliated with the party proposing to purchase.

3. TITLES, LEASES AND OIL AND GAS INTERESTS. Each party owns and warrants only the title to its leases and oil and gas interests that it is shown herein to own, and this agreement shall not be construed to extend, nor shall any of the benefits hereof inure, to the interest of any party other than the owners of the leases and oil and gas interests described in Exhibit "A", and such parties shall look solely to their respective leases and interests for the fulfillment of all warranties of title. Operator, as such, is not warranting title to any lease or interest, but shall furnish to each party hereto, upon request, copies of instruments under which Operator claims title to the lands covering the leases upon which operations are conducted hereunder. Each party shall furnish to Operator, upon request, copies of instruments under which it claims title to its leases and interests. Operator shall not be liable for any mistake or error in judgment or for any inaccuracy in any opinion or information furnished to it by any attorney, except for gross negligence or willful misconduct. The cost of procuring abstracts of title, certificates, and opinions shall be paid as provided in the Accounting Procedure attached hereto and marked Exhibit "B".

4. TITLE EXAMINATION. Operator shall promptly secure abstracts covering all of the lands subject to this agreement, and shall cause to be prepared title opinions by attorneys of its own selection. As soon as practicable after the completion of the abstracts, each party hereto shall furnish to Operator all abstracts in its possession which cover lands in which it owns an interest, and Operator shall cause all abstracts to be brought current. Each party shall examine the abstracts covering its interests and shall furnish to Operator any title opinions in its possession relating to its interests. Operator shall then compile the abstracts and title opinions and shall cause them to be examined by attorneys of its own selection. Each party hereto, including Operator, shall bear the cost of examining abstracts covering its interests. Operator shall then furnish to each party hereto a copy of the compiled abstract and title opinion covering the lands in which such party owns an interest. Each party shall then have a period of thirty (30) days in which to examine the abstract and title opinion furnished to it by Operator. If any party owning an interest in lands covered by the abstract shall not approve the title to its interest, it shall notify Operator in writing of its objections within the thirty-day period, and shall be deemed to have approved the title to its interest if it fails to notify Operator of its objections within the thirty-day period. Operator shall then cause the objections to be cured at the expense of the party or parties whose title is affected by the objections, if the objections can be cured by the expenditure of money, and Operator shall be the sole judge of whether the objections can be cured by the expenditure of money. If Operator is unable to cure the objections by the expenditure of money, the party or parties whose title is affected by the objections shall have a period of sixty (60) days within which to cure the objections by other means, and if the objections are not cured within the sixty-day period, Operator shall then have the option to terminate this agreement as to the party or parties whose title is affected by the objections, or to proceed with the development and operation of the Unit Area notwithstanding the objections. If Operator elects to terminate this agreement as to the party or parties whose title is affected by the objections, Operator shall promptly notify all parties hereto of its election, and this agreement shall then terminate as to the party or parties whose title is affected by the objections, effective as of the first day of the month following the month in which Operator gives the notice of termination. If Operator elects to proceed with the development and operation of the Unit Area notwithstanding the objections, the party or parties whose title is affected by the objections shall be excluded from the ownership of and participation in the interests hereunder which are affected by the objections, and the party or parties excluded shall not participate in the ownership of or the production from the interests affected by the objections until the objections are cured, and the party or parties excluded shall not be charged with any costs or expenses incurred in connection with the interests affected by the objections until the objections are cured. Any party or parties excluded because of objections to title shall execute and deliver all instruments necessary or appropriate to give effect to the provisions of this paragraph.

5. OPERATOR'S LIEN. Operator is given a first and preferred lien on the interest of each party covered by this contract, and in each party's oil and gas when extracted, to secure the payment of all sums due from each such party hereunder. If any party fails to pay when due its share of cost, Operator may withhold from the sale of each party's share of production until the amount owed by such party, plus interest, has been paid, the proceeds which would otherwise be paid to such party. Operator may also enforce its lien by any method allowed by law.

6. EMPLOYEES. The number of employees used in the conduct of operations hereunder, their selection, and the compensation for services performed, shall be determined by Operator. All employees shall be the employees of Operator.

7. UNIT WELL[S]. A test well to the Morrow formation shall commence the drilling on or before the 30th day of May, 19 80, on a tract consisting of the NE/4 Sec. 11, T-17-S, R-36-E, and of a well 80 rod spacing drilling unit established by N.M.O.C.C. Order No. R-6446, Lea County, New Mexico, with the second of the two (2) wells permitted on said unit to be located at a point 1980 feet from the North line and 660 feet from the East line of said Section 11, T-17-S, R-36-E, Lea County, New Mexico.

Said well hereinafter referred to as the "unit well" or "unit wells (subject to the context)" is to be drilled to a depth sufficient to test the Morrow formation (Atoka Formation, if any, be encountered) unless at a greater depth with the consent of all parties hereto, or if all parties hereto have not consented during drilling which give information that the unit well is not capable of producing oil and gas in quantities sufficient to pay for the cost of drilling, completing, and operating said well, and which will reimburse each party hereto for the money expended and the reasonable rental for the equipment used, then at the option of any party hereto who has consented to the drilling of said well and who has not given notice of its election to abandon said well, all rights and privileges granted by this agreement to the parties hereto shall immediately cease and terminate, except the right to use the well bore of the unit well and the right of the owner thereof to continue drilling or to complete or operate the unit well so as to fulfill the rights of the parties hereto. Any party wishing to use the well bore of the unit well for the drilling of a deeper test shall give written notice to the other parties hereto within 30 days after the expiration of the 90-day period provided for above in this paragraph stating the depth to which the well will be drilled. Any party failing to give such notice within the 30-day period shall be deemed to have relinquished its rights to the well bore of the unit well for the drilling of a deeper test. Any party desiring to drill a deeper test may use the well bore of the unit well in conducting its operations if this can be done without material injury to the operations being conducted by the owner of the well bore. Any party using the well bore of the unit well for the drilling of a deeper test shall pay a reasonable rental for the use of the well bore and the casing therein, and shall be responsible for all damage to the well bore and casing resulting from its operations. Any rental so payable shall be agreed upon by the parties hereto, but if they fail to agree, the rental shall be fixed by three disinterested persons, one of whom shall be appointed by each party hereto owning an interest in the well bore and casing, and the third by the two so appointed. The action of any two appraisers so appointed shall be binding upon all parties hereto. If any appraiser fails to act when called upon, the party appointing him shall promptly appoint a successor. If a party hereto fails to appoint an appraiser, the appraiser appointed by the other party hereto shall act as sole appraiser. The appraisers shall fix a reasonable rental for the use of the well bore and casing, taking into consideration the age and condition of the casing, the depth of the well, the depth to which it is proposed to drill the deeper test, the risk involved, and the value of the casing if it should be damaged or destroyed in the deeper test. The appraisers shall also fix a reasonable sum to be paid for damages which may be done to the well bore and casing in the conduct of the deeper test. Each party hereto owning an interest in the well bore and casing shall be entitled to receive its proportionate part of the rental and damages fixed by the appraisers, according to the interest owned by each in the well bore and casing. The party drilling the deeper test shall pay the rental and damages fixed by the appraisers before commencing operations on the deeper test.

8. OPERATIONS BY LESS THAN ALL PARTIES.

(a) If all the parties cannot mutually agree upon the drilling of any well on the Unit Area other than the unit well provided for in Section 7, or upon the reworking, deepening or plugging back of a dry hole drilled hereunder or a well completed as a well jointly owned by all the parties, and one or more but less than all the parties to the proposed operation are the only parties willing to undertake the operation, any party or parties willing to drill, rework, deepen or plug back such a well may give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days (except as to a reworking, deepening or plugging back or drilling deeper, when a drilling rig is on location, the period shall be limited to forty-eight (48) hours exclusive of Saturday or Sunday) after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. Failure of a party receiving such a notice in so reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If any party receiving such a notice elects not to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

Notwithstanding the provisions of this Section 12, it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

(b) 300% of that portion of the costs and expenses of drilling, reworking, deepening or plugging back, testing and completing, after deducting any cash contributions received under Section 16, and of that portion of the cost of any item of equipment such as a well or tank, that would ordinarily be charged to the joint account hereunder if this agreement were in effect, but excluding costs of surface equipment beyond the wellhead connections (including, but not limited to, shack, tanks, separators, treaters, pumping equipment and flowlines) and costs of labor to operate the well or to handle production after the operations are completed, shall be charged to the Non-Consenting Party's subsequent interest in the well. In order to prevent duplication of this recovery, a Consenting Party's reimbursement hereunder shall be credited to the Non-Consenting Party's subsequent interest in the well. Any amount of costs to be recovered by the Consenting Parties from a Non-Consenting Party which is not recovered by way of production as above provided shall be recovered from the Non-Consenting Party's interest in the well when the well is sold. Until the proceeds of the sale of such interest shall have been distributed among the Consenting Parties, the purchaser of such interest shall be obligated and directed to pay to the Consenting Parties the proceeds which would otherwise be paid to the Non-Consenting Party.

(c) Unless the Consenting Parties release from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interest shall be offered to the Consenting Parties, and if more than one accepts, in proportion to their interests as shown in Exhibit "A" for the tracts in which the relinquished interest is located. The Consenting Parties accepting the relinquished interest shall be required to pay to the Non-Consenting Party the amount which the relinquished interest would have produced, less royalty and production taxes, if it had been retained by the Non-Consenting Party until the payout provided for above. Any amount realized from the sale or other disposition of relinquished interests in excess of the amount provided for above shall be credited to the Non-Consenting Party. Each relinquished interest shall be considered a separate item but several relinquished interests may be offered for sale as a unit if the Consenting Parties so elect.

(d) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(e) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

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(f) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(g) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

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(h) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(i) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

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(j) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(k) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

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(l) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(m) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

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(q) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

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(s) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

Notwithstanding the provisions of this Section 12, it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

(t) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(u) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

Notwithstanding the provisions of this Section 12, it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

(v) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(w) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

Notwithstanding the provisions of this Section 12, it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

(x) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

(y) The election of any party to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and complete it with due diligence.

The costs and risk of conducting the operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. However, notwithstanding the provisions of this Section 12, if it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

Notwithstanding the provisions of this Section 12, it is agreed that without the normal consent of any owner, such party shall be considered to be a Consenting Party in respect of such operations only to the extent of such owner's interest which such owner is willing to risk and have risked in the well being conducted by the Consenting Parties.

(z) Any party owning an interest in lands covered by a Non-Consenting Party's relinquished interest in the unit well shall be entitled to receive its proportionate part of the amounts provided for above, and to own its proportionate part of the relinquished interest, if it participates therein or if it reimburses the Consenting Parties with respect to such interest, before the sale of the interest. If any party fails to pay its share of cost within sixty (60) days after the completion of any operation under this section, the party conducting the operation for the Consenting Parties shall have a lien on each Non-Consenting Party's interest in the well and on the Non-Consenting Party's share of production from the well, and the proceeds from the sale of the equipment in and connected to the well, and on liquid hydrocarbons attributable to the interest, or may proceed by any lawful action. Any party may plead the above lien in any action brought to enforce any other lien on the Non-Consenting Party's interest, and may have the lien foreclosed as a part of any such action. In any foreclosure proceeding, any or all of the parties may become the purchaser at the foreclosure sale, as provided by law.

9. TAXES ON PRODUCTION IN KIND. Each party shall pay all taxes on its share of production in kind or its proportionate equivalent in value, and on its interest in the Unit Area, exclusive of production taxes which are by law paid by the royalty owners, and shall render and prepare and file such returns for such taxes as may be required by law. Each party shall indemnify and hold harmless all other parties hereto from any liability for taxes and interest thereon, and from all penalties imposed because of its failure to render and prepare returns required of it by law. Each party shall be entitled to receive, take in kind, and separately dispose of its proportionate share of all production not used in conducting operations hereunder, and no party shall have any right to purchase any other party's share of production, except as may be agreed upon between the parties in a separate contract covering such sale. For the purpose of determining production from wells subject to this agreement, production shall be measured or computed in the manner prescribed by the Accounting Procedure attached hereto.

10. PRODUCTION AS BASIS FOR CHARGES. All charges for which provision is made in

In the event one party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Unit Area, Operator shall have the right, subject to revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others for the best price, all not less than the market price prevailing in the area where sales shall be so made but less than the price which Operator receives for its portion of the oil and gas produced from the Unit Area. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Notwithstanding the foregoing, Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty (60) days notice of such intended sale.

14. ACCESS TO UNIT AREA

Each party shall have access to the Unit Area at all reasonable times, at its sole risk, to inspect or observe operations, and shall have access at reasonable times to information available to Operator relative to development thereof or the operation thereof, including Operator's books and records relating thereto. Operator shall, upon request, furnish each of the other parties with copies of all drilling reports, well logs, tank tables, daily gauge and run tickets and reports of well tests and of the first of each month, but shall make available samples of any cores or cuttings taken from any well drilled on the Unit Area.

15. DRILLING CONTRACTS

All wells drilled on the Unit Area shall be drilled on a reasonably competitive basis at the usual rates prevailing in the area. Operator, if it desires, may employ its own tools and equipment in the drilling of wells, but its charges thereafor shall not exceed the prevailing rates in the field, and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as shall be customary and usual in the field in contracts of independent contractors who are doing work of a similar nature.

16. ABANDONMENT OF WELLS

No well, other than any well which has been drilled or reworked pursuant to Section 12 hereof for which the Ownership Parties have not been fully reimbursed as therein provided, which has been completed as a producer shall be permanently and absolutely plugged and abandoned without the consent of all persons owning interests in it; provided, however, if all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall then assign to the nonabandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and its equipment, together with its interest in the leasehold estate as to, but only as to, the interval or interval of the formation or formations then open to production. The assignees so assuming shall indemnify the assignor with respect to the well and the assigned interest in the premises, and the assignees shall be in the same relationship with respect to the assigned interest as between themselves as their several percentages of participating in the Unit Area bear to the total percentages of participating in the Unit Area of all assignees. There shall be no assignment of interest in the remaining portion of the Unit Area.

After the assignment, the assignees shall bear further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open. Upon receipt of the assignment, Operator shall endorse thereon its approval and file the same for record in the county or counties in which the lease and premises are situated. Operator shall give notice to all parties of the proposed abandonment of any well not previously producing for a period of six consecutive months, and any party desiring to take over and operate such well shall have the right to do so if it assumes all costs and liabilities attributable thereto and indemnifies the other parties with respect thereto. Operator shall not be liable for any loss, cost, damage or claim resulting from the operation of any well after it has been assigned pursuant to the provisions of this section.

17. DELAY RENTALS AND SHUT-IN WELL PAYMENTS

Delay rental and shut-in well payments which may be required under the terms of any lease shall be paid by the party who has subjected such lease to the communitization agreement. Each party hereto shall furnish Operator, in accordance with good operating practice at least two (2) days prior to the date for payment of any delay rental or shut-in well payment of which it is aware, the amount of all such payments required to be made, and which are to be made by it. Upon failure of a party to furnish said information within the time specified above, or if Operator is not in receipt of the funds to be paid by such party at least one (1) day before the date for payment of the delay or shut-in payment, Operator may, but shall not be obligated to, advance the amount of such payment to the party or parties entitled to receive it, for the account of the party failing to furnish the information or the funds. Any amount so advanced by Operator shall be reimbursed by the party for whose account it was paid within ten (10) days after Operator shall have rendered a statement therefor. In the event the funds needed to make such payment shall not have been furnished to Operator in the manner provided for above within the time allowed, or within seven (7) days from the discovery of the failure to make proper payment, the interest of the party shall be reduced on account of such default to the extent that the interest of the party in the lease involved, or the party who failed to make proper payment will no longer be entitled to share in the production from the Unit Area. Reasonable diligence shall be exercised by Operator in complying with the obligations assumed by it under this section, but Operator shall not be liable for interest or for any damages relating to the payment or nonpayment of delay rentals or shut-in well payments. The election to make shut-in well payments shall be governed by the following provisions:

(1) Operator shall not make any shut-in well payment unless it has been expressly authorized to do so by the party entitled to receive such payment or unless such party has failed or refused to make such payment, in which event Operator may make such shut-in well payment, but only for the period during which such party has failed or refused to make said payment, and Operator shall be reimbursed for any such shut-in well payment made by it as provided in this section.

(2) Operator shall not make any shut-in well payment after the expiration of the term of the lease, unless the party entitled thereto has failed or refused to make such payment, in which event Operator may make such payment for a period of thirty (30) days after the date upon which such payment should have been made, and no longer.

(3) Operator shall not make any shut-in well payment if, after the drilling of the last well drilled on the Unit Area, there is not sufficient gas capable of being produced from a well in which a shut-in is to be paid to supply reasonably anticipated market demands from such well.

(4) Payment of said shut-in well payments shall be treated as royalty to the credit of the lease, except as to working interests, and shall be paid by the party or parties who executed the last lease or other instrument covering the interest for which such payment is made.

(5) If Operator is unable, for any reason, to determine the proper allocation of any shut-in well payment because of the failure of all parties entitled thereto to execute a recordable instrument indicating the proper allocation, then Operator may withhold payment in the amount of the disputed allocation until the person entitled to receive the payment furnishes Operator a recordable instrument indicating the proper allocation, or a recordable document executed by all persons entitled to share in the payment indicating the proper allocation, or until a final order of a court of competent jurisdiction has been entered awarding the payment.

(6) Each party executing this agreement hereby agrees to indemnify Operator against any liability resulting from the payment or nonpayment of shut-in well payments in accordance with the provisions of this section, except liability resulting from Operator's gross negligence or willful misconduct.

(7) Nothing contained in this section shall be construed to create a separate lease or contract between any party and the owner of royalty.

(8) Any payment of royalty under any shut-in well payment clause shall be made in the manner provided in the lease for the payment of royalty.

18. SELECTION OF TAX OPTIONALS

Should a valid tax appear to be available at the single unit election, the parties shall have the right to make such election, but no election shall be made (except to adjust normal depletion to unit depletion) without the consent of all parties. Operator is not to object to the election of any party to take its own depletion deduction.

19. MAINTENANCE OF UNIT OWNERSHIP

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this contract, no party shall sell, encumber, or otherwise dispose of its interest in the Unit Area except as a whole and then only by an assignment of its interest in the lease embraced within the Unit Area and in wells, equipment and production unless such disposition covers either:

(1) the entire interest of the party in all leases and equipment and production; or

(2) an equal undivided interest in all leases and equipment and production in the Unit Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If at any time the interests of the parties in the Unit Area are divided among separate owners, Operator may, at its discretion, require such co-owners to appoint a single trustee or agent with whom Operator may deal in respect to any rights or obligations of Operator under this contract until authority to act has been conferred upon Operator by such trustee or agent, but such trustee or agent may not act jointly there of the joint owners, and in that event, each of the joint owners shall be entitled to deal with Operator in respect to any such rights or obligations as if such joint owner had executed this contract.

No assignment or other disposition of interests by a party shall relieve it of the obligations of such party with respect to prospects previously drilled or tests made hereunder, unless the assignee assumes in writing such obligations and the other parties hereto consent thereto in writing.

20. RELINQUISHMENT OF ACREAGE OR FORMATIONS

Operator may surrender leases or portions thereof on acreage or any zone upon written notice of not less than ninety (90) days prior to the date of surrender to the other parties. In this case, all parties to this contract shall either by majority vote as between themselves, or by unanimous vote, decide whether or not Operator shall be required to assign, and how the assignment shall be made, and the party or parties entitled to receive the same, as provided for in Section 19 above. If the parties do not unanimously agree upon the disposition of the lease to be surrendered, Operator shall offer the lease to the parties in the proportion they shall designate, and Operator shall be required to assign the lease only to the parties who accept the offer. If more than one party accepts the offer, the assignment shall be made to the parties who accept in proportion to the interests they designate. If no party accepts the offer, Operator shall be free to surrender the lease. In the event the parties fail to make such designation within the time limit, Operator shall be free to assign the lease to any one or more parties, or to surrender the lease.

Any party may elect to relinquish its interest in any lease or in any portion thereof, and to assign its interest to the other parties hereto, pro rata according to their respective interests, but such party shall continue to be responsible for its share of all past costs and charges chargeable hereunder with respect to its interest in the lease or portion relinquished, and a reasonable time, not exceeding thirty (30) days, shall be allowed for the exercise of this option. In the event more than one party exercises such option, each such party shall be entitled to take proportionately out of the interest relinquished in the ratio that the interest of each such party bears to the interest of all such parties taking. Each party taking an assignment hereunder shall assume its proportionate of the obligation for costs and charges attributable to the lease or portion thereof so assigned, and all future costs and charges with respect thereto.

21. SURRENDER OF LEASES

The leases covered by this agreement, in so far as they or any portion of the Unit Area, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not so desire to continue the development and operation of the lease, such party may, by written notice to the other parties, specifying the lease or portion thereof to be surrendered, tender an assignment of its interest in the lease, or portion thereof, to the other parties, and such party shall be entitled to receive and to assign, or retain, all of the lease or portion thereof, if any, so specified, as to the interval or intervals then owned by such party, but subject to the royalty and other burdens then applicable to the lease, and such party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the lease or portion thereof and the operations conducted thereon or with respect to the interval or intervals to which the assignment is made. If such party has contracted for the drilling of a well or for the performance of any other operation thereon which is necessary in order to maintain the lease or portion surrendered in force, such party shall be liable for and shall pay the cost of such well or operation as its interest may be chargeable therewith under the terms of this agreement. If the party fails to pay the cost of any well or operation for which it is liable as aforesaid, it shall not be entitled to receive the assignment provided for in this section unless and until it has paid the amount for which it is liable, and the assignment shall be made subject to the proportionate interests of the other parties in the well or operation for which the party making the assignment was liable at the time of the assignment. Upon assignment as provided in this section, the party making the assignment shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the lease or portion assigned and the operations conducted thereunder or with respect to the interval or intervals to which the assignment is made, and the party making the assignment shall have no further interest in the lease assigned and its rights and obligations under this agreement shall thereafter be limited to the interval or intervals not assigned.

Any assignment or surrender made under this provision shall not relieve or excuse the assignor of any obligations theretofore accrued, or in any way lessen the liability of any party to the assignor, or the liability of the assignor to any party, for any default or breach of any agreement between such parties that may have occurred prior to the time of the assignment. Nothing in this section shall be construed as requiring any party to drill or to take any action in addition to the drilling and operations provided for in this agreement, or to prevent any party from making such use of its lease, during the term thereof, as may be necessary or proper for the purpose of drilling and producing wells on other properties.

22. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If for any reason this form of the state or states in which the property covered hereby is located or any governmental agency shall have the effect of withholding from any of the parties hereto the right granted by the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties hereto agrees to execute such instruments as may be necessary or appropriate to obtain for it the exercise of the right granted by such election as above set forth and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and all royalty and other interests owned thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax should be assessed or levied upon any of the personal property, material, or equipment owned or used in the conduct of operations hereunder, and the ad valorem, property, production or severance taxes with respect thereto shall be paid or caused to be paid by each party separately or when due, it shall pay its own taxes due with reference to such property, material or equipment, and each party shall keep such property, material or equipment free from any liens and encumbrances with respect to such taxes.

