

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

July 9, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Doyle Hartman
P.O. Box 10426
Midland, Texas 79702

Attention: Michael Stewart, Engineer

Corrected
Administrative Order NSP-1628(L)(SD)

Dear Mr. Stewart:

It has been called to my attention that Division Administrative Order NSP-1628(L)(SD), dated June 20, 1991, does not correctly state the intended order of the Division. Reference is made to the Arnott Ramsay (NCT-A) Well No. 10 located 1980 feet from the North and West lines (Unit F) of Section 32, Township 25 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

The subject well should be corrected to read as the "Arnott Ramsay (NCT-B) Well No. 10".

All other provisions of said Order NSP-1628(L)(SD) shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

MICHAEL E. STOGNER
Chief Hearing Officer/Engineer

MES/joc

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
Files: NSP-1627(L)
NSP-1598(L)
NSP-1583 ✓
NSP-210

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

GARREY CARRUTHERS
GOVERNOR

September 12, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Doyle Hartman
P.O. Box 10426
Midland, TX 79702

Attention: Michelle Wilcox

Administrative Order NSP-1583

Dear Ms. Wilcox:

Reference is made to your application of August 14, 1989, for a 280-acre non-standard gas proration unit consisting of the following acreage in the Jalmat Gas Pool:

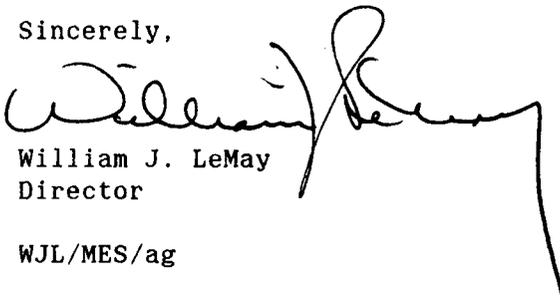
LEA COUNTY, NEW MEXICO
TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 32: NE/4, W/2 SE/4, and SE/4 SE/4

It is my understanding that this unit is to be dedicated to your Arnott-Ramsey (NCT-B) Well No. 13 to be drilled at a standard gas well location for a gas proration unit this size, 990 feet from the South line and 1980 feet from the East line (Unit O) of said Section 32.

By authority granted me under the provisions of the Special Rules and Regulations for the Jalmat Gas Pool as promulgated by Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

FURTHERMORE, it is hereby ordered that Division Administrative Orders NSP-210 and SD-81-5 be held in abeyance until such time as the subject 280-acre non-standard gas proration unit becomes effective.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM Oil and Gas Engineering Committee - Hobbs
NM State Land Office - Santa Fe
File: NSP-210

Administrative Order NSP-1583

Doyle Hartman

September 12, 1989

Page 2

REMARKS: On December 7, 1955, the Division issued Administrative Order NSP-210 authorizing a 320-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the E/2 of said Section 32 in which was dedicated to the Gulf Oil Corporation Arnott-Ramsey "B" Well No. 2 located 1980 feet from the North line and 660 feet from the East line (Unit H). On September 29, 1981, Administrative Order SD-81-5 amended this order by authorizing the simultaneous dedication of this acreage to both the Arnott-Ramsey (NCT-B) Well No. 2 and to the Arnott-Ramsey (NCT-B) Well No. 7 located at a standard gas well location 2130 feet from the south line and 990 feet from the East line (Unit I) of said Section 32. The No. 2 well ceased to produce from the Jalmat Pool and was subsequently T.A'd in May, 1986, thereby leaving the No. 7 well actively producing from said E/2 gas proration unit.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

April 10, 1990

Chevron USA, Inc.
P.O. Box 670
Hobbs, NM 88240

Attention: Alan W. Bohling

Administrative Order NSP-1598(L)

Dear Mr. Bohling:

Reference is made to your application of March 1, 1990 for a 40-acre non-standard gas proration unit consisting of the following acreage in the Jalmat Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 32: NE/4 SE/4

It is my understanding that this unit is to be dedicated to your existing Arnott-Ramsey (NCT-B) Well No. 7 located 2130 feet from the South line and 990 feet from the East line (Unit I) of said Section 32, which is an unorthodox gas well location for said pool.

By authority granted me under the provisions of Rules 2(a)4 and 2(c) of the Special Rules and Regulations for the Jalmat Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above described well and non-standard gas proration unit are hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
Files: NSP-1583
NSP-210

DOYLE HARTMAN

Oil Operator

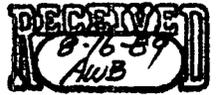
500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 11, 1989



RECEIVED

SEP 11 1989

OIL CONSERVATION DIV.
SANTA FE

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Jalmat (Gas) Operators
Arnott Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280 acres)

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated August 11, 1989) for approval of the 280-acre Jalmat (gas) proration unit consisting of the NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed Arnott Ramsey NCT-B No. 13 well, to be drilled at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E.