23. INSURANCE

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where such operations are conducted and shall carry or provide insurance for the benefit of the employees of Operator while engaged in the conduct of operations hereunder and such other insurance as may be required by law. During the term of this agreement, Operator shall carry insurance for the benefit of the joint operations hereunder in the form and amounts set forth below. The policies shall be issued by one or more insurance companies authorized to do business in the State where the operations are to be conducted and with insurers of good financial standing. Operator shall furnish certificates showing the issuance of such insurance upon request of any party. All insurance costs shall be charged as provided in Exhibit "C".

(A) Workmen's Compensation and Employer's Liability Insurance as required by the laws of the State in which the property is located.

(B) Comprehensive General Liability Insurance including Contractual Liability Insurance with limits of not less than $100,000 for all damages arising out of bodily injury to or death of one person, and, subject to said limit for one person, not less than $300,000 for all damages arising out of bodily injury to or death of two or more persons in any one accident, and not less than $50,000 for all damages arising out of injury to or destruction of property in any one accident.

(C) Automobile Public Liability Insurance as specified in said Exhibit "C", or, alternatively, covering the operation of the parties, an equivalent blanket policy.

If any party to this contract is sued on an alleged cause of action arising out of operations on the Unit Area, or on account of any matter covered by the insurance policies above provided for, such party agrees to notify the other parties hereto promptly, in such manner as to advise the other parties fully as to all developments respecting such action, including but not limited to the service of process, pleadings, and interim orders of judgment or decrees. Operator shall have authority to settle or compromise any claim, except that the consent of all parties shall be required in order to settle or compromise any claim which results in a judgment in excess of the amount of insurance applicable to such claim. Operator shall not be required to settle any claim unless the same can be settled within the limits of the insurance carried pursuant to this section. Operator shall not be required to handle claims or defend suits for damages covered by insurance carried by a party pursuant to this section, provided that such party has given Operator written notice of the claim or suit and has furnished Operator copies of all pertinent papers received by such party.

24. MAINTENANCE OF UNIT OWNERSHIP

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this contract, no party shall sell, encumber, or otherwise dispose of its interest in the Unit Area except as a whole and then only by an assignment of its interest in the lease embraced within the Unit Area and in wells, equipment and production unless such disposition covers either:

(1) the entire interest of the party in all leases and equipment and production; or

(2) an equal undivided interest in all leases and equipment and production in the Unit Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If at any time the interests of the parties in the Unit Area are divided among separate owners, Operator may, at its discretion, require such co-owners to appoint a single trustee or agent with whom Operator may deal in respect to any rights or obligations of Operator under this contract until authority to act has been conferred upon Operator by such trustee or agent, but such trustee or agent may not act jointly there of the joint owners, and in that event, each of the joint owners shall be entitled to deal with Operator in respect to any such rights or obligations as if such joint owner had executed this contract.

No assignment or other disposition of interests by a party shall relieve it of the obligations of such party with respect to prospects previously drilled or tests made hereunder, unless the assignee assumes in writing such obligations and the other parties hereto consent thereto in writing.

25. SUBMISSION OF LEASES

The leases covered by this agreement, in so far as they or any portion thereof, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not so desire to continue the development and operation of the lease, such party may, by written notice to the other parties, specifying the lease or portion thereof to be surrendered, tender an assignment of its interest in the lease, or portion thereof, to the other parties, and such party shall be entitled to receive and to assign, or retain, all of the lease or portion thereof, if any, so specified, as to the interval or intervals then owned by such party, but subject to the royalty and other burdens then applicable to the lease, and such party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the lease or portion thereof and the operations conducted thereon or with respect to the interval or intervals to which the assignment is made. If such party has contracted for the drilling of a well or for the performance of any other operation thereon which is necessary in order to maintain the lease or portion surrendered in force, such party shall be liable for and shall pay the cost of such well or operation as its interest may be chargeable therewith under the terms of this agreement. If the party fails to pay the cost of any well or operation for which it is liable as aforesaid, it shall not be entitled to receive the assignment provided for in this section unless and until it has paid the amount for which it is liable, and the assignment shall be made subject to the proportionate interests of the other parties in the well or operation for which the party making the assignment was liable at the time of the assignment. Upon assignment as provided in this section, the party making the assignment shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the lease or portion assigned and the operations conducted thereunder or with respect to the interval or intervals to which the assignment is made, and the party making the assignment shall have no further interest in the lease assigned and its rights and obligations under this agreement shall thereafter be limited to the interval or intervals not assigned.

Any assignment or surrender made under this provision shall not relieve or excuse the assignor of any obligations theretofore accrued, or in any way lessen the liability of any party to the assignor, or the liability of the assignor to any party, for any default or breach of any agreement between such parties that may have occurred prior to the time of the assignment. Nothing in this section shall be construed as requiring any party to drill or to take any action in addition to the drilling and operations provided for in this agreement, or to prevent any party from making such use of its lease, during the term thereof, as may be necessary or proper for the purpose of drilling and producing wells on other properties.

26. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If for any reason this form of the state or states in which the property covered hereby is located or any governmental agency shall have the effect of withholding from any of the parties hereto the right granted by the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties hereto agrees to execute such instruments as may be necessary or appropriate to obtain for it the exercise of the right granted by such election as above set forth and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and all royalty and other interests owned thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax should be assessed or levied upon any of the personal property, material, or equipment owned or used in the conduct of operations hereunder, and the ad valorem, property, production or severance taxes with respect thereto shall be paid or caused to be paid by each party separately or when due, it shall pay its own taxes due with reference to such property, material or equipment, and each party shall keep such property, material or equipment free from any liens and encumbrances with respect to such taxes.

27. INSURANCE

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where such operations are conducted and shall carry or provide insurance for the benefit of the employees of Operator while engaged in the conduct of operations hereunder and such other insurance as may be required by law. During the term of this agreement, Operator shall carry insurance for the benefit of the joint operations hereunder in the form and amounts set forth below. The policies shall be issued by one or more insurance companies authorized to do business in the State where the operations are to be conducted and with insurers of good financial standing. Operator shall furnish certificates showing the issuance of such insurance upon request of any party. All insurance costs shall be charged as provided in Exhibit "C".

(A) Workmen's Compensation and Employer's Liability Insurance as required by the laws of the State in which the property is located.

(B) Comprehensive General Liability Insurance including Contractual Liability Insurance with limits of not less than $100,000 for all damages arising out of bodily injury to or death of one person, and, subject to said limit for one person, not less than $300,000 for all damages arising out of bodily injury to or death of two or more persons in any one accident, and not less than $50,000 for all damages arising out of injury to or destruction of property in any one accident.

(C) Automobile Public Liability Insurance as specified in said Exhibit "C", or, alternatively covering the operation of the parties, an equivalent blanket policy.

If any party to this contract is sued on an alleged cause of action arising out of operations on the Unit Area, or on account of any matter covered by the insurance policies above provided for, such party agrees to notify the other parties hereto promptly, in such manner as to advise the other parties fully as to all developments respecting such action, including but not limited to the service of process, pleadings, and interim orders of judgment or decrees. Operator shall have authority to settle or compromise any claim, except that the consent of all parties shall be required in order to settle or compromise any claim which results in a judgment in excess of the amount of insurance applicable to such claim. Operator shall not be required to settle any claim unless the same can be settled within the limits of the insurance carried pursuant to this section. Operator shall not be required to handle claims or defend suits for damages covered by insurance carried by a party pursuant to this section, provided that such party has given Operator written notice of the claim or suit and has furnished Operator copies of all pertinent papers received by such party.

28. OTHER CONVENTIONS, IF ANY, ARE:

(A) If any party hereto hereafter shall create any overriding royalty, production payment, net profits interest, carried working interest, or other burden payable out of or measured by production from any lease or leases subject to this agreement, all of the provisions of this agreement shall, as to existing burdens, be construed so that such burden shall be chargeable with, and the party creating same shall assume and bear, all burdens and obligations imposed by this agreement on the party owning the working interest out of which such burden is created, and shall be chargeable with and pay or cause to be paid all royalties and other burdens chargeable to such working interest hereunder. Each assignment of any working interest subject to any such burden shall be made expressly subject to this agreement.

(B) All prepaid costs incurred in initially complying with both processing and other requirements of the Federal Energy Regulatory Commission and/or promulgations of any other federal agency, shall be borne by the parties in the Joint Account. This shall not prevent Operator from making a reasonable charge for services rendered by Operator for the preparation and filing of documents necessary for the above mentioned purposes. Such charge shall be in addition to the regular overhead charge, only insofar as to cost: Incurred in initially complying with such regulations.

(C) Notwithstanding the provision of Paragraph 12 hereof and 27 hereof to the contrary, Operator shall not drill or deepened any well on the Unit Area without the written consent to the drilling or deepening of the well by parties owning at least sixty percentage (60%) working interests in the Unit Area. When any well drilled or deepened pursuant to the terms of this paragraph shall not be completed as a producer of oil or gas in paying quantities, the party or parties consenting to such drilling or deepening shall be reimbursed by the party or parties not consenting to such drilling or deepening for their proportionate share of the cost of drilling or deepening such well, plus an additional 100% thereof as a penalty. Such reimbursement shall be made within thirty (30) days after the completion of the well. The provisions of this paragraph shall not be applied in any instance where the refusal of a party to participate in the drilling or deepening of a well is based on reasonable grounds that such well would be plugged and abandoned as a dry hole or ceasing to set forth the responsibility of any party or parties consenting to such drilling or deepening for such notice shall be given within forty-eight (48) hours (excluding Saturdays and Sundays) in which to elect whether or not they desire to set casing and drill to the next objective formation. In the absence of such notice, the refusal of any party to so comply within the period above fixed shall constitute an election by it that such party not to participate in the cost of a well and not to participate in the interest thereof, but that all the parties shall participate in the operation of such well from and after the completion of the operations hereinafter contemplated, in the proportion in which they would have participated had they elected to participate in the cost of the well. Operator shall plug and abandon said well, Operator shall plug and abandon same well, Operator shall plug and abandon same at the expense of all parties.

(D) Chan. of Operator

If, during the succeeding one year or more after oil and gas are found in commercial quantities on said Unit Area, any Nonoperator reasonably expected in the exercise of good faith that Operator is not conducting operations in a manner which would result in the Unit Area to be economic and as efficient to operate the same for a period of one year at a cost less than the cost of operations conducted by Operator during the preceding year, such Nonoperator shall deliver to Operator a written statement detailing the items of expense contributing to the alleged excessive costs pursuant to this agreement. In this event, Operator shall have thirty (30) days of such statement, Operator shall have thirty (30) days of such statement, Operator shall respond to the writing delivered to such Nonoperator in either (a) surrender operations in a manner satisfactory to such Nonoperator, or (b) agree to operate the Unit Area for a period of one year at the cost specified in the writing delivered to Operator by such Nonoperator, or (c) be agreeable to operate the Unit Area for such period of one year at a cost less than the cost specified in the writing delivered to Operator by such Nonoperator, (d) to surrender operations, until such time as a majority in interest of the parties hereto shall elect a successor Operator for a stipulated period of one year as fully as though such Nonoperator were Operator. Such successor Nonoperator Operator under the terms hereof is conferred by its proposed successors.

29. NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, shall unless otherwise specifically provided herein, be given in writing by United States mail or Western Union Telegram, postage or charges prepaid, and addressed to the party to whom the notice is given at the address listed on Exhibit "A". The originating notice to be given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed and the time for such party to give any response thereto shall commence to run from the date of receipt of the last notice or document required to be given. If any notice or document required to be given hereunder is delivered to a party at a specified address and a change of address shall not have been given, then service of such notice or document shall be deemed complete when deposited in the United States mail or with the Western Union Telegram Company, with postage or charges prepaid. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties.

A.A.P.L. FORM 610

This agreement may be signed in counterpart, and shall be binding upon the parties and upon their heirs, successors, representatives and assigns.

OPERATOR

DOYLE HARTMAN

NON-OPERATORS

DOYLE HARTMAN, TRUSTEE

JAMES E. BURR

LARRY NORRIS

JACK FLETCHER

RICHARD W. STUMP

AMOCO OIL AND GAS COMPANY

ATTEST:

GARY LYARCHER AND VETT, CYNTHIA D. LEACHER

NICHOLS, HERALDSON AND VETT, A.P.L. SERIES'82

EXHIBIT "A"

Attached to and made a part of the Operating Agreement dated March 27, 1984 and covering the W/2 NW/4 Section 33, T-21-S, R-36-E, Lea County, New Mexico between DOYLE HARTMAN as Operator and Doyle Hartman, Trustee, James E. Burr et al as Non-Operators.

1. a) Land Subject to Agreement

W/4 Section 33,
T-21-S, R-36-E,
Lea County, New Mexico

b) Depth Limitations

From the surface to 4200 feet.

c) Drilling Procedural Unit for Initial Tests

W/2 NW/4 Section 33,
T-21-S, R-36-E
Lea County, New Mexico (80 acres)

S/2 NW/4 Section 33,
T-21-S, R-36-E
Lea County, New Mexico (80 acres)

11. Percentages of Interests and Addresses of Parties

Operator:

Doyle Hartman
500 N. A. R. Petroleum Building
Midland, Texas 79701
(915-684-4011)

38.16733 %

Non-Operators:

See Page 1A-A.

EXHIBIT "B"

There is no Exhibit "B".

EXHIBIT "C"

Attached to and made a part of the Operating Agreement dated March 27, 1984 and covering the W/2 NW/4 Section 33, T-21-S, R-36-E, Lea County, New Mexico between Doyle Hartman, Trustee, Doyle Hartman et al as Operators, and James E. Burr et al as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

Non-Operators

Doyle Hartman, Trustee 500 N. A. R. Petroleum Bldg. Midland, Texas 79702	16.09723 %
James E. Burr 1985 Ivanrae Dr. Midland, Texas 79701	0.88107
Larry Norris 1717 Wilshire Blvd. Apartment 6-E Midland, Texas 79701	0.88107
Jack Fletcher P. O. Box 133-C Midland, Texas 79701	0.88107
Richard W. Stump 2309 Gulf Midland, Texas 79701	0.88108
AMOCO Oil and Gas Company P. O. Box 3092 Midland, Texas 79702	6.25000
Gary Lyarcher and wife, Cynthia D. Leacher P. O. Box 3736 Midland, Texas 79702	3.12500
Michael Sullivan and wife, Gail Sullivan 2580 Stephens Road Boulder, Colorado 80303	3.12500
James E. Isbell and wife, Linda C. Isbell 727 Midland Tower Building Midland, Texas 79701	31.11111

I. GENERAL PROVISIONS

A. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and contract labor directly engaged in the conduct of Joint Operations.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other technical skills, and whose primary function in Joint Operations is the performance of such technical services.

"Personal Expenses" shall mean travel and other reasonable compensable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently published by the Council of Petroleum Accountants Societies.

B. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be detailed. Payment by Non-Operators is due and payable within fifteen days after receipt of bill by Non-Operator, or by the last day of the month next following the month in which the charges accrued, whichever is later. Payment shall be made to the bank designated by Operator.

C. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their proportionate share of estimated cash outlay for the succeeding month's operations. Operator shall support its request for advances by an itemized statement and shall base such request on the following limitations:

1. Each Non-Operator shall advance its proportionate share of all bills rendered by Operator for the succeeding month's operations. For good balance shall have interest accrued at the rate of 12% per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, after allowing a ten-day grace period. Operator shall adjust each month's billing for the difference between advances and actual cash outlays.

2. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of 12% per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, after allowing a ten-day grace period, on all principal and interest delinquent for more than ninety (90) days. Operator, on behalf of the Non-Operators, shall promptly take all necessary steps to collect from the Operator the interest charged pursuant to this subparagraph. Operator shall not be liable in any way for failure to collect any amounts so charged.

3. Each Non-Operator shall pay its proportion of all bills without regard to any loss or damage that may occur in connection with the Joint Operations, except as provided in Section III, Paragraph 1A, of this Accounting Procedure.

D. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills rendered and statements furnished by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same period of time. All adjustments initiated by Operator shall be supported by sufficient documentation. Neither Operator nor any Non-Operator shall be entitled to any interest on the amount of any refund or credit resulting from any adjustment.

E. Audits

1. Non-Operator, upon written notice to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year, provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph D hereof. Where there are two or more Non-Operators, the right to audit shall be exercised by a majority in interest of all Non-Operators. For the purpose of this paragraph, the majority in interest of all Non-Operators shall mean parties of Non-Operators' audit and accounts shall be submitted to the Operator for its approval.

2. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no provision requiring an election to approve or disapprove within a stipulated time period, then such approval or agreement shall be deemed granted to the party proposing the action if such party does not receive a negative response within ten days after receipt of notice.

F. Charges Disallowed

Unless otherwise provided for in this agreement, the following charges shall not be made directly or indirectly to the Joint Account and shall be borne by the Operator:

1. All costs and expenses of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal department or outside attorneys shall be made unless previously agreed to by the Parties, as provided in Section III, but in no event shall fees charged by outside attorneys be in excess of reasonable fees charged by other attorneys of equivalent experience in the same locality. All other legal expenses shall be charged as provided in Section III.

2. All costs or expenses resulting from the drilling of any well or from any remedial operations on any well which are required by reason of the Operator's failure to comply with the terms of the agreement or with applicable laws, rules and regulations, except that costs and expenses resulting from instructions from the majority in interest of the Non-Operators shall be charged to the Joint Account.

3. All costs or expenses necessary for the correction of down-hole conditions, including but not limited to, fishing, twist-off operations, casing collapse, lost casing, lost tools in the hole, and replugging of a dry hole for the purpose of changing the status of the well from a dry hole to a producer, when such operations are conducted during the actual drilling of the well.

4. Overhead charges of employees not employed full time on the Joint Property, unless otherwise agreed to by the Parties as provided in Section III.

5. Salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall [ ] shall not (X) be covered by the Overhead charges.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 7,500.00
Producing Well Rate $ 750.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for drilling or reworking wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for wells undergoing any type of workover or completion for a period of less than one (1) month shall be made at the producing well rate. Charges for wells undergoing any type of workover or completion for a period of one (1) month or more shall be made at the drilling well rate. Such charges shall be applied for the period from the date workover operations, with crew and rig, commence through the date the workover operations are completed, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled downhole shall be considered as a one-well charge and shall be prorated according to the number of completions actively producing or being injected into.

[3] An inactive gas well shall be classed as a one-well charge providing the gas well is directly connected to a permanent gas sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells waiting on completion, active gas wells waiting on pipeline connections, etc.) shall not qualify for an overhead charge.

(3) Beginning April 1, 1985 and
The rates cited shall be adjusted as of the first day of April, 1985 and each April 1 thereafter to the effective date of the adjustment. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease which has occurred from the date on which the rate was established or last adjusted, as the case may be, in the average weekly earnings of Crude Petroleum and Gas Field Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be rounded to the nearest ten, then not above or unrounded amount.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are agreed to by the Parties in the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and which are not covered by the Overhead rates. If the Operator so elects, such costs may be charged on a "when and as paid basis" without any "percentage accrual" on the amount of salaries and wages. If such costs shall be based on the Operator's cost experience, such "percentage accrual" shall be limited to the actual costs of the Operator for the above enumerated items.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

4. Materials

Materials purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or furnished by the Operator as may be required for immediate use in the conduct of the Joint Operations. Proper and adequate inventories will be maintained. The accumulation of surplus Material shall be avoided and inventories with effected and economical operations. The accumulation of surplus Material shall be avoided and inventories with effected and economical operations.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal or railway receiving point where the Material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal or railway receiving point to which such surplus Material could be delivered by the Operator hereunder, or whose receiving point is agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of subparagraphs A and B above, there shall be no charge for trucks and drivers who are employees of Operator, except to the extent that such charges are excess of those normally incurred in the area.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1.A of Section III. The cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such costs shall include depreciation, maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such costs shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property. The commercial rates shall be those currently in effect for the respective classes of service, as published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident or any other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal department or outside attorneys shall be made unless previously agreed to by the Parties, as provided in Section III, unless otherwise provided for in this agreement. All other legal expense shall be charged as provided in Section III.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risks under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on the following bases:

A. Overhead - Fixed Rate Basis, Paragraph 1A, or

[ ] Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus burdens of all employees of Operator except those directly chargeable under Paragraph 2A of Section II. The cost and expense of services from outside sources in connection with matters of location, traffic, accounting or matters before or brushing governmental agencies shall be overhead charges unless agreed to the contrary by the Parties as provided in Section III. Costs of professional consultant services and expenses agreed to by the Parties as a direct charge to the Joint Account.

B. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall [ ] shall not (X) be covered by the Overhead charges.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 7,500.00
Producing Well Rate $ 750.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for drilling or reworking wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for wells undergoing any type of workover or completion for a period of less than one (1) month shall be made at the producing well rate. Charges for wells undergoing any type of workover or completion for a period of one (1) month or more shall be made at the drilling well rate. Such charges shall be applied for the period from the date workover operations, with crew and rig, commence through the date the workover operations are completed, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled downhole shall be considered as a one-well charge and shall be prorated according to the number of completions actively producing or being injected into.

[3] An inactive gas well shall be classed as a one-well charge providing the gas well is directly connected to a permanent gas sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells waiting on completion, active gas wells waiting on pipeline connections, etc.) shall not qualify for an overhead charge.

(3) Beginning April 1, 1985 and
The rates cited shall be adjusted as of the first day of April, 1985 and each April 1 thereafter to the effective date of the adjustment. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease which has occurred from the date on which the rate was established or last adjusted, as the case may be, in the average weekly earnings of Crude Petroleum and Gas Field Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be rounded to the nearest ten, then not above or unrounded amount.

1A

1B

B. Overhead - Drop-down Rate

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (____%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 5 of Section II and all salvage credits.

(b) Operating

_____ Percent (____%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 5 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Drop-down Rate shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, developments shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction If applicable, will be negotiated.

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $ _____:

A. _____% of total costs if such costs are more than $ _____ but less than $ _____; plus

B. _____% of total costs in excess of $ _____ but less than $1,000,000; plus

C. _____% of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, two or more projects in a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, if so agreed to in writing, Material may be supplied by the Non-Operator. Operator shall make timely disposition of life-used or surplus Material, such disposition being made either through sale to Operator or Non-Operators, division in kind, or sale to outside purchasers. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a reasonable netback or barge load weight basis, regardless of quantity transferred, equalized to the lowest maximum authorized common carrier loading point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or fish salvage receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material used in the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph 2A of the Section IV, if Material was originally charged to the Joint Account as used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced or agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all Material moving in or out of the Joint Property, the actual loading and unloading costs incurred if actual handling cost of such tubular goods are considered under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in prevailing such Material, in making it suitable for use, and in securing it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held responsible only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the Parties.

EXHIBIT "C"

Attached to and made a part of the Operating Agreement dated March 27, 1980 and covering NE/4 Section 13, T-21-S, R-36-E Lea County, New Mexico between DOYLE HARTMAN as Operator and Doyle Hartman, Trustee, James E. Burt et al as Non-Operators.