This letter will also serve as your notice of our intention to ultimately qualify our Arnott Ramsey NCT-B No. 13 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox

MW/pt
Enclosure

Approved this 9th day of September, 1989

ARCO Oil and Gas Company

**DOYLE HARTMAN, OIL OPERATOR
P. O. BOX 10426
MIDLAND, TEXAS 79702**

By: _____

Title: _____

Arnott Ramsey NCT-B No. 13
Offset Jalmat (gas) Operators
August 11, 1989
Page 2

Lewis B. Burleson, Inc.

By: _____

Title: _____

Lanexco

By: _____

Title: _____

Chevron USA, Inc.

By: Alan W. Bohling (9-7-89)

Title: Special Projects Engineer

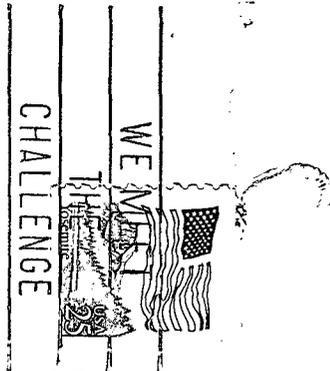
Meridian Oil, Inc.

By: _____

Title: _____



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240



Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, NM 87504
Attn: Mike Stogner

2 5
DOYLE HARTMAN

Oil Operator
500 N. MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

 (915) 684-4011

*Charline
5716*

August 29, 1989

Mr. Victor T. Lyons
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Arnott Ramsey "NCT-B" No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280-acre proration unit)

Gentlemen:

Reference is made to our letter to you dated August 11, 1989 requesting a 280-acre non-standard proration unit for our newly proposed Arnott Ramsey "NCT-B" No. 13.

At the time of our application we sent the required notice to the surrounding Jalmat gas operators. We have now received signed waivers from four of the five offset operators (copies enclosed). The fifth offset operator is Chevron, who assigned the acreage to Doyle Hartman and by that assignment agreed not to oppose any administrative proceedings.

Therefore, we respectfully request that the OCD grant administrative approval for the 280-acre proration unit consisting of NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico, to be dedicated to our Arnott Ramsey "NCT-B" No. 13.

We request expedited approval of this request so that we may move the drilling rig we are currently using to the Arnott Ramsey "NCT-B" No. 13 sometime toward the end of the week.

Thank you for your prompt attention to this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox

MW/lr
Enclosures

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 11, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Jalmat (Gas) Operators
Arnott Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280 acres)

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated August 11, 1989) for approval of the 280-acre Jalmat (gas) proration unit consisting of the NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed Arnott Ramsey NCT-B No. 13 well, to be drilled at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E.

This letter will also serve as your notice of our intention to ultimately qualify our Arnott Ramsey NCT-B No. 13 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox

MW/pt
Enclosure

Approved this 21 day of August, 1989

ARCO Oil and Gas Company

By: J. A. Nicholson

Title: District Engineer

RETURN THIS COPY
TO: DOYLE HARTMAN
BOX 10426
MIDLAND, TX 79702

AUG 22 1989

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 11, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Jalmat (Gas) Operators
Arnett Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280 acres)

RETURN THIS COPY
TO: DOYLE HARTMAN
BOX 10426
MIDLAND, TX 79702

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated August 11, 1989) for approval of the 280-acre Jalmat (gas) proration unit consisting of the NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed Arnett Ramsey NCT-B No. 13 well, to be drilled at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E.

This letter will also serve as your notice of our intention to ultimately qualify our Arnett Ramsey NCT-B No. 13 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox
Michelle Wilcox

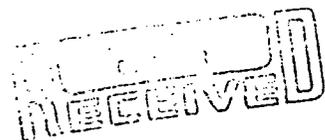
MW/pt
Enclosure

Approved this 18th day of August, 1989

~~ARGO Oil and Gas Company~~ Meridian Oil Inc.

By: Charles W. Brown

Title: Sr. Staff Reservoir Eng



AUG 22 1989

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 11, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Jalmat (Gas) Operators
Arnott Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280 acres)

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated August 11, 1989) for approval of the 280-acre Jalmat (gas) proration unit consisting of the NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed Arnott Ramsey NCT-B No. 13 well, to be drilled at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E.

This letter will also serve as your notice of our intention to ultimately qualify our Arnott Ramsey NCT-B No. 13 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox
Michelle Wilcox

MW/pt
Enclosure

Approved this 14 day of AUGUST, 1989

ARCO Oil and Gas Company

By: _____

Title: _____

RETURN TO:
TO: DOYLE HARTMAN
BOX 10426
MIDLAND, TX 79702
RECEIVED

AUG 15 1989

Arnott Ramsey NCT-B No. 13
Offset Jalmat (gas) Operators
August 11, 1989
Page 2

Lewis B. Burleson, Inc.

By: _____

Title: _____

Lanexco

By: _____

Title: *President*

Chevron USA, Inc.

By: _____

Title: _____

Meridian Oil, Inc.

By: _____

Title: _____

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 11, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Jalmat (Gas) Operators
Arnott Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280 acres)

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated August 11, 1989) for approval of the 280-acre Jalmat (gas) proration unit consisting of the NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed Arnott Ramsey NCT-B No. 13 well, to be drilled at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E.