DOYLE HARTMAN
Oil Operator
500 N.E. 50th
P. O. Box 10426
MIDLAND, TEXAS 79702
(915) 684-4011

CERTIFIED MAIL

All Non-Consenting Parties
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: Final Request for Prepayment
Gutman No. 1 and No. 2
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

Please find enclosed two copies of an AFE and Detail Well Estimate for my proposed Gutman No. 1 and Gutman No. 2 plus a final request for prepayment of the estimated drilling and completion costs for the two wells. On April 30, 1980 the New Mexico Oil Conservation Division entered a favorable order concerning my application before the NMOCD (6846) wherein I had requested approval for a non-standard fument gas proration unit for the two proposed wells, two non-standard locations, and compulsory pooling of all non-consenting parties in the NE/4 Section 13. The effective date of the NMOCD order is April 30, 1980.

As provided for in the pooling statutes of the State of New Mexico, you now have thirty days from the date of this letter to voluntarily participate in the drilling of the proposed Gutman No. 1 and No. 2 or have the compulsory pooling order rendered by the NMOCD become final as to your interest. If you now wish to voluntarily join in the proposed development well, please return to my office at your earliest convenience one signed copy of the enclosed AFE and detail well estimate for each well, a signed copy of the Operating Agreement covering the NE/4 Section 13 as furnished to you on April 1, 1980, plus a check for your invoiced share of the estimated development cost.

If the second of the two proposed wells (Gutman No. 1) is not spudded within thirty days from today due to an extended evaluation period for the first well (Gutman No. 2), a revised AFE for the Gutman No. 1 will be furnished just prior to the spudding of the well. However, it is anticipated that an extended evaluation period for the Gutman No. 2 will not be necessary, and the Gutman No. 1 will probably be spudded shortly after completion of the Gutman No. 2, which is now drilling at a total depth of 1899 feet.

Sincerely,

DOYLE HARTMAN

Very truly yours,

Doyle Hartman

DH/mh
Enclosures as above

cc: Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

ANSWERS TO PROBLEMS

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Gutman WELL NO. 1 W. I. _____

COUNTY Lea STATE New Mexico FIELD Emmons

LOCATION NE/4 SE/4 Section 13, T-21-S, R-36-E

DRILLING INTANGIBLES:	PREMIXED	DRY HOLE
1. Drilling Cost 9800 Feet @ 36.50 Per Foot	96,000	66,000
2. Rig Mob 1 1/2 days @ 3500		
3. Fresh Water Well Surveys 6,000	4,700	4,700
4. Testing	5,000	4,000
5. Fuel 7,000 Water 8,500	8,500	8,500
6. Mud 7,000 Mud Logging	7,000	7,000
7. Cementing Surface Casing Production	11,000	1,000
8. Completion Rig Labor Contract Labor	3,000	1,000
9. Rigging Up Rigging Down	1,000	1,000
10. Mouse & Rathole Fishing Tools & Drilling	700	700
11. Acidizing 5,000 Fracturing 50,000 Perforating 2,000	9,000	9,000
12. Plugging	57,000	3,000
13. Trucking Cost		2,000
14. Environment Superintendence 25 days @ 1.25/ day	1,000	500
15. Rental Equipment	2,500	2,500
16. Drilling and Testing 6 days @ 800/day	4,800	4,800
17. Other Costs Legal and Regulatory	2,000	2,000
Surveys	1,000	1,000
Other	2,000	2,000
Total Intangibles	350,900	317,200

WELL EQUIPMENT:		
18. Casing 400 Ft at 9 5/8 @ 9.00 Per Ft		
9600 Ft at 5 1/2 @ 4.25 Per Ft		
Ft at @ Per Ft		
19. Tubing 9000 Ft at 2 3/8 @ 2.30 Per Ft	22,200	3,700
20. Casing Head	5,200	1,000
21. Xmas Tree or Pumping Connections	1,700	850
22. Pumping Unit	16,000	300
23. Engine Motor, Controller, Powerline, etc.	10,000	10,000
24. Tanks	15,000	5,000
25. Pumps	5,500	1,000
26. Tank Rolley Separator, Water Tank, etc.	11,000	5,000
27. Flowline or Gathering Lines	10,000	10,000
28. Chemical Equipment		
29. Flow Lines		
30. Other	1,000	300
Total Tangibles	97,300	4,600
TOTAL COST OF WELL	353,200	321,700

REMARKS: The above costs are subject to increases due to escalating drilling and equipment prices.

Prepared by Doyle Hartman Title _____ Date 3-11-80

Approved _____ Title _____ Date _____

ANSWERS TO PROBLEMS

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Gutman WELL NO. 1 W. I. _____

COUNTY Lea STATE New Mexico FIELD Emmons

LOCATION NE/4 SE/4 Section 13, T-21-S, R-36-E

DRILLING INTANGIBLES: PREMIXED DRY HOLE

1. Drilling Cost 9800 Feet @ 36.50 Per Foot 96,000 66,000
2. Rig Mob 1 1/2 days @ 3500
3. Fresh Water Well Surveys 6,000 4,700 4,700
4. Testing 5,000 4,000
5. Fuel 7,000 Water 8,500 8,500 8,500
6. Mud 7,000 Mud Logging 7,000 7,000
7. Cementing Surface Production 11,000 1,000
8. Completion Rig Labor Contract Labor 3,000 1,000
9. Rigging Up Rigging Down 1,000 1,000
10. Mouse & Rathole Fishing Tools & Drilling 700 700
11. Acidizing 5,000 Fracturing 50,000 Perforating 2,000 9,000 9,000
12. Plugging 57,000 3,000
13. Trucking Cost 2,000
14. Environment Superintendence 25 days @ 1.25/ day 1,000 500
15. Rental Equipment 2,500 2,500
16. Drilling and Testing 6 days @ 800/day 4,800 4,800
17. Other Costs Legal and Regulatory 2,000 2,000
Surveys 1,000 1,000
Other 2,000 2,000
Total Intangibles 350,900 317,200

WELL EQUIPMENT:

18. Casing 400 Ft at 9 5/8 @ 9.00 Per Ft
9600 Ft at 5 1/2 @ 4.25 Per Ft
Ft at @ Per Ft
19. Tubing 9000 Ft at 2 3/8 @ 2.30 Per Ft 22,200 3,700
20. Casing Head 5,200 1,000
21. Xmas Tree or Pumping Connections 1,700 850
22. Pumping Unit 16,000 300
23. Engine Motor, Controller, Powerline, etc. 10,000 10,000
24. Tanks 15,000 5,000
25. Pumps 5,500 1,000
26. Tank Rolley Separator, Water Tank, etc. 11,000 5,000
27. Flowline or Gathering Lines 10,000 10,000
28. Chemical Equipment
29. Flow Lines
30. Other 1,000 300
Total Tangibles 97,300 4,600
TOTAL COST OF WELL 353,200 321,700

REMARKS: The above costs are subject to increases due to escalating drilling and equipment prices.

Prepared by Doyle Hartman Title _____ Date 3-11-80

Approved _____ Title _____ Date _____

DOYLE HARTMAN
OIL
500 N. MAIN
MIDLAND, TEXAS 79701
OFFICE PHONE 682-1331
AREA CODE 915

INVOICE

DATE March 31 19 80

Arco Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702

PURCHASE NO. 8003190002

PLEASE SEND DUPLICATE INVOICE TO YOUR ACCOUNTING DEPARTMENT

DEBIT (THIS INVOICE IS ATTACHED)

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Gutman #1 & #2 NE¼ SE¼.

Estimated Drilling Cost			TOTAL DUE
1566,400	X	6.25000	$ 9,790,000

DOYLE HARTMAN
OIL
500 N. MAIN
MIDLAND, TEXAS 79701
OFFICE PHONE 682-1331
AREA CODE 915

INVOICE

DATE March 31 19 80

Gary Leasher
P. O. Box 3238
Midland, Texas 79701

PURCHASE NO. 8003190003

PLEASE SEND DUPLICATE INVOICE TO YOUR ACCOUNTING DEPARTMENT

DEBIT (THIS INVOICE IS ATTACHED)

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Gutman #1 & #2 NE¼ SE¼.

Estimated Drilling Cost			TOTAL DUE
1566,400	X	3.12500	$17,700.00

DOYLE HARTMAN
OIL
500 N. MAIN
MIDLAND, TEXAS 79701
OFFICE PHONE 682-1331
AREA CODE 915

INVOICE

DATE March 31 19 80

Michael Sullivan
2595 Stephens Road
Boulder, Colorado 80303

PURCHASE NO. 8003190001

PLEASE SEND DUPLICATE INVOICE TO YOUR ACCOUNTING DEPARTMENT

DEBIT (THIS INVOICE IS ATTACHED)

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Gutman #1 & #2 NE¼ SE¼.

Estimated Drilling Cost			TOTAL DUE
1566,400	X	3.12500	$17,700.00

DOYLE HARTMAN
OIL
500 N. MAIN
MIDLAND, TEXAS 79701
OFFICE PHONE 682-1331
AREA CODE 915

INVOICE

DATE March 31 19 80

James M. Isbell
221 Midland Tower Building
Midland, Texas 79701

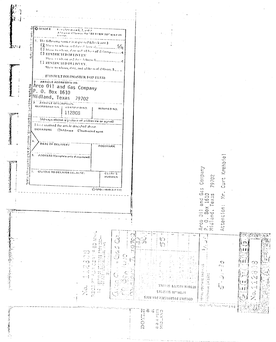
PURCHASE NO. 8003190000

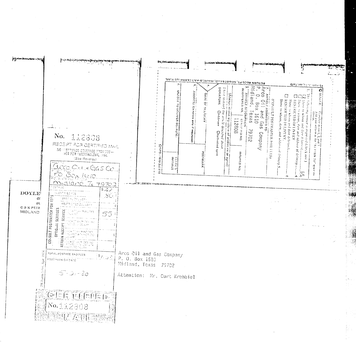
PLEASE SEND DUPLICATE INVOICE TO YOUR ACCOUNTING DEPARTMENT

DEBIT (THIS INVOICE IS ATTACHED)

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Gutman #1 & #2 NE¼ SE¼.

Estimated Drilling Cost			TOTAL DUE
1566,400	X	21.1811	$331,813.30


Anco Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702
112802
5-1-80
5-2-80
5-2-80
Attention: Mr. Carl Arnnold
DOYLE
GARZA
CERTIFIED
No. 112802
MAIL


No. 112838
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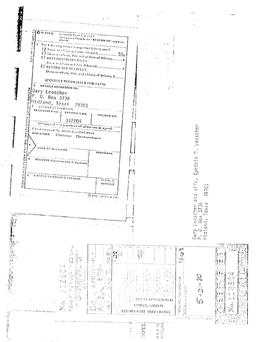
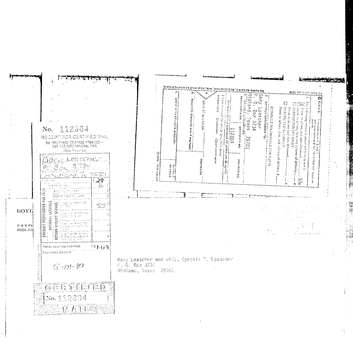
NO INSURANCE COVERAGE PROVIDED
DO NOT USE FOR INTERNATIONAL MAIL
(See Reverse)
Anco Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702
Attention: Mr. Carl Arnnold
5-2-80
DOYLE
GARZA
CERTIFIED
No. 112838
MAIL


Gary Leascher
P. O. Box 3238
Midland, Texas 79701
112804
5-1-80
5-2-80
5-2-80
Gary Leascher and wife, Cyntia T. Leascher
P.O. Box 3238
Midland, Texas 79701
DOYLE
GARZA
CERTIFIED
No. 112804
MAIL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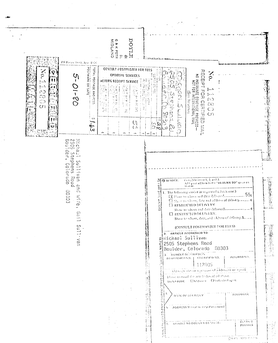
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
DO NOT USE FOR INTERNATIONAL MAIL
(See Reverse)
Gary Leascher and wife, Cyntia T. Leascher
P. O. Box 3238
Midland, Texas 79701
5-1-80
DOYLE
GARZA
CERTIFIED
No. 112834
MAIL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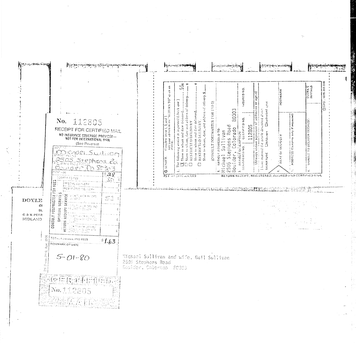
5-2-80
DOYLE
GARZA
CERTIFIED
No. 112835
MAIL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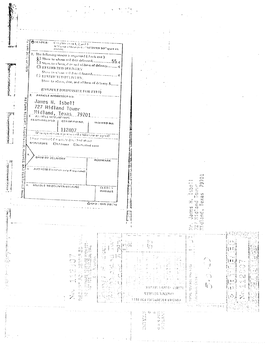
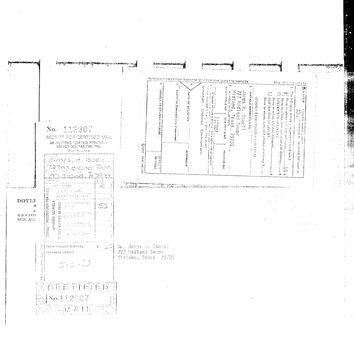
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
DO NOT USE FOR INTERNATIONAL MAIL
(See Reverse)
Thomas Sullivan and wife, Gail Sullivan
2505 Stephens Road
Wichita Falls, Texas 76303
5-1-80
DOYLE
GARZA
CERTIFIED
No. 112835
MAIL


Dr. Aaron A. Isbell
707 Holland Manor
Holland, Texas 76701
No. 112907
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112907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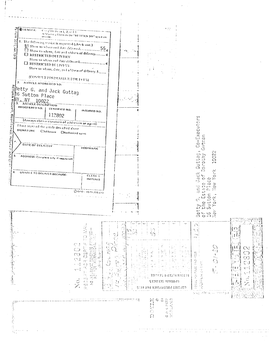
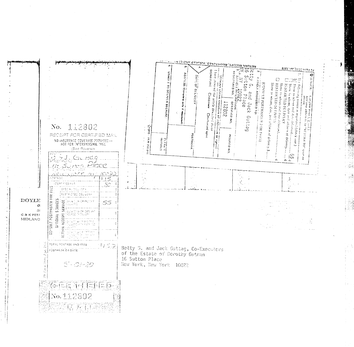
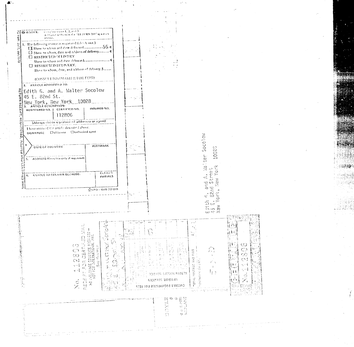
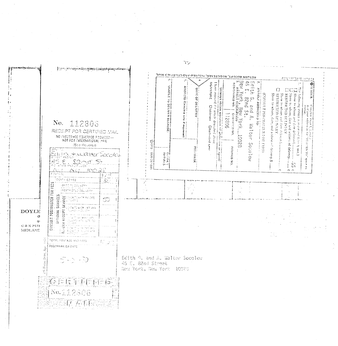
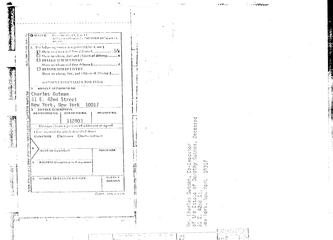
Dr. Aaron A. Isbell
707 Holland Manor
Holland, Texas 76701
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112907


Betty S. and Jack Gotzag
Co-Executors
of the Estate of Dorothy Barbosa
16 Sutton Place
New York, New York 10021
No. 112902
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112902


No. 112902
Betty S. and Jack Gotzag, Co-Executors
of the Estate of Dorothy Barbosa
16 Sutton Place
New York, New York 10021
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112902


Edith S. and A. Walter Sosolow
16 Sutton Place
New York, New York 10008
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112908


No. 112908
Edith S. and A. Walter Sosolow
16 Sutton Place
New York, New York 10008
DOYLE & GRAND MIDLAND
CERTIFIED
No. 112908


Charles Schaap
New York, New York 10017
112000
Charles Schaap, Chairman
Mr. Charles Schaap, Chairman
41 E. 42nd St.
New York, New York 10017
SEC. 2
SEC. 11
SEC. 12
SEC. 13
SEC. 14
SEC. 23
SEC. 24
SEC. 25
SEC. 26
SEC. 35
SEC. 36
T. 23 S.
R. 34 E.
Lea County, New Mexico
Getty Oil Company
Skelly Oil Company
Amerada Petroleum Corporation
Texaco Inc.
Mobil Oil Corporation
Sun Oil Company
Union Oil Company of California
Continental Oil Company
Shell Oil Company
Cities Service Oil Company
Gulf Oil Corporation
Phillips Petroleum Company
Atlantic Richfield Company
Exxon Corporation
Get

James M. Hall

Oil Properties

707 Petroleum Towers Building

Midland, Texas 79701

Area Code 915-684-2511

April 10, 1980

Mr. Doyle Hartman
500 C & K Petroleum Building
Midland, Texas 79701

Re: Gotham Nos. 1 and 2 Wells
Lea County, New Mexico

Dear Sir:

I am enclosing herewith an executed unsigned and copy of your proposed operating agreement (containing certain revisions) relating to the subject well. If it meets with your approval please execute the same and return it to me and retain the copy for your files.

Upon receipt of your drilling well proposals and proposed spud date, I will be happy to discuss an arrangement for the payment of drilling costs with you.

Very truly yours,

James M. Hall

JMH:lh

Enclosures

DOYLE HARTMAN
Oil Operator
500 C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701
(915) 682-4011

CERTIFIED MAIL

All Non-Consenting Parties
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: Final Request for Prepayment
Gotham No. 1 and No. 2
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

Please find enclosed two copies of an AFE and Detail Cost Estimate for my proposed Gotham No. 1 and Gotham No. 2 (Plan 1 Deal) wells, for purposes of the estimated drilling and completion costs for the two (2) No. 2 Deal) Mr. Jerry Hoover Oil Conservation Division entered a formation order concerning an application by the DOYLE HARTMAN, Oil Operator, for compulsory pooling, Lea County, New Mexico, which will for the two proposed wells, two non-standard locations, and corroboory meetings of all non-consenting parties in the NE/4 Section 13. The effective date of the ORDER order is April 30, 1980.

As provided for in the pooling provisions of the State of New Mexico, you may have thirty (30) days (by the end of this letter) to affirmatively join in the drilling of the proposed Gotham No. 1 and No. 2 of have the option(s) (option) to participate in the DOYLE HARTMAN, Oil Operator, proposed wells, and, should return to my office at your earliest convenience one signed copy of the enclosed AFE and Detail Cost Estimate for each well, a signed copy of the Joinder Agreement, execute the NE/4 Section 13 as a pooled unit, and furnish me with a check for your tendered share of the drilling and completion costs.

If the terms of the two proposed wells (Gotham No. 1) is not acceptable within thirty (30) days from today date or as reasonable evaluation period for the proposed Gotham No. 2 well, I will proceed to drill the Gotham No. 2 well prior to the spudding of the well. However, it is anticipated that an extended evaluation period for the Gotham No. 2 will not be necessary. In the event you do, which is not anticipated, to elect

May 1, 1980
Page 2

Very truly yours,

Doyle Hartman

DH:lh
Enclosures as above

cc: Mr. William J. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

BEFORE THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW MEXICO
Santa Fe, New Mexico

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6466
ORDER NO. R-5933

APPLICATION OF DOYLE HARTMAN FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.

CASE NO. 6466
Order No. R-5933

APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

IN THE MATTER

[illegible]

[illegible]

[illegible]

-4-
Case No. 6846
Order No. R-6333

(17) That all proceeds from production from the subject wells 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.

(18) That upon the failure of the operator of said pooled unit to commence drilling of the first well herein authorized to which said unit is dedicated on or before July 15, 1980, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That the application of Doyle Hartman to pool all mineral interests, whatever they may be, in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the E/2 NW/4 of Section 13, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the West line of said Section 13 and the second being the W/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 1980 feet from the East line of said Section 13 is hereby pooled.

(2) That all mineral interests, whatever they may be, in the Eumont Gas Pool underlying the E/2 of Section 13, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a [illegible] to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the [illegible] line of said Section 13.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1980, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Eumont Gas Pool.

[illegible]

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Case No. 6846
Order No. R-6333

(3) That Doyle Hartman is hereby designated the operator of the subject well and unit.

(4) 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 subject unit an itemized schedule of estimated well costs.

(5) 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.

(6) 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.

(7) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that 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.

(8) 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) [illegible]

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Case No. 6846
Order No. R-6333

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.

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

(10) That $[illegible] per month while drilling and $[illegible] 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.

(11) That upon completion of the well authorized in Order No. (2) above, and after a reasonable period of time in which to evaluate its production characteristics and reserves, the applicant is authorized to drill a second well on the acreage lands, said well to be drilled at an unorthodox location 330 feet from the North line and 1980 feet from the East line of Section 13, and be simultaneously dedicated with the first well to the unit, spacing and proration unit with the option to produce the unit allowable from either well in any proportion.

PROVIDED HOWEVER, that within 90 days prior to commencing the second well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of the second well's estimated costs, and

PROVIDED FURTHER, that the provisions of Orders Nos. (5) through (10) above shall apply to the second such well drilled on the unit, in the same manner as they apply to the first well on the unit, as though the second well were such well on the unit.

PROVIDED FURTHER, [illegible] such interests of [illegible] operation unit [illegible] to the commencement of the second well on the grounds [illegible] well may [illegible]

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Case No. 6846
Order No. R-6333

(12) 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.

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

(14) That all proceeds from production from the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea 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.

(15) That 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

JOE D. RAMEY
Director

S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

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SANTA FE, NEW MEXICO 87501
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Mr. William F. Carr
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 6846
ORDER NO. R-6333

Applicant:

Doyle Hartman

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

Page 1

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
9 April 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

And

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the north line and 2310 feet from the east line of Section 13, Township 21 South, Range 36 East, Lea County.

CA
68

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

SALLY W. BOYD, C.S.R.

APPEARANCE

For the Oil Conservation Division: James G. Padilla, Esq., Legal Counsel to the Division, State Land Office Bldg., Santa Fe, New Mexico 87501

For the Applicant: William F. Carr, Esq., CAMPBELL & BLACK P. A., Jefferson Place, Santa Fe, New Mexico 87501

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MR. NUTTER: We will call next Case Numbers 6846, two cases here, the original case and the amended case.

MR. PADILLA: In the matter of Case Number 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the north line and 2310 feet from the east line of Section 13, Township 31 South, Range 36 East, Lea County, and application of Eaglo Harman for two compulsory pooling, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico.

MR. CARR: May it please the Examiner, I am William F. Carr, Campbell and Black, P. A., appearing on behalf of the applicant.

I have one witness who needs to be sworn.

(Witness sworn.)

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

MR. CARR: Initially, Mr. Examiner, I would note that Conoco had expressed objection to the location of the wells as advertised. We have served with Continental to move the wells to a more standard location and we request permission to go forward with the case now with the two wells located as follows: One 330 feet from the north line, 1999 from the east line; the other, 1650 from the south line and 1980 from the east line.

The net effect of this change is to move the wells 660 feet from the offsetting property.

MR. NUTTER: Okay. Now, the first well which was to be drilled 330 from the north and 2310 from the east, will now be drilled what?

MR. CARR: 330 from the north and 1980 from the east.

MR. NUTTER: And the other well was to be drilled 1650 feet from north and 330 from the east, now it will be drilled what?

MR. CARR: 1650 feet from the north and 1980 from the east line.

MR. NUTTER: So after this is all said and done, there are three unorthodox locations. Where are these unorthodox locations from the standard locations?

MR. NUTTER: Okay, we'll consider the application amended to that effect, then.

Q. Will you state your name and place of residence?

A. William P. Aycock, Midland, Texas.

Q. By whom are you employed and in what capacity?

A. By Eaglo Harman in connection with the application under Case Number 6846.

Q. Have you previously qualified before this Commission, had your credentials accepted and made a matter of record?

A. Yes, sir, I have.

Q. Are you familiar with the application in this case?

A. Yes, sir, I am.

Q. Does not involve a dual completion or a non-standard proration unit?

A. Yes, sir, I have been.

MR. CARR: And I'd ask that Mr. Aycock be accepted as an expert petroleum engineer.

A. Mr. Harman is seeking two non-standard proration units, two proration units, one proration unit, for which is described in the northeast quarter of Section 13, Township 21 South, Range 36 East, in Lea County, New Mexico, which is within the boundaries of the Lea Unit.

Q. Are further units necessary to develop the Lea Unit?

A. These two non-standard gas proration units are necessary for consideration for the costs of drilling these wells and allocation of the costs, as well as the actual charges and cost of operations.

Q. Also, he requests that these units be established for the purpose of pooling all mineral interests from the surface to the bottom of the Wolfcamp formation underlying the proration units, for which purpose he proposes to drill the wells at the unorthodox locations previously described?

A. Yes, sir.

Q. Have you prepared certain exhibits for presentation in this case?

A. Yes, sir, I have.

Q. Would you please refer to what has been marked for identification as Applicant's Exhibit Number One and explain what it is and what it shows?

A. Applicant's Exhibit Number One is a plat showing the Lea Unit outline in red, and the proposed non-standard proration units, which are outlined in blue, and the proposed unorthodox locations, which are indicated by the dots in the center of the units.

Q. Are there any other wells in the area?

A. Yes, sir, there are.

Q. Are they identified on this plat?

A. Yes, sir, they are.

Q. Would you please refer to what has been marked for identification as Applicant's Exhibit Number Two and explain what it is and what it shows?

A. Applicant's Exhibit Number Two is a plat showing the Lea Unit outline in red, and the proposed non-standard proration units, which are outlined in blue, and the proposed unorthodox locations, which are indicated by the dots in the center of the units.

Q. Are there any other wells in the area?

A. Yes, sir, there are.

Q. Are they identified on this plat?

A. Yes, sir, they are.

moves the ...

A Yes, sir.

MR. BUTTRY: -- fact to the east.

A It makes them 660 feet laterallately east of the west line of the northeast quarter.

It's also shown on the Exhibit Number One are the cross section lenses that will be subsequently presented as exhibits.

Now, Mr. Aycock, are the wells marked in red, are these newly completions?

A They either are or were. Some of them are no longer active.

Q Are the tenant wells that affect the unopposed wells that you would characterize as pool wells, or were they once pool wells?

Q Why is Mr. Hartman proceeding with both of these projects at one time?

A There basically are two reasons, whether one, it is Mr. Hartman's opinion, based upon the studies that he has done and those that I have assisted him in doing, that two wells will be required to drain the remaining tonnage one reservoir rock beneath the property; the fact that he has some of the numerous oil and gas leases that cover the property, which will be terminated in detail at a later time during this testimony. There are two of these leases that expire in May of 1983, where is also a problem that concerns some of the other interests that are not controlled by Mr. Hartman, in that he has requested the other interests to either join or farmout or do something, and at this time has received no reply to his requests. In the absence of an affirmative reply, Mr. Hartman has -- is proposing a disproportional assessment against those who do not elect to participate in the drilling of these wells.

Now, in order to drill one well now to protect our drill quarters, we would have to have both the

over a year in attempting to put this thing together, and he's now reached the end of his rope on his oil and gas leases and he's forced to once here and proceed forward, needing in order to be can proceed with orderly development of the property prior to the expiration of two of the oil and gas leases -- not be available.

MR. BUTTRY: Okay. Mr. Aycock, you've been referring to a whole bunch of people, or leases, or leasors, or record -- under those properties. Can you straighten us out -- just who they are?

A Yes, sir.

MR. BUTTRY: The application was filed there were working interest owners A, B, C, D, and E.

A Yes, sir, and --

want.

A Yes, sir, we have several exhibits that will cover that, I think, in very adequate detail. I have it with, anyway.

MR. BUTTRY: Okay.

Mr. Aycock, if Mr. Hartman were to drill the first well and it should not be a successful endeavor, with he still proceed and drill the second well?

A It's Mr. Hartman's intention to drill both wells regardless or the outcome of the first well.

Q So there are definitely unknowns involved?

A We let us be so economical, they are.

Q Will you please refer to what has been marked for identification as Exhibit Two and summarize the information thereon.

A Exhibit Number Two is -- is -- on the Penasco Pool, which this whole two-thousand feet is definitely on the Penasco Pool, covers the west

Penasco -- Penasco Pool, covers the west

of the -- of the west half of the southeast quarter of the -- of the north half of the southeast quarter of the north half of the northeast quarter.

Mr. Hartman -- was -- was -- is also -- is also -- is also

variability of the zones that
n fact destruction that would
ave nearly on the cross
ree the rate of dip is consider
inity of the frame in question.
he wells as we have done here
you believe you still
time?
think that obtain the recov
ion, but the fact is would
ience of which they were
ow, due to the reservoir
duction was calculated
ir production flow data

of activity across the expiration dates of two oil and gas
leases, and then try to get the drilling rig back at some
later date.

Since it's his intention to drill the two
wells in any event, he would prefer to go ahead and drill
them while he's there rather than to defer and incur addi-
tional expense in attempting to establish a feasible econo-
mic item of activity that would perpetuate these leases.

It is absolutely necessary, if the leases
are going to be perpetuated, that he be drilling on or about
the 21th of this month.

In regard, will you say either to what
has been worked for specifically as Exhibit Three and, to
your knowledge, the Hammond

Q Cross Section A-A', the frame of which
was furnished us and identified as Exhibit Three, I believe,
earlier today, is identical to the Humble Bow Fields
section, and for structure. I also understand it does not have
any wells shown on it, but I would like to ask you
the following.

In general, what is the

process like.

Yes, I'll notice that all but one of the
wells on this cross section were drilled and completed in
the mid-30's. One of them was drilled and completed in
1933.

Do none of this activity to recent-

Will you now refer to Exhibit Number Four,
your B-B' cross section, and review that exhibit for Mr.
Hutter?

Exhibit Number Four is the wholesale
cross section, and, the trend of which was also previously
indicated on both Sub-Bits One and Two.

Eliminating another data on the wells
including on this cross section. The reporter will note that
there are three oil fields -- two of which are long wood-
bine, one principle oil pay wood bine, and the

the characteristics of the formation?

A Well, it is apparent from the practices
of the operators in the area that the performance has come
for completing in the Penrose instead of these zones that
are included within the Kemp Field designation is mos-
chano; however, this is probably due to the fact that the-
Woodbine is quite a bit higher and it is my opinion, based
on what has been done here, that these zones are very signi-
ficant situation said to the trend contemplated in the zones
above the Penrose zone and below the Penrose, within the
Kemp Field -- Stephens or Hardy Formation, however we would want
to know it.

MR. PORTER: Well, Mr. D. Connell, this
second cross section, this A-A', has both of the wells shown
on there.

A Yes, sir.

that first well, which is the No. 2, has been plugged and
abandoned temporarily?

A I am not in possession of factual situation
documents, if such exist, Mr. Walker. That's the best
can find.

MR. SARGENT: That does not concern the
Commission, Gentlemen.

Q Yes, sir.

MR. PORTER: And you did ascertain that
the other well has gone on -- on -- on --

A Yes, sir.

MR. PORTER: -- to -- to -- to --

MR. SARGENT: -- to a -- to another --

-- those wells has been spud prior to the formation

-- that's correct.

MR. PORTER: Yes.

than internally the cumulative gas production as of January
1st, 1955, the estimated original gas in place there multi-
plied necessary information was available so allow that esti-
mate to be made the cumulative obtained gas recovery from
extrapolation of the established decline rates that are pre-
sent on each of the wells; the estimated gas recovery factors;
and the trends about to withhold pressures that we can find
there's been recovered; and the date of that -- the year in
which this occurs are made.

I think, as you recollect, Mr. Porter,
that the -- counsel for the operator has also previously
on these two and absolutely has no those in this formation
which --

Based on Mr. Parsons's previous interrogation
to Mr. Cole and the cumulative that comprise be classified

...sibility factor as a function of cumu-
...which form the basis of the estimates
...think that the information is available
...ith that are included on the previous
...en discovered.
...ER, WITNESS: The months that you were
...as certain income items, and that the
...ation on imports, whether they and foreign
...ation sales?
...ere) Various other sales as well as
...
...ecember, I think will give you what the
...that are covered.
...ers, etc. shows instances all of these that
...ent, your other records to be sure that
...ion has an impact on any of the...
...
...

ich it was based was wells that are operat-
sco Gas to supply.

...respect between shareholders, which took place
...to year, there have been -- there has been an
...Company take the drilling of a new set of wells.
...know the Constable's issue that we had
...terminal to industry need, because some
...pany. They,
...Mr. Brown: You can't see that's a little
...ocess inside there.
...Page 22.
...Mr. Gross: Let's proceed to Brown Tower.

the final route will be or an actual -- that will be rendered
will be on an actual cost basis. If the route are less than
that, then refunds will be due to each of the shareholders if
the route are greater than this, then, in essence, each party
will be billed for their proportionate part.

Q. Will you please refer to what has been
marked for identification as Hathaway's Exhibit Brown Pipe-
line?

Hathaway's Exhibit Number Fifteen, is
the final page in a package of two or more and you have that
...provided to Clyde Hathaway at this time.

I will introduce it for Constable.
...connection to the Brown Tower #1 and the Corporation
...house warrant on June 5th, 1979, the contract route of the-
...

...

to feel like it would be more prudent,
with the situation the way it is, simply to ask for the two
wells and evaluate the entire issue in this matter, as we
would prefer. Each of the leases is complex multi-valuation-
tors. I'll be glad to go into whatever details the Commission
may require. Where's full documentation here.

Q. Mr. Aylward, what is the assigned quarter
...of a Bureau, Gas Tract?

A. ...not on read this or from the Bureau, Gas
...Tract. Also, at its recent...date, this tower, such as, into
...but there's a standard gas quantities well in the Canada and
...have which he has agreed.

Q. Scientific operations, he have, how is the
...most downstream?

weather the allowable.

A. That's correct.

Q. Would you please refer to what has been
marked for identification as Hathaway's Exhibit Petroleum,
and just briefly state what that shows?

A. Exhibit Petroleum is a copy of a standard
land map on a 1-inch equals 4000-foot scale, which shows the
location of the gross sections that have existing wells pro-
duced. The lease is unattached, and shows the positions under
which one registered by the Constable, Colorado Tomato Wells.

Q. Could the Commission well explain that
as Rule exceptions, that 80 acres or so 320 acres, is the
two 320-acre tracts or materials, one of which is a
regular 320-acres, one the grass, refers to a part throughout
which is some reports or wells.

...

Q. In regard to his account, are there mari-
culer problems which cause you concern as you proceed with
this matter?

A. Well, it is our understanding that the
oil and gas lease which Mr. Tidwell took from the estate
of Dorothy Farnum was executed by only two of the co-owners
and not all three as these.

Q. At this time would you -- I think it would
be better to refer to what has been marked Exhibit Number
Fourteen.

A. Exhibit Number Fourteen is the Petroleum
Facility Rental Agreement under the provisions of
Section 12, Township 21 South, Range 95 West, labeled for
identification as Exhibit Fourteen, Mr. Mather, are you to
...

and comes down to a trust agreement, which is filed of
record, but at the time Mr. Norman had the records checked
in Las Animas, the Probate Trial, there had not been any
documents, it is referred to but there had not been any
documents, nor have there been any probate filed or record
in Las Animas, so simply have that it apparently centers be-
...ween of the sections in one of the other documents.

Until the document title defficiency, which
establishes the complete chain of title under the -- between
the trust agreement and the ...whereby there is established,
and can be established, with complete ...titles that have been
out of record in Las Animas, there is ...Norman doesn't know
exactly who he may be dealing with, either as a ...ownership
interest owner, a granted interest owner, or ...wnership.

Mr. Norman feels, now you don't need what
you are looking, that's okay, Mr. Gagnon.

It does not ...information on this lease,
...but there is ...ments will ...ficient. You need to

the trust agreement. If there are, Mr. Harrison's title
to money has not been able to be paid to them, but does not
affect his title possession.

Q. Yes, Mr. Aycock, that's the point of this
suit, simply that even if you could get overseas to settle
fully now in, there are certain things in terms of the title
to make it impose a situation where after the suit is
done you would wind up with some fraternal not essentially
[illegible]

I think the only -- the only documents
are the title matters, Mr. Sutter, to which I've no
objection to burden you with this either.

Do you know who
prepared that lease was no alternative, either that
and our leases or even contract the Commission on
it as being worthwhile under the [illegible]

[illegible]

[illegible]

[

Betty Cutting and Jack Cutting and Charles Cutting.

A. Yes, sir.

Q. Individually and as co-executors under the will of Dorothy Cutting, deceased.

A. Yes, sir.

Q. Okay. That's the estate portion we initially mentioned.

A. Yes, sir, and that's covered under Exhibit Eleven, which is the executive correspondence summary of everything that pertains to this interest, as far as Mr. Hartman is concerned.

Q. Now, are B and C on the application, do they own varying shares separately or do they together own 24/72ths and it never has been split up?

A. Those initials represent what indicates that the existing options and the options current at the time.

Q. Let me back, Mr. Cutter, just a minute, mr. Hartman. Had we declined --

A. Had we declined --

Q. -- this application --

A. -- Exhibit Eleven --

Q. -- that would be the end of it?

A. -- Exhibit Eleven is a summary of everything that pertains to Mr. Hartman's interest, and it's covered under Exhibit Twelve.

Q. Had we declined this application, would Mr. Hartman have had any right to assign his interest to anybody else?

A. No, sir.

Q. Now, Exhibit Twelve, is that the correspondence that you referred to earlier?

A. Yes, sir.

Q. Now, I'm looking at the first page of Exhibit Twelve, and it's a letter dated March 17th, 1980, addressed to Mr. Hartman, and it's from Betty Cutting, Jack Cutting and Charles Cutting, co-executors under the will of Dorothy Cutting, deceased, and it's addressed to Mr. Hartman at 4-1-99 James H. Isbell Lease, Midland, Texas, 79705. Is that correct?

A. Yes, sir.

Q. Now, who is Mr. Isbell?

A. Mr. Isbell is the lessee of record in Block 4, Section 1, Block 99, James H. Isbell Survey, and does not include Charles Cutting as a lessee.

Q. You said Charles Cutting.

A. No, Charles Cutting is the record owner.

Mrs. Cutting is his mother. The name is Dottie Cutting. Betty Cochran Cutting, and his name is Charles Cutting.

Q. Oh, the application read he is owner --

A. -- Charles Cutting, and his name is Charles Cutting.

Q. -- from Lessee of New York and, and Mr. Harrison doesn't either, but he doesn't want to keep a non-producing well, so he is willing to assign it to Mr. Hartman.

A. Yes, sir, and that's covered under Exhibit Eleven, which is the executive correspondence summary of everything that pertains to this interest, as far as Mr. Hartman is concerned.

Q. Now, are B and C on the application, do they own varying shares separately or do they together own 24/72ths and it never has been split up?

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A. No, sir.

Q. Now, Exhibit Twelve, is that the correspondence that you referred to earlier?

A. Yes, sir.

him to join or he had indicated that he would.

Q. When did he send it to Mr. Isbell?

A. Well, let's look back on the --

Q. And when did Isbell obtain these leases, do you know?

A. The lease that we have seen that's of record is dated March 17th, 1980. It includes only his of the co-executors. It includes Betty C. Cutting and Jack Cutting, and does not include Charles Cutting as a lessee.

Q. You said Charles Cutting.

A. No, Charles Cutting is the record owner. Mrs. Cutting is his mother. The name is Dottie Cutting. Betty Cochran Cutting, and his name is Charles Cutting.

Q. Oh, the application read he is owner --

A. -- Charles Cutting, and his name is Charles Cutting.

Q. -- from Lessee of New York and, and Mr. Harrison doesn't either, but he doesn't want to keep a non-producing well, so he is willing to assign it to Mr. Hartman.

A. Yes, sir, and that's covered under Exhibit Eleven, which is the executive correspondence summary of everything that pertains to this interest, as far as Mr. Hartman is concerned.

Q. Now, are B and C on the application, do they own varying shares separately or do they together own 24/72ths and it never has been split up?

A. Those initials represent what indicates that the existing options and the options current at the time.

Q. Let me back, Mr. Cutter, just a minute, mr. Hartman. Had we declined --

A. Had we declined --

Q. -- this application --

A. -- Exhibit Eleven --

Q. -- that would be the end of it?

A. -- Exhibit Eleven is a summary of everything that pertains to Mr. Hartman's interest, and it's covered under Exhibit Twelve.

Q. Had we declined this application, would Mr. Hartman have had any right to assign his interest to anybody else?

A. No, sir.

Q. Now, Exhibit Twelve, is that the correspondence that you referred to earlier?

A. Yes, sir.

hand, who are two of the three co-executors of the --

Q. But he doesn't have one from Charlie Cutting.

A. Charles Cutting, that's correct, and my Paragraph's information is that Mr. Cutting is -- Charles Cutting is somewhat unsure about this matter and is considering appropriate action, whether or not he will do it in an or an executive to Paragraph, but what concerns him is if he does in and wants drilling a well thinking he has a lease and it turns out that he doesn't have a lease, then that date he Or, Texas, or if there's a minor interest, Texas doesn't include all the interests --

Q. That's correct. It includes -- I don't know what the laws having to do with estates and successions in the State of New York and, and Mr. Harrison doesn't either, but he doesn't want to keep a non-producing well, so he is willing to assign it to Mr. Hartman.

A. Yes, sir, and that's covered under Exhibit Eleven, which is the executive correspondence summary of everything that pertains to this interest, as far as Mr. Hartman is concerned.

Q. Now, are B and C on the application, do they own varying shares separately or do they together own 24/72ths and it never has been split up?

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Q. Had we declined this application, would Mr. Hartman have had any right to assign his interest to anybody else?

A. No, sir.

Q. Now, Exhibit Twelve, is that the correspondence that you referred to earlier?

A. Yes, sir.

Q. Exhibit Twelve.

A. You'll notice on the correspondence summary on the face of Exhibit Twelve, under number two, it says furnished refer to participants with copy of correspondence APE.

Q. Right.

Which here it says 4-1-99, James H. Isbell as possible lessee, and has an asterisk. Down at the bottom it says lease from Betty and Jack Cutting as independent co-executors under the will of Dorothy Cutting, deceased, now being legally contested in the Texas of New York by Charles Cutting, also a co-executor and 50 percent heir's stake under the will of Dorothy Cutting.

A. That's the best information that Mr. Hartman has been able to obtain.

Q. Okay. And what is being legally contested, the lease?

A. The fact that only two of the -- that the lease was executed by only two of the co-executors, not the three.

Q. Okay. So Charlie Cutting is contesting the lease that, with and of the lease that's --

A. Yes, sir.

Q. -- executed by --

A. Yes, sir, I've not had an opportunity to

A. Yes, sir.

Q. -- drilling Jalmat wells and it's --

A. Adjusted to a 4700 foot depth.

Q. -- adjusted to the 4200 foot depth for the Eumont.

A. That's correct, sir.

Q. And figures are given there. I think it was $293,000 for a --

A. Yes, sir.

Q. -- recompletion.

A. As you've probably aware, Mr. Cutter, Mr. Harrison does several things that all operators don't do. Also he attempts to secure the operations coming out the way back to the surface, if at all possible. He believes this is prudent for both the preservation of the wellbore and the protection of our surrounding fresh formation. [illegible] he has instructed him to wellbore. And also receive answers to [illegible] and he attempts to [illegible] what the wells are supposed to [illegible] formations.

Q. Mr. Cutter, I'm looking at Exhibit Twelve, and it's a letter dated March 17th, 1980, addressed to Mr. Hartman at 4-1-99 James H. Isbell Lease, Midland, Texas, 79705. Is that correct?

A. Yes, sir.

Q. Now, who is Mr. Isbell?

A. Mr. Isbell is the lessee of record in Block 4, Section 1, Block 99, James H. Isbell Survey, and does not include Charles Cutting as a lessee.

Q. You said Charles Cutting.

A. No, Charles Cutting is the record owner. Mrs. Cutting is his mother. The name is Dottie Cutting. Betty Cochran Cutting, and his name is Charles Cutting.

Q. Oh, the application read he is owner --

A. -- Charles Cutting, and his name is Charles Cutting.

Q. -- from Lessee of New York and, and Mr. Harrison doesn't either, but he doesn't want to keep a non-producing well, so he is willing to assign it to Mr. Hartman.

A. Yes, sir, and that's covered under Exhibit Eleven, which is the executive correspondence summary of everything that pertains to this interest, as far as Mr. Hartman is concerned.

Q. Now, are B and C on the application, do they own varying shares separately or do they together own 24/72ths and it never has been split up?

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Q. -- that would be the end of it?

A. -- Exhibit Eleven is a summary of everything that pertains to Mr. Hartman's interest, and it's covered under Exhibit Twelve.

Q. Had we declined this application, would Mr. Hartman have had any right to assign his interest to anybody else?

A. No, sir.

Q. Now, Exhibit Twelve, is that the correspondence that you referred to earlier?

A. Yes, sir.

MR. HUTTER: Does anyone have any questions of Mr. Aycock? He may be excused.

Do you have anything further, Mr. Carr?

MR. CARR: Nothing further, Mr. Hutter.

MR. HUTTER: Does anyone have anything they wish to offer in Case Number 6868?

We'll take the case under advisement.

Oh, yes, sir?

MR. LEASCHER: It's just that Mr. Sullivan and myself are here and we --

MR. HUTTER: Please vote some, please.

MR. LEASCHER: Get together, and we have tried to work with Mr. Davidson on this and are not objection and for not signing the operating agreement that he sent us was the two wells at the same time on one operating agreement. And I just want to make a record of that.

MR. HUTTER: Mr. Leascher, I'm more aware, here, of what we're trying to do than you are. I'm not sure you would be willing to do that, but I think it would be very helpful if you would write a letter to me stating your position and why you feel that you should have separate operating agreements.

MR. HUTTER: And you feel that you should have separate operating agreements --

MR. LEASCHER: Well, for each well.

MR. HUTTER: -- for the two wells?

Well, --

MR. LEASCHER: I mean after the first one is completed, or if it is completed, we have the right or option that we decide what you're going to do on the second one, or in the first one being dry. I mean if the first one is dry.

MR. HUTTER: Your ownership is identical through the two units, isn't it?

MR. LEASCHER: Yes. And I have four, one square on my lease and I think Mr. Hartman, I can accurate his acre in the three, but I don't have to do that. I mean it's not my fight that he has those four plus one and I'm all right with that. So we do have this thing involved, but I don't understand the reason it needs to be in order to -- not necessary -- while we're in the process of operating agreement, we'll agree to sign the operating agreement on the second one.

MR. HUTTER: You mean by that if he can get the one in unit two second well, he wants to get it.

MR. LEASCHER: Yes, sir. I mean, I'm not trying to -- I mean, I'm not trying to hold him up. I'm not trying to -- I mean, I'm not trying to -- I mean, I'm not trying to -- I mean,

think with SMO we have any -- we have any difficulty, but he doesn't know who he's dealing with and what their financial capabilities are and whether they're going to be able to pay, and with credit contrato to Evoke and Interest rates in excess of 20 percent, and as a consequence, all the suppliers are virtually demanding settlement in full of accounts within 30 days. They have to because their profit margin won't allow them to carry. And Bertman is concerned that he'll get into a situation where some of the people will choose not to pay and he'll be left without either suing the Interests he'll be found with counterclaims suits, or vorbonn's suits, or there, as an option to him paying the bills for the whole thing, and that's not a prudent business situation from his standpoint.

He wants to know that he's protected and that either he's not the Interest or that the person involved can and will pay their bills on time. Just as an suggestion

the other is obvious. As soon as the deal goes through

myself, and various the people have a history with us and I have their tax and will vote. We identify the name there, we don't have a tax ID number in the box.

MR. HOOVER: Is that the two broker

MR. AYCOCK: You better believe it. The Interest -- that is the one and only -- and we don't

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing transcript of hearing before the Oil Conservation Division 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.

think Mr. Leuscher has a valid point there.

I almost longer term Interest he would have been delighted to, but he did the best he could and that was all he could get, and he's willing to drill them, he personally with his 50 percent interest is willing to stand up and drill two wells bang-bang, and if the others don't, then that constitutes -- I guess that constitutes a disagreement between them.

MR. LEUSCHER: If we had any record of time. I'm low: talking about putting it all up front.

MR. AYCOCK: As you're aware, Mr. Warner, kind of the same situation occurred in that -- in the other controversy that we had in the Cannon Pool with Texaco several months ago, where Bartman was forced to drill a second well before the second one was properly evaluated, and to spread out there. It was a dry hole, and he's still willing to go on other wells you know and spread that risk. And you know, if the -- if people don't want to talk, when he's willing to assume the additional risk if there's any. Also of a technical [illegible] to the [illegible], and we think, and, without an Texaco Act's willing to farm with he's willing to do anything that's reasonable to get the thing done.

so in excess of 1000,000 bucks. We did it in December.

sory pooler statute contemplates a person not participating and putting up his money.

MR. AYCOCK: Right.

MR. HOOVER: You've going to have to

carry him in that instance, aren't you?

MR. AYCOCK: But so also -- he's willing

he will get -- he will get a reasonable recover for taking the risk and he will get the production income, but if he ends up with -- we go into this thing and we don't have it all straightened out and you're not ready, it's going to cost 100 percent of the little out over here of the interest, and that's not a prudent business situation.

I don't know the Hondroom and the Cutrona

MR. AYCOCK: Well, you'll have to discuss that with him.

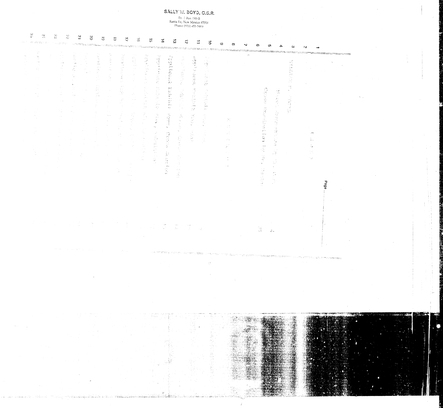
MR. HOOVER: Does anyone have anything further in Case Number 6845?

Take the case under advisement.

(Hearing concluded.)

SALLY M. BOYD, C.S.S.

SALLY M. BOYD, C.S.S.



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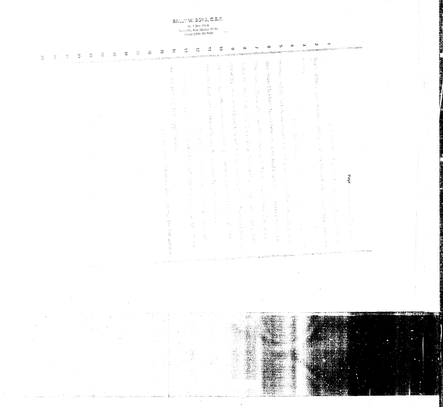

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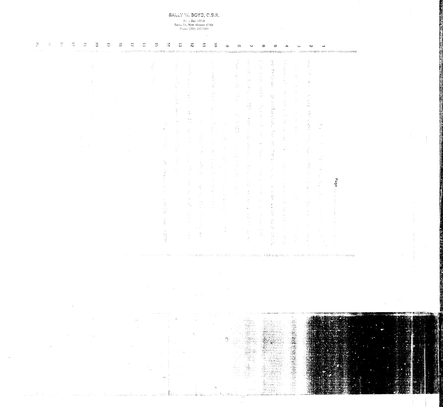

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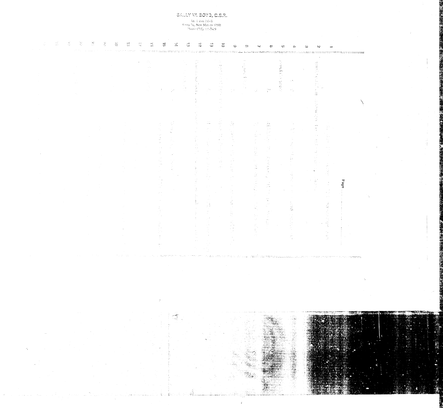

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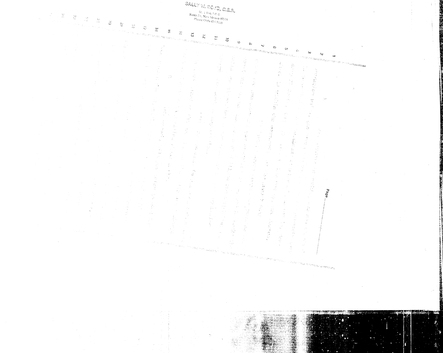

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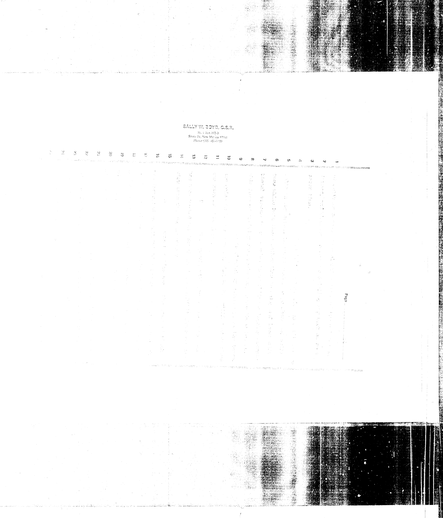
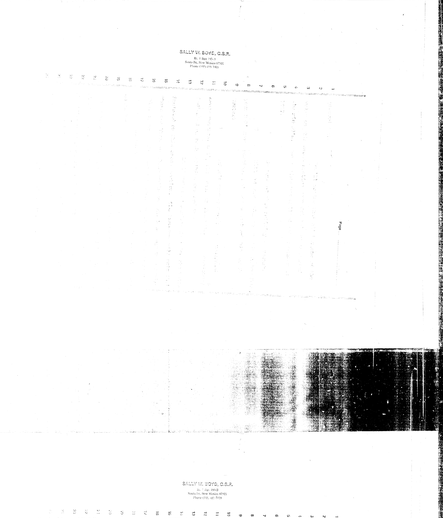
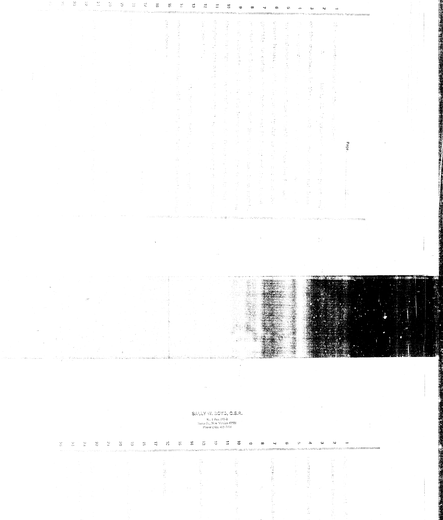


BALLY W. DOYL C.S.R.





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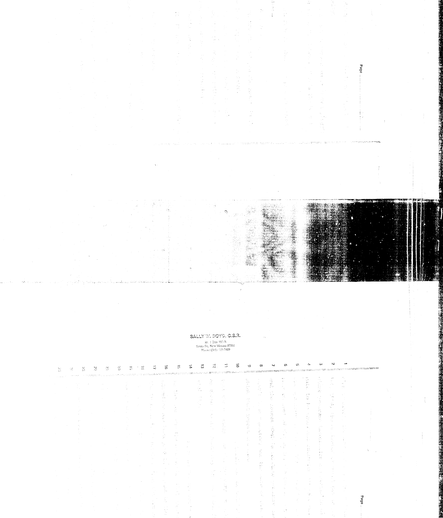

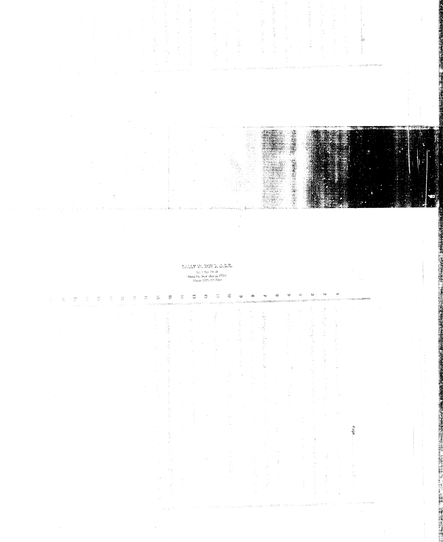

BALLY W. DOYL C.S.R.

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James W. Hall

March 24, 1989

Dr. A. Wayne Sensabaugh
43 Knox Club Drive
New York, New York 10021

Re: New Mexico Oil Conservation Division Case 8855

Dear Dr. Sensabaugh:

Enclosed is a copy of the Application filed with the Oil Conservation Division in the above-referenced case.

You are hereby advised that a hearing will be held before the Division on this application on April 12, 1989, beginning at 8:15 a.m. in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico.

If you have any questions, please advise me.

Very truly yours,

ruary 28, 1980

ES

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on Hardware Boutique.

will be attended by

ing events.

ation of duty.

GAS PRODUCTION HISTORY

Date: March 4, 1980

Operator: Bristow & Burr

Well: Plunkett

Location: T. 1. 23 N.

Field: Round Knl

Open Date:

Completion Method: Rotary

Completion Date: 1947

Remarks: First Production 12-47

Page 1 of 1

Drawn by: [illegible]

Date of Completion Date:

Final Production Date:

Year	Gas Produced (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Produced (MMCF)	Annual Water (BBL)
19 47	31,726	11,823	146.8	571
19	9,743	973	9.2	762

1-1-80 Cum Gas = 9743

Cum Oil = 9743 MCF

CASTROVILLE FIRE HISTORY

Date: 8-5-03 Page 1 of 1

Operator: Tripod

Well: Roy Rabbit Sec. 2

Location: 8-12-21 36

Fluid: Export Gas

Spud Date: Started Construction 6/30

Construction Finished: 8/1

Completion Date Start: Finish Flush Glow 10/02

Remarks: P & A 1962

Size	No. of Det.	Round Size Perforation (shot)	Perf. Size Dia.	Perf. Size Penetration (inches)	Found Oil Bbl/d	Water
10&4	4	200	333	400.0	0.45	0.0
12x8	96	1751	307	307.1	406.3	0.0
8x4	32	5,000	280	280.0	0.0	0.0
8x4	19	20000	0.0	0.0	0.0	0.0
8x4	17	13601	0.0	0.0	0.0	0.0
8x4	15	12000	0.0	0.0	0.0	0.0
8x4	13	10370	0.0	0.0	0.0	0.0
12	11	15711	0.0	0.0	0.0	0.0
12x8	9	6000	0.0	0.0	0.0	0.0

Pressure in PIZ - (psia)

GAS PRODUCTION HISTORY

Page 1 of 1

Pressure vs DTZ - (psia)

GAS PRODUCTION HISTORY

Page 1 of 1

Date: 3-31-16

Operator: Seneca Inc.

Well: Rig #666 Sec. 1

Location: 3-S2-R13E

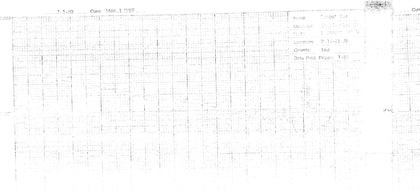
Field: Garden Grove

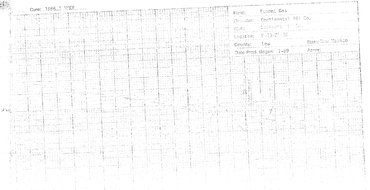
Type Well: Original Completion Date:

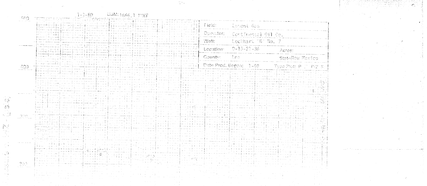
Completion Date (Est): First Production (Est):

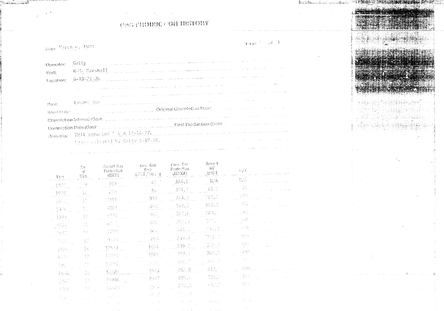
Comments:

Year	Mo	Annual Gas Production (MCF)	Ann. Gas Prod. Per Day (MCFD)	Ann. Gas Prod. Per Well (MCFD)	Annual Water (BBL)
2013	12	31,861	87.3	87.3	1,095
2014	12	26,280	72.0	72.0	1,460
2015	12	19,710	54.0	54.0	1,095
2016	3	5,913	65.7	65.7	365

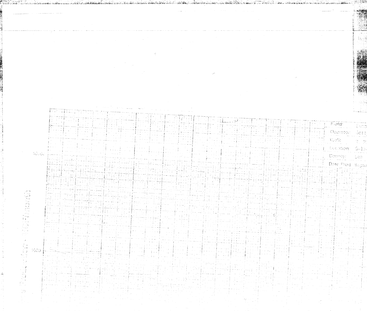


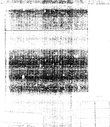


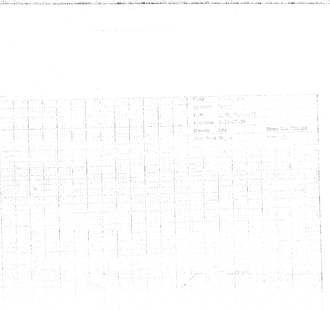


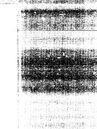


CASE FINDER'S OIL HISTORY









GAS PRODUCTION HISTORY

Page 1 of 1

Date: 3-Jan-01

Operator: Tidewater
Well: S. B. Randall #7
Location: P-13-19-36

Field: Twisted Gas
Original Completion Date:
Spud Date:
Completion Interval (Gas):
First Production (Gas):
Completion Date (Gas):
Remarks: P & A 1982
Last Produc. for Survey: 1982

Year	No. Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCFD)	Cum. Gas Production (MCF)	Annual BSW (bbls)	API
1966	12	3551	314	3551	570	42.6
1967	12	3197	268	6748	525	42.5
1968	12	4093	335	10841	615	42.3
1969	12	3855	316	14696	570	42.4
1970	12	3682	302	18378	555	42.5
1971	12	3385	277	21763	525	42.4
1972	12	3260	267	25023	510	42.5
1973	12	3007	246	28030	480	42.6
1974	12	2844	233	30874	465	42.5
1975	12	2697	221	33571	450	42.4
1976	12	2562	210	36133	435	42.5
1977	12	2435	199	38568	420	42.4
1978	12	2313	190	40881	405	42.5
1979	12	2198	180	43079	390	42.4
1980	12	2088	171	45167	375	42.5
1981	12	1984	163	47151	360	42.4
1982	12	1885	154	49036	345	42.5

Field: Twisted Gas
Original Completion Date:
Spud Date:
Completion Interval (Gas):
First Production (Gas):
Completion Date (Gas):
Remarks:

Year	No. Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCFD)	Cum. Gas Production (MCF)	Annual BSW (bbls)	API
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1982	12	1885	154	49036	345	42.5

Field: Twisted Gas
Original Completion Date:
Spud Date:
Completion Interval (Gas):
First Production (Gas):
Completion Date (Gas):
Remarks:

Year	No. Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCFD)	Cum. Gas Production (MCF)	Annual BSW (bbls)	API
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1968	12	4093	335	10841	615	42.3
1969	12	3855	316	14696	570	42.4
1970	12	3682	302	18378	555	42.5
1971	12	3385	277	21763	525	42.4
1972	12	3260	267	25023	510	42.5
1973	12	3007	246	28030	480	42.6
1974	12	2844	233	30874	465	42.5
1975	12	2697	221	33571	450	42.4
1976	12	2562	210	36133	435	42.5
1977	12	2435	199	38568	420	42.4
1978	12	2313	190	40881	405	42.5
1979	12	2198	180	43079	390	42.4
1980	12	2088	171	45167	375	42.5
1981	12	1984	163	47151	360	42.4
1982	12	1885	154	49036	345	42.5

Field: Twisted Gas
Original Completion Date:
Spud Date:
Completion Interval (Gas):
First Production (Gas):
Completion Date (Gas):
Remarks:

Year	No. Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCFD)	Cum. Gas Production (MCF)	Annual BSW (bbls)	API
1966	12	3551	314	3551	570	42.6
1967	12	3197	268	6748	525	42.5
1968	12	4093	335	10841	615	42.3
1969	12	3855	316	14696	570	42.4
1970	12	3682	302	18378	555	42.5
1971	12	3385	277	21763	525	42.4
1972	12	3260	267	25023	510	42.5
1973	12	3007	246	28030	480	42.6
1974	12	2844	233	30874	465	42.5
1975	12	2697	221	33571	450	42.4
1976	12	2562	210	36133	435	42.5
1977	12	2435	199	38568	420	42.4
1978	12	2313	190	40881	405	42.5
1979	12	2198	180	43079	390	42.4
1980	12	2088	171	45167	375	42.5
1981	12	1984	163	47151	360	42.4
1982	12	1885	154	49036	345	42.5

GAS PRODUCTION HISTORY

Date: March 6, 1990

Page 1 of 1

Operator: Peterson Producing Enterprises
Well: S-16-41 E
Location: 14-6-37-20

Field: Emmett Gas
Spud Date: Origin of Completion Data:
Completion Interval (Gas): First Production (Gas):
Completion Date (Gas): First Production (Gas):
Remarks:

Year	No. Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCFD)	Cum. Gas Production (MCF)	Annual BSW (bbls)	API
1966	12	3551	314	3551	570	42.6
1967	12	3197	268	6748	525	42.5
1968	12	4093	335	10841	615	42.3
1969	12	3855	316	14696	570	42.4
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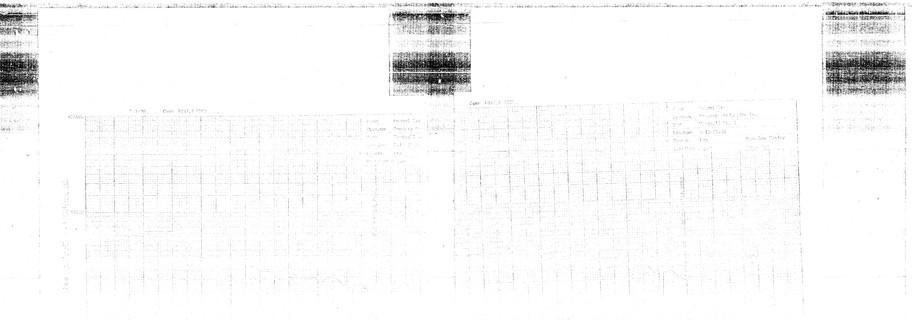
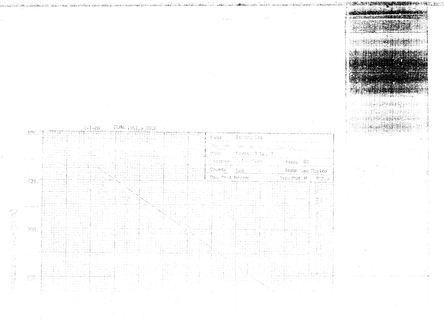
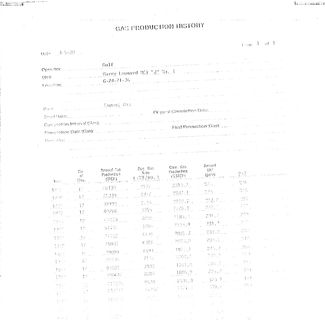
1976	12	2562	210	36133	435	42.5
1977	12	2435	199	38568	420	42.4
1978	12	2313	190	40881	405	42.5
1979	12	2198	180	43079	390	42.4
1980	12	2088	171	45167	375	42.5
1981	12	1984	163	47151	360	42.4
1982	12	1885	154	49036	345	42.5







GAS PRODUCTION HISTORY

Page 1 of 1

Date: 8-5-20

Operator: Gulf

Well: Harris Leonard "G" "A" Sec. 4

Location: G-24-21-36

County, Etc.

Field: Chronological Order:

Operator Record Group: Final Production Year:

Prepared By: Date Prepared:

Year	No. Mos.	Annual Vol. Gas Produced (MCF)	Prod. Rate at End of Year (MCF/D)	Cum. Gas Produced (MCF)	Annual Oil (BBLS)	Annual Water (BBLS)
1931	1	14320	9572	2283.7	0	0
1932	12	7230	2412	9513.7	1415	0
1933	12	10995	3135	20508.7	2192	0
1934	12	8956	2554	29464.7	1785	0
1935	12	11018	3141	40482.7	2195	0
1936	12	9121	2601	49603.7	1817	0
1937	12	9121	2601	58724.8	1817	0
1938	12	7883	2248	66607.8	1571	0
1939	12	7980	4300	74587.8	1590	0
1940	12	9699	5249	84286.8	1933	0
1941	12	8988	2563	93274.8	1791	0
1942	12	8320	2800	101594.8	1658	0
1943	12	10420	2972	112014.8	2076	0
1944	12	11035	3148	123049.8	2199	0
1945	12	10220	2915	133269.8	2036	0
1946	12	10220	2915	143489.8	2036	0
1947	12	10220	2915	153709.8	2036	0
1948	12	10220	2915	163929.8	2036	0
1949	12	10220	2915	174149.8	2036	0
1950	12	10220	2915	184369.8	2036	0
1951	12	10220	2915	194589.8	2036	0
1952	12	10220	2915	204809.8	2036	0
1953	12	10220	2915	215029.8	2036	0
1954	12	10220	2915	225249.8	2036	0
1955	12	10220	2915	235469.8	2036	0
1956	12	10220	2915	245689.8	2036	0
1957	12	10220	2915	255909.8	2036	0
1958	12	10220	2915	266129.8	2036	0
1959	12	10220	2915	276349.8	2036	0
1960	12	10220	2915	286569.8	2036	0
1961	12	10220	2915	296789.8	2036	0
1962	12	10220	2915	307009.8	2036	0
1963	12	10220	2915	317229.8	2036	0
1964	12	10220	2915	327449.8	2036	0
1965	12	10220	2915	337669.8	2036	0
1966	12	10220	2915	347889.8	2036	0
1967	12	10220	2915	358109.8	2036	0
1968	12	10220	2915	368329.8	2036	0
1969	12	10220	2915	378549.8	2036	0
1970	12	10220	2915	388769.8	2036	0
1971	12	10220	2915	398989.8	2036	0
1972	12	10220	2915	409209.8	2036	0
1973	12	10220	2915	419429.8	2036	0
1974	12	10220	2915	429649.8	2036	0
1975	12	10220	2915	439869.8	2036	0
1976	12	10220	2915	450089.8	2036	0
1977	12	10220	2915	460309.8	2036	0
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1984	12	10220	2915	531849.8	2036	0
1985	12	10220	2915	542069.8	2036	0
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2018	12	10220	2915	879329.8	2036	0
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2020	12	10220	2915	899769.8	2036	0
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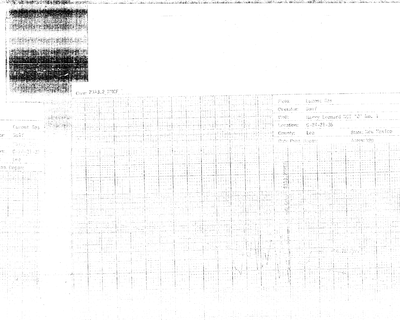
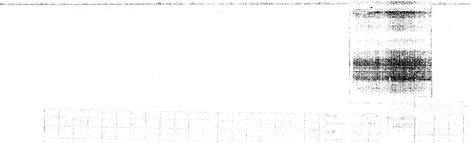
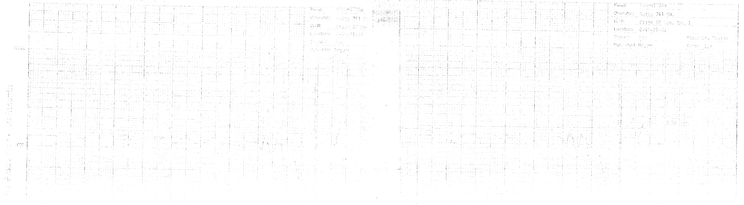
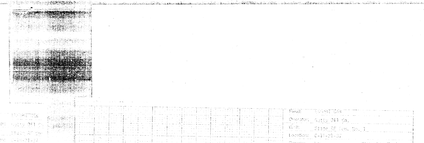
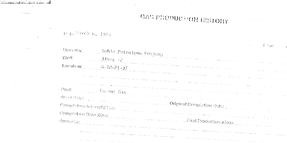


GAS PRODUCTION HISTORY

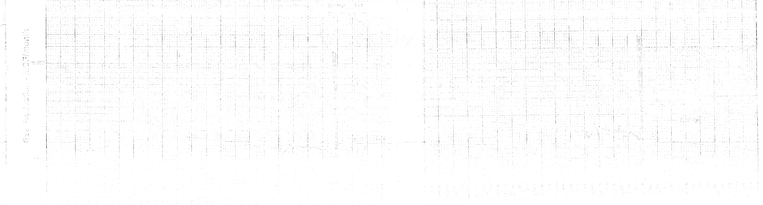








GAS PRODUCTION HISTORY



BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
BETTIS, BOYLE & STOVALL FOR COMPULSORY POOLING, ELDDITIONAL WELL LOCATION AND NON-STANDARD PRORATION UNIT, LEA COUNTY, NEW MEXICO.

Case _____

APPLICATION

Comes now, BOYLE STOVALL, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Penrosco formation in and under the N/2 N/2 of Section 33, Township 21 South, Range 36 East, Fowler Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner or approximately 53% of the working interest in and under the N/2 N/2 of said Section 33, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-referenced non-standard pooled unit to a well to be drilled at an unorthodox location 810 feet from the North and West lines of said Section 33.

3. Applicant has sought, and has been unable to obtain, voluntary agreement for pooling of the said acreage and the drilling of a well at the above-described unorthodox location.

4. The following ownership and working interests in the proposed pooled unit are known to applicant:

c. Texaco Oil Company 1/40

d. Bertl G. Gattag and Jack Gattag, Jr., Trustees of Gattag, Individually and as co-executors under the Will of Dorothy Gattag, deceased 78/120

e. Edith G. Scoolow and A. Ulmer Scoolow 39/360

Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

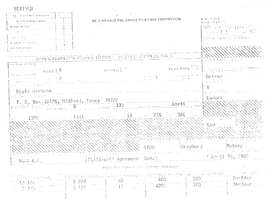
5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

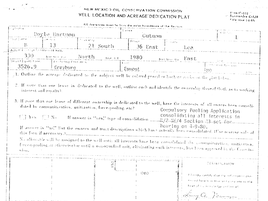
WHEREFORE, Applicant moves that this application be set for hearing before the Oil Conservation Division and that after notice and hearing as required by law, the Division enter an order pooling the said lands and granting provisions concerning the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, and other provisions as may be necessary to effectively pool the lands and protect correlative rights.

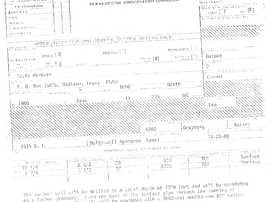
Respectfully submitted,

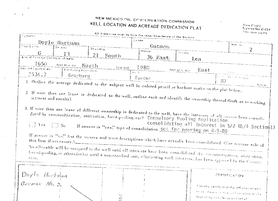
CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501









SKELLY OIL COMPANY

MIDLAND, TEXAS

March 4, 1959

Dr. Doyle Hartman

Dear Sir:

We have examined the following:

Application of Skelly Oil Company for authority to commingle Drinkard and Tubb production in the Eumont Gas Pool, Lea County, New Mexico, as follows:

Applicant proposes to commingle Drinkard and Tubb production from wells on its Gutman Lease, NE/4 Section 8, T-21-S, R-36-E, Lea County, New Mexico.

Applicant proposes to allocate production to the Drinkard and Tubb zones on the basis of periodic tests.

Applicant proposes to measure the gas from each zone by separate meters.

Applicant proposes to determine the oil gravity from each zone by periodic tests.

Applicant proposes to determine the BS&W content of the oil from each zone by periodic tests.

Applicant proposes to determine the amount of water produced from each zone by periodic tests.

Applicant proposes to determine the pressure of each zone by periodic tests.

Applicant proposes to submit periodic reports of the above tests.

Applicant proposes to submit periodic reports of the amount of oil, gas and water produced from each zone.

Applicant proposes to submit periodic reports of the pressure of each zone.

Applicant proposes to submit periodic reports of the gravity of the oil from each zone.

Applicant proposes to submit periodic reports of the BS&W content of the oil from each zone.

Applicant proposes to submit periodic reports of the gas-oil ratio of each zone.

Applicant proposes to submit periodic reports of the amount of water produced from each zone.

Applicant proposes to submit periodic reports of the amount of gas produced from each zone.

Applicant proposes to submit periodic reports of the amount of oil produced from

Mr. Neil Watson

Sec. 9-41
March 4, 1970

Chevron USA
Securities

Delay Rentals
Phillips Channel

Lease Clause

Lease 24

Lessee
Lessors
Lessee
Lessors

Lease Description

Rentals Accrue
Royalties

Phillips Application
Lessee Agrees

Provides for the sum of $3.00 per net mineral acre, beginning on or before 90 days after each lease anniversary date, annually thereafter, during the primary term, which delay rentals may not be credited against royalty. Failure to timely pay such delay rentals will automatically terminate the lease, subject to Dolter Exploration Company's right to make a timely payment or tender of such rentals.

Producers 88 Form 2, Par. 4, as amended by Producers 88 (Paid Up) Form 2, Par. 4, provides for the payment of delay rentals on or before the anniversary date of the lease during the primary term. Failure to timely pay such delay rentals will automatically terminate the lease.

Par. 24, Form
Lessee
Chevron Oil Company
Lessors
Dolter Exploration Company, et al
Lessee agrees to pay lessors, as royalty, one-eighth (1/8) of the gross proceeds received by lessee from the sale of oil and gas produced from the leased premises.

Par. 24, Form
Lessee
Chevron Oil Company
Lessors
Dolter Exploration Company, et al
Lessee agrees to pay lessors, as royalty, one-eighth (1/8) of the gross proceeds received by lessee from the sale of oil and gas produced from the leased premises.

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Chevron Oil Company
Lessors
Dolter Exploration Company, et al
Lessee agrees to pay lessors, as royalty, one-eighth (1/8) of the gross proceeds received by lessee from the sale of oil and gas produced from the leased premises.

Mr. Neil Watson

Sec. 9-41
March 4, 1970

Provides for the sum of $1.00 per net mineral acre, beginning on or before 90 days after each lease anniversary date, annually thereafter, during the primary term, which delay rentals may not be credited against royalty. Failure to timely pay such delay rentals will automatically terminate the lease, subject to Dolter Exploration Company's right to make a timely payment or tender of such rentals.

Producers 88 Form 2, Par. 4, as amended by Producers 88 (Paid Up) Form 2, Par. 4, provides for the payment of delay rentals on or before the anniversary date of the lease during the primary term. Failure to timely pay such delay rentals will automatically terminate the lease.

Par. 24, Form
Lessee
Chevron Oil Company
Lessors
Dolter Exploration Company, et al
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Par. 24, Form
Lessee
Chevron Oil Company
Lessors
Dolter Exploration Company, et al
Lessee agrees to pay lessors, as royalty, one-eighth (1/8) of the gross proceeds received by lessee from the sale of oil and gas produced from the leased premises.

Par. 24, Form
Lessee
Chevron Oil Company
Lessors
Dolter Exploration Company, et al
Lessee agrees to pay lessors, as royalty, one-eighth (1/8) of the gross proceeds received by lessee from the sale of oil and gas produced from the leased premises.

Mr. Neil Watson

Sec. 9-41
March 4, 1970

Lease contained no shut-in royalty provision and terminated by its own terms on December 31, 1969.

Dolter Exploration Company, et al

Sec. 9-41
March 4, 1970

Lease contained no shut-in royalty provision and terminated by its own terms on December 31, 1969.

Mr. Neil Watson

Sec. 9-41
March 4, 1970

Mr. Watson is not hereby required to submit his position with respect to the matters set forth in the Statute of Non-Claims.

CONCLUSIONS

While Dolter does not own a work interest in any formation lying below the crystal or other markers which are to be penetrated by the natural arsenal survey, [illegible]

While Dolter does not own a work interest in any formation lying below the crystal or other markers which are to be penetrated by the natural arsenal survey, it is the opinion of Dolter that the natural arsenal survey will not substantially affect the [illegible] Dolter has no objection to the natural arsenal survey, but does not consider it necessary to obtain the consent of Dolter before proceeding with the survey.

Very truly yours,

[illegible]

Mr. Neil Watson

Sec. 9-41
March 4, 1970

Mr. Watson is not hereby required to submit his position with respect to the matters set forth in the Statute of Non-Claims.

CONCLUSIONS

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Mr. Neil Watson

Sec. 9-41
March 4, 1970

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[illegible]

Mr. Neil Watson

Sec. 9-41
March 4, 1970

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Mr. Neil Watson

Sec. 9-41
March 4, 1970

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Very truly yours,

[illegible]

AAPG

DEPOSITORY PROPERTIES CORRESPONDENCE SUMMARY

MARKER MAGNET NO:	9-90
CASE NO:	6846
ACREAGE DESCRIPTION:	NE/4 Section 13, T-21-S, R-36-E
	Lea County, New Mexico
TYPE OF POOLED PARTY:	Arco Oil and Gas Company
POOLED INTEREST:	6.25% (10 net acres)

1. Furnished offer to Lessee or Farmout: X Yes ___ No
   When? April 17, 1970 (originally Nuance Corporation)
   April 22, 1970 "
   March 17, 1980 (by telephone)

11. Furnished offer to participate with copy of corresponding AFE:
   X Yes ___ No
   When? April 13, 1970
   Drexh 17, 1980

111. Furnished Operating Agreement: X Yes ___ No
   When? April 1, 1980

12. Furnished notice of Compulsory Pooling: X Yes
   When? Drexh 20, 1980 (Certified Mail)

13. REMARKS

DOYLE HARTMAN

March 17, 1970

Amoco Oil and Gas Company

Midland, Texas 79701

Attention: Mr. J. Glenn Turner
District Superintendent

Re: Proposed Pennsylvania
SE/4 Section 13,
T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

In reference to your letter dated March 16, 1970 in view of the overriding royalty interest and the ownership of the proposed 640 acre unit, I do not believe it necessary to commit this well to the unit at this time. The unit may be reformed later if necessary.

If you should have any further questions in this regard, please do not hesitate to advise me.

Very truly yours,

Doyle Hartman
Oil Operator

DOYLE HARTMAN

April 1, 1970

Amoco Oil and Gas Company
P. O. Box 1818
Midland, Texas 79701

Attention: Mr. Burt Kendall

Re: SE/4 Section 13,
T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

Since you recently indicated that you wish to participate as to your 320 acre interest in the pre-captioned development of the subject acreage, please find enclosed an Operating Agreement in duplicate prepared for execution by you covering the SE/4 Section 13, T-21-S, R-36-E, Lea County, New Mexico.

This Operating Agreement includes four (4) 640-acre tests with the first one (1) test located in a diagonal strip two (2) miles in width being the approximate boundary between units presently operated by the two (2) areas. Also enclosed is a bill for your share of the estimated cost of these wells, being $ 35,000.00 and calculated as follows:

Your 6.25 % for 320 acres $2,000.00 per well= $ 35,000.00

Please note that the above well cost estimate is the one previously furnished you by the Hobbs area which has been adjusted. You may select additional wells to be drilled in the unit at your option at the time of the 4th one unless copies of the Operating Agreement and your check in the amount noted above, in the event actual drilling costs are higher, are received at this office before the additional wells are spudded or drilling commenced.

Very truly yours,

Doyle Hartman
Oil Operator

DOYLE HARTMAN

Amoco Oil and Gas Company
P. O. Box 1818
Midland, Texas 79701

Gentlemen:

In invoice you for your proportionate share of the proposed drilling unit on the Doyle Hartman Original Gulfcan #1 well:

Estimated Drilling
Cost
$2[illegible] x 6.25% [illegible]

DETAIL WELL ESTIMATE

DETAIL WELL ESTIMATE

DETAIL WELL ESTIMATE

EXPENDITURE AND AUTHORIZATION

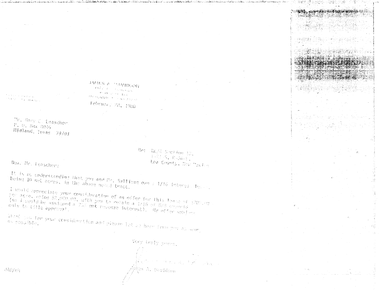
LEASE NAME Hartman Unit WELL NO. 1
STATE New Mexico
COUNTY Lea
LOCATION 1650' FNL & 990' FEL Section 13, T-21-S, R-36-E
FIELD Undesignated
PROPOSED DEPTH 12,000'
OBJECTIVE Pennsylvanian
ESTIMATED STARTING DATE 3-15-70

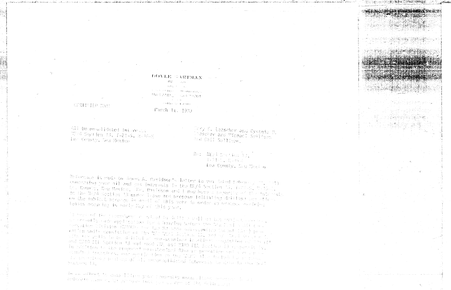
	DRY HOLE	COMPLETED WELL
Intangible Drilling Costs	$ 64,000	$ 64,000
Tangible Equipment	30,000	30,000
Lease and Well Equipment	6,000	6,000
Total Estimated Cost	$ 100,000	$ 100,000

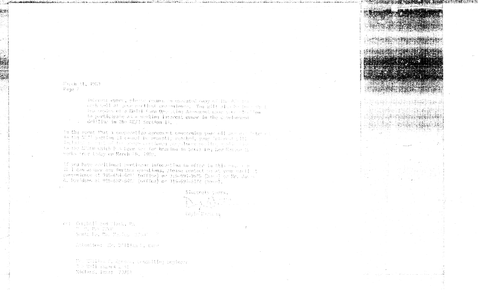
Prepared by: [illegible]
Approved by: [illegible]

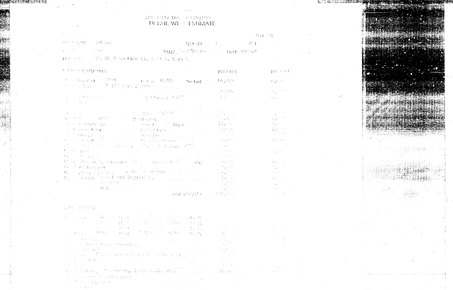
Operator's Approval: [illegible]
Date: 3-17-70

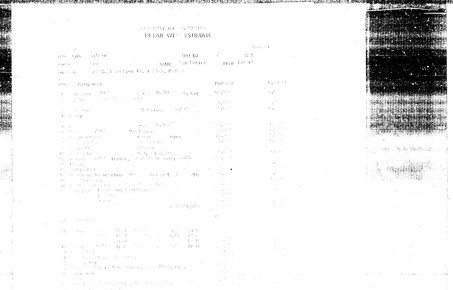
Non-Operator's Approval: [illegible]
Date: [illegible]

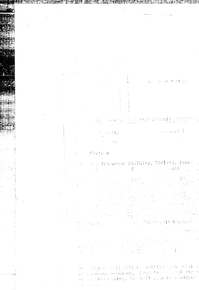


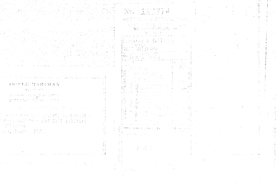


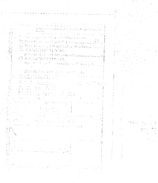












[illegible] January 11, [illegible] 19[illegible]

[illegible]

FOR CONSIDERATION [illegible] Sec. [illegible] and E. Dalton Scudday, [illegible]

[illegible] DOLLAR

and [illegible] hundred eight [illegible] and 62/100 ---------- DOLLARS

paid Oil and Gas lease covering [illegible] situated in SE/4 Section 11, T-23 S., R-30-E., Eddy County, New Mexico

We have [illegible] in [illegible] 505.58 [illegible] acres

[illegible] Unit Subject [illegible]

[illegible] Exxon, Exxon [illegible]

[illegible]

[illegible]

[

JAMES M. HAPMAN

Petroleum
Drilling Engineer
Suite 1100
[illegible]
Midland, Texas 79701

INVOICE

James M. Ibbett
227 Hilliard Texas Building
Midland, Texas 79701

DATE March 31, 1982

INVOICE NO. 8503PROVED

PROJECT NO. [illegible] Section 13

For Services rendered for your proposed/waste storm of the
[illegible] drilling unit on the Eagle Nureon operated
Walnut #1 S 12 4E's.

Estimated Drilling
Cost

8000,450

X 20.1111

9010.754

1159.2.2.2

[illegible]

NEW MEXICO OIL CONSERVATION
DETAIL WELL ESTIMATE

LEASE NO. APPR. NO.
LEASE NAME Oatman WELL NO. 1
COUNTY Lea STATE New Mexico FIELD Tatum
LOCATION NE/4 NE/4 Section 13, T-21-S, R-36-E

DRILLING INTANGIBLES

					DRY HOLE
1. Footage	8000	Feet @ 16.50	Per Foot	66,000	66,000
2. Day Work	7 to 7 days @ 2500			14,000	14,000
3. Rotary Tools		Cable Tools		5,000	5,000
4. Trucking		Rig Move		6,000	6,000
5. Fuel	7,000	Diesel	0.450	3,150	3,150
6. Mud	7,000	Gel, Chemicals		6,000	6,000
7. Conductor Pipe		Drive		1,000	1,000
8. Cementing		Surface Casing		7,000	7,000
9. Cementing Services		Intermediate Casing		5,000	5,000
10. Logging	Schlumberger	Dual Induction, Gamma Ray, Caliper		9,000	9,000
11. Drill Stem Tests	3	Tests @ 350		1,050	1,050
12. Coring and Analysis				1,000	1,000
13. Directional Services				2,000	2,000
14. Completion/Workover		Rig Time		4,000	4,000
15. Perforating	24	Holes @ 8.00	Hole	1,200	1,200
16. Stimulation	3,000	Gallons @ 1.00	Gallon	3,000	3,000
17. Water Supply				1,000	1,000
18. Surface Damages				1,000	1,000
19. Pipeline Connections				1,000	1,000
20. Plugging				3,000	3,000
21. Overhead				1,000	1,000
22. Contingencies	5%			3,250	3,250
		Total Intangibles		172,650	151,650

TUBE MATERIALS

					DRY HOLE
23. Casing	1500	Feet @ 8.00	Per Ft.	12,000	
	8000	Feet @ 4.00	Per Ft.	32,000	32,000
24. Casing Heads		Size		2,000	2,000
25. Tubing	8000	Feet @ 2.00	Per Ft.	16,000	
26. Rods	8000	Feet @ 2.00	Per Ft.	16,000	
27. Artificial Pumping Equipment				3,000	
28. Tubing Anchors				1,000	
29. Rod Anchors				1,000	
30. Valves, Fittings, Connections, Miscellaneous				2,000	
31. Pumping Units				15,000	
32. Prime Movers				5,000	
33. Tanks				5,000	
34. Gas Lease Metering Equipment				3,000	
35. Pumping Units				15,000	
36. Prime Movers				5,000	
37. Tanks				5,000	
38. Gas Lease Metering Equipment				3,000	
39. Miscellaneous				1,000	
40. Contingencies	5%			3,250	
		Total Tangibles		65,000	34,000

Total Intangibles	172,650	151,650
Total Tangibles	65,000	34,000
TOTAL WELL COST	237,650	185,650

APPROVED FOR SUBMISSION
DETAIL WELL ESTIMATE

LEASE NO. APPR. NO.
LEASE NAME Oatman WELL NO. 1 SEC. 13
COUNTY Lea STATE New Mexico FIELD Tatum
LOCATION NE/4 NE/4 Section 13, T-21-S, R-36-E

DRILLING INTANGIBLES

				PRODUCER	DRY HOLE
1. Footage	8000	Feet @ 16.50	Per Foot	66,000	66,000
2. Day Work	7 to 7 days @ 2500			14,000	14,000
3. Rotary Tools		Cable Tools		5,000	5,000
4. Trucking		Rig Move		6,000	6,000
5. Fuel	7,000	Diesel	0.450	3,150	3,150
6. Mud	7,000	Gel, Chemicals		6,000	6,000
7. Conductor Pipe		Drive		1,000	1,000
8. Cementing		Surface Casing		7,000	7,000
9. Cementing Services		Intermediate Casing		5,000	5,000
10. Logging	Schlumberger	Dual Induction, Gamma Ray, Caliper		9,000	9,000
11. Drill Stem Tests	3	Tests @ 350		1,050	1,050
12. Coring and Analysis				1,000	1,000
13. Directional Services				2,000	2,000
14. Completion/Workover		Rig Time		4,000	4,000
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16. Stimulation	3,000	Gallons @ 1.00	Gallon	3,000	3,000
17. Water Supply				1,000	1,000
18. Surface Damages				1,000	1,000
19. Pipeline Connections				1,000	1,000
20. Plugging				3,000	3,000
21. Overhead				1,000	1,000
22. Contingencies	5%			3,250	3,250
		Total Intangibles		172,650	151,650

TUBE MATERIALS

					DRY HOLE
23. Casing	1500	Feet @ 8.00	Per Ft.	12,000	
	8000	Feet @ 4.00	Per Ft.	32,000	32,000
24. Casing Heads		Size		2,000	2,000
25. Tubing	8000	Feet @ 2.00	Per Ft.	16,000	
26. Rods	8000	Feet @ 2.00	Per Ft.	16,000	
27. Artificial Pumping Equipment				3,000	
28. Tubing Anchors				1,000	
29. Rod Anchors				1,000	
30. Valves, Fittings, Connections, Miscellaneous				2,000	
31. Pumping Units				15,000	
32. Prime Movers				5,000	
33. Tanks				5,000	
34. Gas Lease Metering Equipment				3,000	
35. Pumping Units				15,000	
36. Prime Movers				5,000	
37. Tanks				5,000	
38. Gas Lease Metering Equipment				3,000	
39. Miscellaneous				1,000	
40. Contingencies	5%			3,250	
		Total Tangibles		65,000	34,000

Total Intangibles	172,650	151,650
Total Tangibles	65,000	34,000
TOTAL WELL COST	237,650	185,650

Memorandum

CLEARANCE FORM FOR NEW MEXICO/ARTESIA DISTRICT

SUNDRY DOCKET NO: 3-30
CASE NO: 6996
ACREAGE DESCRIPTION: NE/4 Section 13,
T-21-S, R-36-E
Lea County, New Mexico
NAME OF PROPOSED PURCHASER: Charles Gunnes, Betty Gattey, and Jack Gattey, Co-Executors of the Estate of Dorothy Gattey, Deceased; James M. Ibbett, resultin lessee
POOLED INTERESTS: 23.332; (12,120 net acres)

I. Purchaser offer to lease or farmout: X Yes No
Lease? 2-7-80 (All Co-Executors)
3-11-80 (All Co-Executors, Certified Mail)
3-20-80 (Betty Gattey's Attorney of cc to all Co-Executors)
4-1-82 (All Co-Executors)

II. Purchaser offer to participate with copy of recommending AFE:
X Yes No
Lease? 3-11-80 (All Co-Executors, Certified Mail)
4-1-82 (Jimmy M. Ibbett as possible Lessee*)

III. Purchaser Operating Agreement: X Yes No
Lease? 4-1-82 (Jimmy M. Ibbett as possible Lessee*)

JAMES M. IBBETT
Petroleum
Drilling Engineer
Suite 1100
[illegible]
Midland, Texas 79701

February 19, 1982

Mr. & Mrs. Jack Gattey
[illegible]
Tye Texas 79563

Re: Well Location
NE/4 Sec. 13,
T-21-S, R-36-E,
Lea County, New Mexico
980 acres

Dear Mr. and Mrs. Gattey:

Please find enclosed a plat of the above cited proposed 8,000' test to be located in the Estate of Dorothy Gattey, Tract 2 (1/2).

Mobil Petroleum is talking with Tom Mahaffey in Artesia, one of their landmen, about a farmout or lease. I will be in Artesia on Monday, February 22, 1982 and will discuss the matter with Mr. Mahaffey at that time. If we can't reach an agreement with them personally, I will be sending you a letter proposing an Ibbett lease and the terms of our Ibbett Estate Lease as follows:

1. $ 700.00 per acre bonus
2. 1/5 royalty
3. Continuous development clause

I would appreciate your comments concerning the above proposal. Please call me collect at the office (915) 682-1626 or my residence (915) 694-6999 if you have any questions.

Yours truly,

James M. Ibbett

JMI/ms

cc: Mr. Charles Gunnes
Box 668
Tye, Texas 79563

OIL & GAS LEASE

(Acknowledgment)

(Corporation)

(Individual)

(Recording Data)

(Signature)

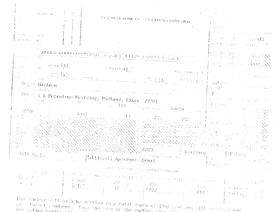
(Witness)

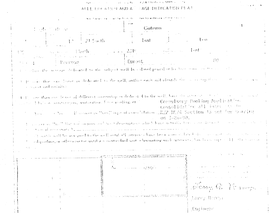
(Witness)

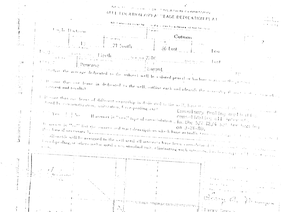
(Witness

DETAIL WET ESTIMATE

DETAIL WET ESTIMATE







BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF MINERALS AND NATURAL

IN THE MATTER OF THE APPLICATION OF
TEXAS AMERICAN OIL CORPORATION, PUBLIC
SERVICE OF OKLAHOMA, CONOCO INC.,
MIDLAND PRODUCTION COMPANY, LEA COUNTY,
NEW MEXICO.

APPLICATION

Comes now, TEXAS AMERICAN OIL CORPORATION, PUBLIC SERVICE COMPANY OF OKLAHOMA, CONOCO INC., MIDLAND PRODUCTION COMPANY, LEA COUNTY, NEW MEXICO, by and through its undersigned attorneys and, as required by Section 70-2-17, N.M.S.A. 1978 Compilation, hereby makes application for an order granting all of the interests in the Pennsylvanian formation in and under the W/2 SW/4 of Section 13, Township 21 South, Range 36 East, Penrose Skelly Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 5% of the working interest in and under the W/2 SW/4 of said Section 13, and applicant has a right to drill a well thereon.

2. Applicant proposes to dedicate the above-described unorthodox gas well unit to a well to be drilled at an unorthodox location 1650 feet from the South line and 330 feet from the West line of said Section 13.

3. Applicant has been unable to obtain voluntary agreement for the pooling of all interests in the above-described unit which would result in the drilling of said well.

4. Applicant has in good faith sought to obtain voluntary agreement for the pooling of all interests in the above-described unit, but has been unable to obtain such agreement.

5. The names and addresses of the unleased mineral owners are:

a. Texaco Oil Company

b. Estel E. Goring and Joel Goring and Charles Goring, individually and as the executors under the Will of Dorothy Gorman, deceased

c. Edith G. Lindsay and J. Arthur Sanders

Said portion of interest and well location will be pooled to avoid the drilling of unnecessary wells, with present owner and with correlative rights.

6. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the unit to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, that notice be given as required by law, that an order be made pooling the land, including provisions concerning the operation and ownership of the unit, providing for and also to designate the portion of drilling and completing the well, its costs of supervision, risk charges and other provisions, including providing for the [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF MINERALS AND NATURAL

IN THE MATTER OF THE APPLICATION OF
TEXAS AMERICAN OIL CORPORATION, PUBLIC
SERVICE OF OKLAHOMA, CONOCO INC. AND
MIDLAND PRODUCTION COMPANY, LEA COUNTY,
NEW MEXICO.

APPLICATION

Comes now, TEXAS AMERICAN, by and through its undersigned attorneys and, as required by Section 70-2-17, N.M.S.A. 1978 Compilation, hereby makes application for an order granting all of the interests in the Pennsylvanian formation in and under the W/2 SW/4 of Section 13, Township 21 South, Range 36 East, Penrose Skelly Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 5% of the working interest in and under the W/2 SW/4 of said Section 13, and applicant has a right to drill a well thereon.

2. Applicant proposes to dedicate the above-described unorthodox gas well unit to a well to be drilled at an unorthodox location 330 feet from the South line and 330 feet from the West line of said Section 13.

3. Applicant has been unable to obtain voluntary agreement for the pooling of all interests in the above-described unit which would result in the drilling of said well.

4. Applicant has in good faith sought to obtain voluntary agreement for the pooling of all interests in the above-described unit, but has been unable to obtain such agreement.

5. The names and addresses of the unleased mineral owners are:

a. Texaco Oil Company

b. Estel E. Goring and Joel Goring and Charles Goring, individually and as the executors under the Will of Dorothy Gorman, deceased

c. Edith G. Lindsay and J. Arthur Sanders

Said portion of interest and well location will be pooled to avoid the drilling of unnecessary wells, with present owner and with correlative rights.

6. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the unit to be drilled.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner, that notice be given as required by law, that an order be made pooling the land, including provisions concerning the operation and ownership of the unit, providing for and also to designate the portion of drilling and completing the well, its costs of supervision, risk charges and other provisions, including providing for the [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By: _____
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501

DOYLE HARTMAN
OPERATOR
500 North Main Street
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Roswell, New Mexico 88201
Tel. (505) 623-6601

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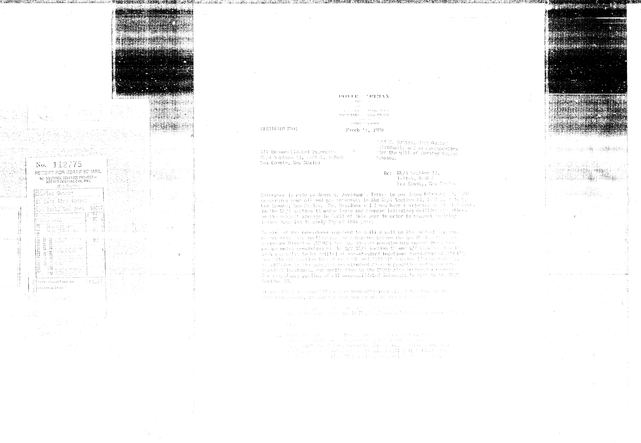
No. 112775

RECEIPT FOR CERTIFIED MAIL



BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
GOULD HARPER AND CHEVALIER HOPKINS,
HARTSHORNE AREA, LOCATING AND DESIGNATING PRODUCTIVE UNIT, LEA COUNTY,
NEW MEXICO.

Case

APPLICATION

Comes now, GOULD HARPER, by and through his undersigned attorneys and, as provided by Section 70-2-17, N.M.S.A., 1978 Compilation, hereby makes application for an order pooling all of the interests in the Pennsylvanian formation and under the NE/4 NE/4 of Section 13, Township 21 South, Range 34 East, Lusset Gas Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of approximately 50% of the working interest in and under the NE/4 NE/4 of said Section 13, and applicant has a right to drill thereon.

2. Applicant proposes to dedicate the above-described acreage to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13.

3. That there are certain working interest owners in the formation mentioned above who have not agreed to pool their interests, and it is necessary in order to obtain the maximum recovery of oil and gas from the common source of supply that all interests in said formation be pooled.

4. That applicant has been unable to obtain voluntary pooling agreements from the following working interest owners:

a. Texaco Oil Company

b. Scott E. Loring and Jack Gotta, dba Charter Investments, Individually and as Executors of the Will of Dorothy Loring, deceased

c. Edith E. Sweetser and A. Walter Sweetser

said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner and for hearing before the Division's duly appointed examiner and that proper notice and hearing as required by law and the rules of the Division be given, and that upon such hearing the Division enter its order pooling the said lands, providing for operation of the well by the applicant as operator of the well, providing for the applicant to recover its costs of drilling, equipping and completing the well, the costs of supervision while drilling, and after completion, including overhead charges and a risk factor for the risk assumed by the applicant in drilling said well, and taking such other and further action as may be proper in the premises.

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By _____
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

[redacted]

[redacted]

[redacted]

LIAM

[redacted]

[redacted]

[redacted]

DOULCE HAUPMAN
ATTORNEY AT LAW
[illegible]
NEW YORK, NEW YORK 10019
[illegible]

March 19, 1970

Gerber, Shaw and Gilbert
Attorneys at Law
[illegible]
New York, New York 10021

Attn: Mr. Lester A. Bond

Re: Tract Northwest 11, T.31N., R.2W.I
Los Angeles, San Bernardino

Gentlemen:

Reference is made to a letter of date, 19, 1970, from Charles A. Crabtree and Associates, Inc., to Mr. [illegible], and to the request of Crabtree and Associates for [illegible] on behalf of the owners of [illegible] and [illegible] in the above-described tract and also to [illegible] in the [illegible] of Section 11, T.31N., R.2W.I., in the Los Angeles, San Bernardino [illegible] Mr. [illegible] has advised that the owners of the [illegible] and [illegible] have [illegible] and that [illegible] have been [illegible] by a telephone communication [illegible] for the purpose of [illegible] the data [illegible].

[illegible] which [illegible] [illegible] [illegible]

OIL & GAS LEASE

...ment

...11 N. Spring, Old Red Shirley, Individually, and as

...the Will of Dorothy Shirley, Deceased

...New York City, New York

...ONSIDERATION: $10 & A Peterson Way, Midland, TX 79701

...Section 11: All

...

...

...

DOCUMENTARY FOR EXPEDITION

DETAIL WELL ESTIMATE

OIL & GAS LEASE

SCHEDULE OF OIL & GAS LEASES ACCEPTED BY ROYLE ENERGY

SCHEDULE OF OIL & GAS LEASES ASSIGNED BY ROYLE ENERGY

Barr Ranch Checked

PERMIAN BASIN PETROLEUM (New Mexico) Corp.

PERMIAN BASIN PETROLEUM (New Mexico) Corp.

PERMIAN BASIN PETROLEUM (New Mexico) Corp.

TEXAS RR COMMISSION

3. Installation of Machines.
Such units to be so fitted and completed as your style and expense [illegible] to be fitted and completed at the time of installation. [illegible] to remove any defect or [illegible] to the [illegible] [illegible] [illegible]

7. Lessee may discharge any lien, restriction or title upon this lease, and thereby shall be subrogated to such claim with the right to enforce same and to withhold payments under prior lease.

8. Lessee shall have the right at any time to surrender this lease, in whole or in part, to Lessor or any subsequent lessee of Lessor by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county, and thereupon Lessee shall be relieved of all obligations thereafter accruing as to the surrendered premises or as to each separate horizon in the case of a partial surrender, except that any such surrender shall not relieve Lessee from liability for any breach of this lease. Lessee may at any time remove all machinery, fixtures, houses, buildings and other improvements and all casing from or above the subsurface of the leased premises or any part thereof, or from or above such subsurface of the premises which may be surrendered, provided Lessee is not in default of rental or royalty payments at the time. Upon the partial surrender of this lease or any part thereof, Lessee shall within a reasonable time fill all test holes and other excavations remaining on the portion surrendered and level all derrick mats or foundations as nearly as practicable to the level of the surrounding land.

9. If Lessor owns less than the entire fee simple estate in the above described land, the royalties herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee simple estate, and if Lessor owns no interest in the oil, gas or other minerals in and under said land, then no royalty shall be payable hereunder to Lessor. If Lessor owns a royalty interest or mineral interest in less than all of said land, the royalty and rental herein provided for shall be paid to Lessor only in the proportion which the interest owned by Lessor bears to the whole and undivided fee simple estate. If Lessor owns a royalty interest or mineral interest in less than all of the oil, gas or other minerals in and under said land, the royalty and rental herein provided for shall be paid to Lessor only in the proportion which Lessor's interest bears to the total royalty interest and mineral interest owned. For the purpose of this paragraph, Lessor's interest in any mineral estate which is subject to a mineral lease or leases shall be deemed to be a royalty interest.

10. Lessee, at its option, is hereby given the right and power from time to time to pool or unitize the leasehold estate and the mineral estate covered by this lease, or any portion or portions thereof, as to all or any strata or zones, with any other land, lease, or leases in the immediate vicinity for the production of oil or gas or other liquid hydrocarbons or their constituent products, when in Lessee's judgment it is necessary or advisable to do so in order to conform to well spacing or field rules or other requirements of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil or gas or other liquid hydrocarbons in and under and that may be produced from the premises. Units formed by pooling or unitization hereunder may be created or enlarged as contemplated above, even after some or all of the leased premises are included in another unit. Each unit may include land upon which a well has theretofore been completed or upon which operations for the drilling of a well have theretofore been commenced. Operations for drilling on or production of oil or gas from any part of a unit which includes all or a part of the land covered by this lease shall be considered for all purposes, except the payment of royalty, as operations conducted upon said land. There shall be allocated to the land covered by this lease within any such unit such proportion of the oil or gas produced from all land in such unit, after deducting any used in lease or unit operations, as the number of surface acres of such land included in the unit bears to the total number of surface acres in the unit. The royalties payable to Lessor hereunder shall be based upon the proportion of unit production allocated to the land covered by this lease as above provided. Production, drilling or reworking operations anywhere on a unit which includes all or a part of the land covered by this lease shall be treated as if such production, drilling or reworking operations were conducted on the land covered by this lease, whether or not a well is located on such land. In addition to the foregoing, Lessee shall have the right but not the obligation to pool all or any part of the land covered by this lease or any oil or gas interest in said land with any other land, lease or interest, as to any or all depths or zones, and as to any or all substances, for the purpose of developing and producing gas and its constituents from a well classified as a gas well by the Railroad Commission of Texas or its successor or any other lawful authority having jurisdiction, or for the purpose of developing and producing oil and gas in the vicinity of a well classified as a gas condensate well by the Railroad Commission of Texas or its successor or any other lawful authority having jurisdiction. Units formed by pooling for an oil well may not exceed 80 acres each in area, and units formed by pooling for a gas well or a horizontal completion may not exceed 640 acres each in area, plus a tolerance of ten percent (10%) of the acreage assigned to the unit, provided however that larger units may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or the terms shall have the meanings ascribed to them by the Railroad Commission of Texas in the absence of such prescription. Lessee shall exercise said pooling rights hereunder by executing in writing a unit designation which identifies the pooled acreage and the well or wells on the unit, and by filing it for record in the county in which the pooled acreage is located. Any unit may be dissolved by Lessee by filing for record in the proper county a written declaration to that effect at any time when there is no unit well producing or capable of producing in paying quantities from the unit. Any pooling or unitization hereunder which embraces lands or royalties owned or controlled by Lessor may be created, amended or dissolved only with Lessor's consent. Any unit may include land upon which a well has theretofore been completed or upon which operations for the drilling of a well have theretofore been commenced. Production, drilling or reworking operations anywhere on

(b) On gas, including casinghead gas or other gaseous hydrocarbon substances, produced from said premises, the royalty shall be ... per cent of the proceeds received by Lessee from the sale thereof, provided, however, that Lessee shall have the right to use such gas, free of royalty, in developing and operating said premises and all wells located thereon. If at the end of the primary term or any time thereafter there is a gas well on said premises or on lands with which said premises or any part thereof has been pooled capable of producing gas in paying quantities, but such gas is not being sold or used, Lessee may pay or tender as royalty ... dollars per well per year, and while said royalty is paid or tendered this lease shall be held as a producing lease. Payments hereunder may be made or tendered by check or draft of Lessee mailed or delivered on or before the royalty payment date to Lessor at ... or to Lessor's credit in ... bank at ..., or by delivery to Lessor in person or by check or draft of Lessee delivered at the well or mailed to Lessor at last known address. If at any time two or more persons are entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such persons or their duly authorized agents, appointing a depository agent to receive payments.

(c) If Lessee, itself or through an affiliate uses gas produced under this lease in the manufacture or extraction of gasoline or other products in a plant in which the Lessee or an affiliate owns an interest, the royalty on gas processed in such plant (whether owned by such parties or others) shall be ... per cent of the proceeds received by Lessee from the sale of such products in kind or the market value thereof at the option of Lessee, but Lessee shall not have the right to use free of royalty gas produced from said premises for the manufacture of such products, or for camp purposes or otherwise, except as provided in Paragraph 6 hereof. The royalty on gas sold by Lessee to an affiliate shall be computed at the prices received by such affiliate from its sales thereof to unaffiliated persons, corporations or companies, after deducting any excise, severance or other taxes and the cost incurred by such affiliate in transporting, compressing, manufacturing, processing, selling and otherwise making such gas and the products thereof merchantable, but not more than the actual cost of such services if performed by unaffiliated persons. Affiliate, as used herein, means a corporation, association, partnership or individual owning or controlling stock or other interest in Lessee, and any subsidiary, parent or sister corporation of Lessee.

(d) If gasoline, distillate, condensate, or other liquid hydrocarbons are recovered from gas produced from said premises by means of separators, dehydrators, scrubbers or other equipment, Lessee shall pay royalty on the proceeds received by Lessee from the sale thereof, or the market value thereof at the option of Lessee, at the same rate as royalty is paid on gas. Lessee shall have the right to use such products for fuel in developing and operating said premises and all wells located thereon, free of royalty.

(e) Lessee shall have the right to pool or combine the acreage covered by this lease or any portion thereof as to oil and/or gas and/or either or both with other land, lease or leases in the vicinity thereof when, in Lessee's judgment, it is necessary or advisable to do so in order properly to develop and operate said premises in conformity with any well-spacing or development program established by any law, rule or lawful order of any board, bureau or commission having jurisdiction, or in order to obtain the maximum allowable from any well or wells drilling, producing or completed on said premises or such other land, or in order to conform to the well-spacing or development pattern of any field or area in which said premises or any part thereof are located. Units established hereunder shall conform substantially in size with those established under any such governmental order or rule, or pursuant to any voluntary unitization agreement in force in any such field or area, but Lessee may from time to time establish units larger or smaller than those prescribed by any such order, rule or agreement, or enlarge any unit to include additional land, whether or not any well, mine or other development is located on the land added to the unit at the time such unit is established or enlarged. Lessee may establish units hereunder before or after the commencement of production from said premises. Production, drilling or reworking operations conducted on any part of a unit which includes land covered by this lease shall be considered for all purposes except the payment of royalty as operations conducted on land covered by this lease whether or not any well is located on such land. The entire acreage within a unit shall be treated for all purposes except the payment of royalty as if it were leased, developed and operated as an entirety, and the production therefrom, the royalty thereon and the costs of operation thereof shall be determined as provided in the unitization agreement. In lieu of royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of acreage of this lease in such unit bears to the total acreage in the unit, but royalty shall be computed in accordance with the terms hereof. Lessee may dissolve any unit established hereunder at any time by filing for record a written declaration describing the unit and stating the date of dissolution. Lessee may at any time file for record a written release of this lease as to any part or all of the land then pooled or unitized hereunder, and thereafter the obligations imposed by this lease shall be limited to the part of the land not released, but Lessee may not release all land from any unit after drilling operations or production has been conducted thereon other than from a dry hole, except for the purpose of consolidating it into a larger unit. Any pooling or unitization hereunder which embraces lands or royalties under this lease may be accomplished by the execution of a unit agreement, either before or after the commencement of production, in which any royalty interest subject hereto may be pooled or unitized on the basis prescribed in such agreement or this paragraph, and thereafter operations conducted and production had from any part of the unit which includes all or a portion of the land or royalty interest hereunder, regardless of whether any well is located on the part of the land or royalty interest covered hereby, shall have the same effect upon the terms hereof as if a well were located on, and production were had from, land or royalty interest covered hereby. In the event of such operations or production, royalty shall be paid hereunder to Lessor only such proportion thereof as the amount of Lessor's acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the unit, but production, drilling or reworking operations conducted hereon shall maintain this lease in force during the term hereof or any extension thereof.

(f) Pooling hereunder shall not constitute a cross-conveyance of interests.

5. WATER. Lessee and Lessee shall have in proximity to their respective participations in the production hereunder, all water located on the premises or produced from wells drilled thereon, free of charge, for use in exploration, development and production of the minerals produced under this lease or any lease pooled therewith, but shall furnish a statement of all taxes so paid and deducted at the time of payment to the royalty owners. Lessee shall not, however, have the right to use, free of royalty, water from any of Lessor's wells, tanks, lakes, reservoirs, or water systems without the written consent of Lessor. Lessee shall use reasonable diligence to avoid contaminating groundwater or surface water with oil, gas, salt water, or other contaminants, and shall conduct its operations hereunder in accordance with all applicable laws, rules, and regulations. Lessee shall not drill any water wells on the leased premises without Lessor's written consent. Lessee shall promptly plug any water wells drilled by Lessee on the leased premises in accordance with all applicable laws, rules, and regulations. Lessee shall not be liable for any damage to Lessor's water wells existing on the leased premises as of the effective date of this lease, unless such damage is caused by Lessee's negligence.

6. SURFACE OPERATIONS. No well shall be drilled within ... feet of any residence or barn now on said premises without the consent of the lessor, and no well shall be drilled within ... feet of any water well, spring, lake or pond on said premises without the consent of the lessor. Lessee shall pay for all damages caused by its operations to growing crops and timber on said premises. When requested by lessor, Lessee will bury its pipelines below plow depth. No well shall be drilled within ... feet of any building or other structure now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said premises, including the right to draw and remove all casing. Lessee shall not be required to bury pipelines below plow depth across any cultivated portion of said premises. Lessee shall pay for all damages caused by its operations to growing crops and timber on said premises.

7. DEVELOPMENT WELLS. Except as to any tract or tracts included in a unit as provided herein, if oil or gas is discovered and produced in paying quantities from the leased premises or lands pooled therewith, Lessee shall develop the acreage retained hereunder as to each such formation as follows:

After the expiration of the primary term of this lease, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to develop and produce the oil or gas in such formation, but in discharging its obligations under this paragraph Lessee shall have the right to take into account the distance of the leased premises from markets, the availability of transportation and storage facilities, the nature and extent of the title held by the various royalty owners, the probable financial return which will result from the operation of any well considered, and the economic life of the area subject to depletion. Lessee shall not be required to drill more than one well per ... acres of the leased premises or lands pooled therewith capable of producing oil in paying quantities, and one well per ... acres of the leased premises or lands pooled therewith capable of producing gas in paying quantities. Lessee shall not be required to drill any such well on the leased premises if Lessee executes a recordable instrument, binding upon all subsequent owners of the leased premises, releasing all oil and gas in the formation in which such well would be completed, save and except the oil and gas in and under the smallest portion of the leased premises as may be reasonably necessary for the operation of a well drilled to the deepest formation which Lessee elects to retain hereunder, and the right to use the surface of the leased premises as may be reasonably necessary for the operation of such well.

8. RESTRICTIONS ON DRILLING. Lessee shall not be required to drill any well on the leased premises in order to hold this lease if such drilling is prohibited by any law, rule or lawful order of any board, bureau or commission having jurisdiction, or if Lessee is unable to obtain any necessary permit or approval, or if Lessee is prevented from drilling by reason of war, rebellion, riot, strike, fire, flood, storm, explosion, act of God or any other cause not reasonably within Lessee's control. This lease may be extended while and if Lessee is prevented by any such cause from drilling or reworking a well or from producing oil or gas from the leased premises or lands pooled therewith, or while and if Lessee is engaged in drilling or reworking any well hereunder, and any such period during which Lessee is so prevented or engaged in drilling or reworking shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

9. DELAY RENTALS. During the primary term of this lease, if Lessee is not conducting drilling or reworking operations on the leased premises or lands pooled therewith, Lessee may pay or tender to Lessor, or to Lessor's credit in the depository bank designated above, on or before the anniversary date of this lease next following the end of any year during which Lessee is not conducting such operations, a delay rental of ... dollars per net mineral acre then covered by this lease, and while such delay rentals are paid or tendered this lease shall be held as a producing lease. Lessee may make like payments or tenders at any time or times within twelve months before the next anniversary date. If at any time two or more persons are entitled to delay rentals hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such persons or their duly authorized agents, appointing a depository agent to receive payments.

Lessee further covenants and agrees that Lessee will conform all operations on the leased premises in a good and workmanlike manner in accordance with the usual practices in the industry prevailing in the area, in accordance with the applicable legal requirements relating to such operations, and that Lessee will conduct such operations in a manner which will not unreasonably interfere with the convenient and orderly development of all land retained by Lessor, and will not unreasonably endanger any buildings, improvements, water wells, tanks, reservoirs, water systems or underground water supplies. Lessee will not drill any oil or gas wells on the leased premises except wells to be completed as offshore land operations, unless Lessee shall first obtain the written consent of Lessor. Lessee shall not drill on the leased premises any well which is a producer of oil or gas in paying quantities, but Lessee may drill wells as a producer for the purpose of offsetting wells on adjacent lands which are not owned by Lessor, or which are not covered by this lease, or which are not pooled with the leased premises, or for the purpose of protecting the leased premises from drainage.

10. RECONVEYANCE AT OR BEFORE TERMINATION. At the end of the primary term of this lease or any time thereafter, or upon completion of operations for the drilling or reworking of a well at the end of the primary term or any time thereafter, this lease shall terminate as to all lands and formations except those then pooled or unitized with other lands in paying quantities and this lease shall continue in force as to such pooled or unitized lands and such formations so long as they are so pooled or unitized, and as to all lands and formations then capable of production from a well located on the leased premises or lands pooled therewith, but Lessee shall not be required to keep more than one well on the leased premises or lands pooled therewith in force if such well is incapable of producing in paying quantities, but such well shall be reworked or drilled deeper or plugged back in an attempt to produce oil or gas in paying quantities, and this lease shall remain in force during such reworking or drilling operations and for a period of ... days thereafter. If after the expiration of the primary term of this lease production of oil or gas in paying quantities from the leased premises or lands pooled therewith should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ... days thereafter, or if Lessee is then engaged in drilling or reworking operations, and this lease shall remain in force during such operations and for a period of ... days thereafter. If oil or gas in paying quantities is discovered on the leased premises during the primary term or any time thereafter, this lease shall remain in force so long as any such oil or gas is produced from the leased premises or lands pooled therewith, or as long as operations are conducted upon the leased premises or lands pooled therewith, regardless of whether production is obtained from the original discovery.

11. FORCE MAJEURE. Lessee shall not be liable for breach of any express or implied covenant of this lease when drilling, production or other operations are prevented or delayed by war, strike, lockout, boycott, blockade, act of God, unusually adverse weather conditions, inability to obtain necessary labor or materials or governmental action over which Lessee has no control, or by any other cause, whether similar or dissimilar, beyond Lessee's reasonable control. This lease may be extended while and if Lessee is prevented by any such cause from conducting drilling or reworking operations on or producing oil or gas from the leased premises or lands pooled therewith. In addition to the foregoing, this lease may be extended while and if Lessee is prevented, by any such cause, from drilling a well required by the express or implied covenants of this lease, from producing oil or gas in paying quantities from the leased premises or lands pooled therewith, or from complying with any express or implied covenant of this lease, whether such cause occurs during the primary term or thereafter. Any such well may be drilled during a period of ... days following the expiration of any such cause, and this lease may be extended for as long as oil or gas is produced from any such well after the expiration of such period, or for as long as any such cause prevents drilling of such well, plus an additional period of ... days from the expiration of each such cause.

12. FORFEITURE. Time is of the essence in this lease. If Lessee fails to perform any of its obligations hereunder, Lessor shall have no right of action against Lessee for damages for any breach hereof until Lessor has given Lessee written notice thereof, specifying the breach, and Lessee has failed to perform such obligations or to commence the curing thereof and to diligently prosecute the same to completion within ... days after such notice is given. If Lessee commences the curing of any such breach within such period and diligently prosecutes the same to completion, this lease shall not be subject to forfeiture for the breach. Neither shall this lease be subject to forfeiture for failure to perform any express or implied covenant if Lessee has acted with reasonable diligence and in good faith.

13. ASSIGNMENTS. Lessee shall have the right to assign, sell, convey or transfer this lease, or any portion or portions thereof, and the rights and estates hereby granted shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto, but no change or division in the ownership of the land, royalties or other moneys, or the right to receive the same, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. No change or division in the ownership of the land, royalties or other moneys, or the right to receive the same, howsoever effected, shall be binding on Lessee for any purpose until thirty (30) days after there has been furnished to Lessee at Lessee's principal place of business by certified mail or hand delivery the original or a certified copy of the instrument or instruments of conveyance, a certified copy of all proceedings showing compliance with applicable provisions of this lease, and such other evidence as Lessee may reasonably require to establish the validity of the change or division. In the event of an assignment hereof as to a segregated portion of the land, royalties or other moneys, the assignee shall not be entitled to receive or exercise any of the rights of Lessee hereunder until there has been furnished to Lessee at Lessee's principal place of business by certified mail or hand delivery a recordable instrument executed by all such parties, designating a depository agent to receive payments and notices. Lessee may, in its discretion, pay or tender royalties, delay rentals and other moneys accruing to any such party by virtue of this lease either jointly or severally to the depository agent designated by all such parties. Any assignment of this lease shall be binding upon Lessee only as to the land assigned, and if this lease is assigned as to a segregated portion of the land, the royalties, delay rentals and other moneys accruing hereunder from each separate tract shall not be combined for the purpose of paying the minimum royalty or delay rental provided for herein, but the minimum royalty or delay rental shall be paid as to each separate tract as if Lessee owned the entire lease.

14. RELEASES. Lessee may at any time execute and deliver to Lessor and place of record a release or releases covering any portion or portions of the leased premises or any depth or depths or any stratum or strata thereof, and be relieved of all obligations thereafter accruing as to the acreage or depths or strata so released. If Lessee releases all of the acreage covered by this lease, or releases all depths or strata as to all of the acreage covered by this lease, Lessee shall be relieved of all obligations thereafter accruing hereunder, except as to any well or wells then being drilled or reworked by Lessee.

15. INDEMNITY BY LESSEE. Lessee shall save and hold Lessor harmless from all claims, demands and causes of action of every kind and character arising from Lessee's operations on the leased premises or lands pooled therewith, and shall indemnify Lessor against any loss or damage to Lessor's property or injury to or death of persons, including, but not limited to, Lessor's employees, agents, contractors and invitees, occasioned by or in connection with Lessee's operations hereunder, and shall pay all judgments rendered against Lessor and all costs, attorneys' fees and expenses incurred by Lessor in connection therewith, promptly as the same become due and payable. Lessee shall maintain such insurance against such risks, liabilities or hazards arising from its operations hereunder as a reasonably prudent operator would maintain under the same or similar circumstances.

16. INSURANCE. During the primary term of this lease, Lessee shall have in force one or more policies of insurance issued by insurance companies authorized to do business in the State of ..., with minimum policy limits of ... dollars per occurrence and ... dollars in the aggregate, which shall provide coverage for all of Lessee's operations hereunder, and which shall name Lessor as an additional insured. Lessee shall furnish to Lessor a certificate of insurance evidencing such insurance coverage, and shall furnish to Lessor a copy of each policy of insurance upon request. Lessee shall not cancel any such policy of insurance without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee shall promptly notify Lessor of any material change in the coverage provided by any such policy of insurance, including, but not limited to, any reduction in the policy limits or any change in the scope of coverage. Lessee shall promptly furnish to Lessor a copy of any notice of cancellation or material change that Lessee receives from its insurance carrier.

17. TAXES ON PRODUCTION. Lessee shall pay all taxes assessed against the leased premises or the production therefrom, but Lessee may withhold payment of any such taxes so long as Lessee is contesting the validity or amount thereof in good faith by appropriate proceedings, and Lessee shall not be liable for any penalty, interest or other charge imposed by reason of such withholding. Lessee shall furnish to Lessor a statement of all taxes so paid and deducted at the time of payment to the royalty owners. At Lessor's request, Lessee shall furnish to Lessor copies of all tax returns and reports filed by Lessee with any governmental authority relating to taxes on or measured by the production of minerals from the leased premises.

18. ASSIGNMENT OF LESSOR'S INTEREST. If Lessor owns less than the entire mineral estate in the leased premises, the royalties and other moneys accruing to Lessor under this lease shall be paid to Lessor only in the proportion which Lessor's interest bears to the entire mineral estate in the leased premises. Lessor may assign this lease in whole or in part, and Lessee's obligations hereunder shall thereafter run to the assignee to the extent of the assignment, but no change or division in the ownership of the land, royalties or other moneys, or the right to receive the same, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. No change or division in the ownership of the land, royalties or other moneys, or the right to receive the same, howsoever effected, shall be binding on Lessee for any purpose until thirty (30) days after there has been furnished to Lessee at Lessee's principal place of business by certified mail or hand delivery the original or a certified copy of the instrument or instruments of conveyance, a certified copy of all proceedings showing compliance with applicable provisions of this lease, and such other evidence as Lessee may reasonably require to establish the validity of the change or division. In the event of an assignment hereof as to a segregated portion of the land, royalties or other moneys, the assignee shall not be entitled to receive or exercise any of the rights of Lessee hereunder until there has been furnished to Lessee at Lessee's principal place of business by certified mail or hand delivery a recordable instrument executed by all such parties, designating a depository agent to receive payments and notices. Lessee may, in its discretion, pay or tender royalties, delay rentals and other moneys accruing to any such party by virtue of this lease either jointly or severally to the depository agent designated by all such parties. Any assignment of this lease shall be binding upon Lessee only as to the land assigned, and if this lease is assigned as to a segregated portion of the land, the royalties, delay rentals and other moneys accruing hereunder from each separate tract shall not be combined for the purpose of paying the minimum royalty or delay rental provided for herein, but the minimum royalty or delay rental shall be paid as to each separate tract as if Lessee owned the entire lease.

19. NON-WAIVER. No waiver by Lessor of any breach of any of Lessee's obligations hereunder shall be deemed a waiver of any other breach by Lessee, whether similar or dissimilar, nor shall any such waiver prevent Lessor from thereafter declaring any subsequent breach. No waiver shall be binding unless in writing and executed by Lessor. No payment by Lessee shall be deemed to be a waiver of any of Lessee's obligations hereunder. The terms of this lease may not be amended except by an instrument in writing executed by Lessor and Lessee.

20. ATTORNEY'S FEES. If Lessor employs an attorney to enforce any of its rights hereunder, and prevails, Lessee agrees to pay Lessor reasonable attorney fees.

21. ENTIRE AGREEMENT. This lease, including any exhibits attached hereto, constitutes the entire agreement between Lessor and Lessee relating to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between Lessor and Lessee in connection with the subject matter hereof except as specifically set forth herein or therein. Lessor makes no warranty, guaranty or assurance of any kind regarding the past, present or future production of oil or gas, the future economic benefit of any well drilled hereunder, or any other matter pertaining to the value, condition or use of the leased premises, and Lessee acknowledges that no such warranty, guaranty or assurance has been made by Lessor. Lessee has relied solely upon its own investigation into all such matters. Lessee releases Lessor from any liability or claim of liability relating to any such matter.

22. SEVERABILITY. If any provision of this lease is held to be invalid or unenforceable, the remainder of this lease shall not be affected thereby, and this lease shall be enforced to the maximum extent permitted by law.

23. MEMORANDUM OF LEASE. At the request of either Lessor or Lessee, the parties shall execute a memorandum of this lease in recordable form, setting forth such provisions hereof as either party may desire to include therein, and either party may record such memorandum at its own expense.

24. EXECUTION. This lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Lessor's execution of this lease may be evidenced by the execution of a ratification or accession of, this lease, or any provision hereof, shall hereinafter be made only by an instrument in writing executed by each of the parties hereto.

IN WITNESS WHEREOF, this lease is executed as of the date first above written.

LESSOR:

_____

LESSEE:

NATIONAL GRAND OIL COMPANY

By: _____

Its: _____

STATE OF TEXAS
COUNTY OF HARRIS

KNOW ALL MEN by these presents that I, the undersigned authority, on this day personally acknowledged before me that I executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, A.D. 19__.

_____
Notary Public in and for Harris County, Texas

My Commission Expires:

_____

STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 19th day of May, A.D. 1970.

_____
Notary Public in and for Harris County, Texas

My Commission Expires: May 31, 1971

Filed for Record
at 10:00 o'clock A.M.
MAY 21 1970

_____
County Clerk, Harris County, Texas

Vol. 5217 Page 353

OIL & GAS LEASE (PAID UP)

Form

THIS AGREEMENT, Made and entered into the 19th day of May, 1970, by and between G. E. MCKENZIE, Unmarried

Bear Rock, Bear Park

and JAMES A. DAVIDSON (P. O. Box 494-Pittland, Texas 29702)

Hereinafter called Lessee

WITNESSETH, That the said Lessor, for and in consideration of the sum of TEN AND NO/100 ($10.00) DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the royalties and agreements hereinafter set forth to be paid, kept and performed by the said Lessee, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, and laying pipe lines, and building tanks, power stations, telephone lines and other structures thereon, to produce, save and take care of said products, all that certain tract of land situated in the County of Harris, State of Texas, described as follows, to-wit:

Section 13: N/4

7-21-5, 6-36-4, H.T.C.R.R.

It is agreed that the fraction "one-quarter" (1/4) shall be substituted for the fraction "one-eighth" (1/8) in all cases where the latter appears in Paragraph 3 hereof.

Lessor (Whether one or more)

(G. E. McKenzie)

Mark Davidson Pickens

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS
County of Dallas

The foregoing instrument was acknowledged before me this ____ day of May, 1970 by G. E. Pickens and wife ____ Mark Davidson Pickens.

_____
Notary Public

My Commission expires

_____, 19__.

STATE OF TEXAS
COUNTY OF HARRIS
I HEREBY CERTIFY
MAY 21 1970

OIL & GAS LEASE

April 3, 1950

Area Oil and Gas Engineer
State Office Box 1970
Hobbs, New Mexico 88240

Attention: Mr. Ford Gebhart

Re: Re: Hooley Oil Conservation Violation
Sec 36 20S

Dear Mr. Gebhart:

Enclosed is a copy of the Ballot for the April 5, 1950 Democratic Precinct Meeting.

You will have an interest there also as candidate for the above referenced office.

March 31, 1990

Vinco Oil and Gas Corporation
Attn: Mr. Gary W. Lee
615 Midland Towne Building
Midland, Texas 79701

Re: San Hudson Oil Conservation Division
Case 8856

Gentlemen:

Enclosed is a copy of the docket for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1990

Mr. James W. Labell
222 Midland Towne Building
Midland, Texas 79701

Re: San Hudson Oil Conservation Division
Case 8856

Dear Mr. Labell:

Enclosed is a copy of the docket for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1990

Mr. Gary W. Lee
Post Office Box 2050
Midland, Texas 79703

Re: San Hudson Oil Conservation Division
Case 8856

Dear Mr. Lee:

Enclosed is a copy of the docket for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1990

Ms. Cynthia D. Leascher
Post Office Box 8046
Midland, Texas 79703

Re: New Mexico Oil Conservation Division
Case 8866

Dear Ms. Leascher:

Enclosed is a copy of the dockets for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC/jlr

Enclosure

cc: Michael Sullivan
Post Office Box 8046
Midland, Texas 79703

Re: New Mexico Oil Conservation Division
Case 8866

Dear Mr. Sullivan:

Enclosed is a copy of the dockets for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC/jlr

Enclosure

cc: Gary G. Leascher
Post Office Box 8046
Midland, Texas 79703

Re: New Mexico Oil Conservation Division
Case 8866

Dear Mr. Leascher:

Enclosed is a copy of the dockets for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC/jlr

Enclosure

cc: Cynthia D. Leascher
Post Office Box 8046
Midland, Texas 79703

Re: New Mexico Oil Conservation Division
Case 8866

Dear Mr. Sullivan:

Enclosed is a copy of the dockets for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC/jlr

Enclosure

cc: Gail Sullivan
Post Office Box 8046
Midland, Texas 79703

Re: New Mexico Oil Conservation Division
Case 8866

Dear Ms. Sullivan:

Enclosed is a copy of the dockets for the April 9, 1990 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC/jlr

Enclosure

March 31, 1980

Texaco Oil Company
2121 Preston State Bank Building
211 Preston Road
Dallas, Texas 75250

Re: New Mexico Oil Conservation Division
Case 6866

Gentlemen:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1980

Mr. Scott G. Ostrag
16 Sutton Place
New York City, New York 10022

Re: New Mexico Oil Conservation Division
Case 6866

Dear Mr. Ostrag:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1980

Mr. Mark Ostrag
16 Sutton Place
New York City, New York 10022

Re: New Mexico Oil Conservation Division
Case 6866

Dear Mr. Ostrag:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

March 31, 1980

Mr. Charles Ostrow
45 East 82nd Street
New York City, New York 10028

Re: New Boston Oil Conservation Division
Case 6866

Dear Mr. Ostrow:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:lv

Enclosure

P 661 670 327
RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

March 31, 1980

Mr. Charles Ostrow
45 East 82nd Street
New York City, New York 10028

Re: New Boston Oil Conservation Division
Case 6866

Dear Mr. Ostrow:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

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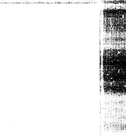

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45 East 82nd Street
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WFC:lv

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NOT FOR INTERNATIONAL MAIL
(See Reverse)

March 31, 1980

Mr. Edith G. Goodhue
45 East 82nd Street
New York City, New York 10028

Re: New Boston Oil Conservation Division
Case 6866

Dear Ms. Goodhue:

Enclosed is a copy of the docket for the April 9, 1980 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:lv

Enclosure

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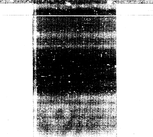

March 31, 1980

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45 East 82nd Street
New York City, New York 10028

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William F. Carr

WFC:lv

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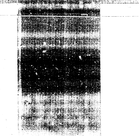
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