This letter will also serve as your notice of our intention to ultimately qualify our Arnott Ramsey NCT-B No. 13 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox

MW/pt
Enclosure

Approved this _____ day of _____, 1989

ARCO Oil and Gas Company

By: _____

Title: _____

RETURN THIS COPY
TO: DOYLE HARTMAN
BOX 10426
MIDLAND, TX 79702

AUG 22 1989

Arnott Ramsey NCT-B No. 13
Offset Jalmat (gas) Operators
August 11, 1989
Page 2

Lewis B. Burleson, Inc. #

By: _____

Title: _____

Lanexco

By: _____

Title: _____

Chevron USA, Inc.

By: _____

Title: _____

Meridian Oil, Inc.

By: _____

Title: _____

to said oil and gas leases listed on Exhibit "A" hereof, insofar as they cover the lands herein assigned as well as all other lands covered thereby, together with the right to use as much of the surface of the lands described in Exhibit "A" as it deems necessary to explore for, develop, produce, save, process and market oil and gas from any portion of said oil and gas leases owned by Assignor. It is also understood that all operations conducted by Assignor pursuant to the rights herein reserved shall be conducted so as not to interfere unreasonably with Assignee's development and operation of the assigned premises.

a. Also excepted and reserved by Assignor, its successors and assigns are all existing wells, wellbores, surface and subsurface equipment on the premises covered by this agreement save and except rights to the Arnott Ramsay "NCT"B" No. 3 wellbore located in the NE/4NE/4 of Section 32, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico which are hereinafter conveyed.

b. Assignor does hereby transfer and assign unto Assignee the rights without warranty, either express or implied to the existing wellbore "as is" from the surface to the base of the Jalmat formation of the Arnott Ramsay "NCT-B" No. 3 well. The Arnott Ramsay "NCT-B" No. 3 well is located 660 feet from the North Line and 660 feet from the East Line of Section 32, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, said well having been plugged and abandoned by Gulf Oil Corporation on October 7, 1964.

c. Assignee shall also have the right to purchase existing well bores on the assigned premises at salvage value, should Assignor elect to dispose of same. Assignee's rights to purchase existing wellbores shall only apply to Assignor's election to dispose of said existing wellbores and shall not preempt Assignor's rights to plug and abandon a well or wells which it may wish to retain for possible future re-entry or evaluation. "Assignee" shall also have the "first right of refusal" as to any existing wellbore located on any lands assigned herein if Assignor receives a bona fide offer from a third party and Assignor elects to accept such offer. "First right of refusal" as used herein

shall mean "Assignee shall have 45 days from date of written notice by Assignor to purchase such wellbore or bores at the same price or prices offered by such third party".

d. In the event Assignee should desire to discontinue operations and to plug and abandon a well or wells located on the assigned premises, Assignee shall give Assignor the option, to be exercised within thirty (30) days of receipt of written notice, to acquire or reacquire the said well or wells (including wellhead and production casing) at salvage value. Should Assignor elect to acquire or reacquire any or all wells, Assignee shall be relieved of responsibilities and liabilities therefor and shall reassign such to Assignor. Should Assignor elect not to reacquire such well or wells, Assignee shall plug and abandon any and all such wells in accordance with the requirements of the State oil and gas regulatory agency.

2. Lease Obligations and Rights. Subject to the terms and provisions of this agreement, Assignee, his successors and assigns, in addition to the obligations hereof, shall perform all expressed or implied obligations of Assignor under the leases listed in Exhibit "A" attached hereto insofar as such leases and related settlement agreements, contracts, and amendments thereto (including operating, and right-of-way agreements) create obligations applicable to the premises covered by this agreement.

Assignee shall comply with all applicable laws, and all rules and regulations of any regulatory body having jurisdiction, and this agreement is made subject to all such applicable laws, rules and regulations.

Subject to the conditions stated in Article 1.d. above, Assignee shall assume responsibility for plugging and abandoning any wells drilled by or conveyed to Assignee and shall file, within the time required, all reports concerning operations conducted by Assignee from and after the effective date hereof.

3. Term and Reassignment of Rights. Assignee shall have a period of five (5) years from the effective date hereof to develop the premises covered by this agreement. At the end of said five year period, Assignee, his successors or assigns shall execute and

deliver a recordable instrument to Assignor on the form attached hereto as Exhibit "B," reassigning to Assignor all rights assigned to Assignee herein, save and except such rights that are then included in a producing New Mexico Oil Conservation Division approved proration unit which Assignee has drilled and completed during the term hereof.

4. Payment of Costs and General Indemnity by Assignee.

Subject to the terms of Article 1.d. above, all costs, expenses and liabilities incident to the drilling, equipping, completing, operating and plugging and abandoning of all wells shall be borne by the Assignee; and neither Assignor nor any leasehold interest owned or retained by it shall be liable for any part of the cost, expenses or liabilities of drilling, completing, equipping, operating and plugging and abandoning of such wells, or for producing oil or gas therefrom, or for any injury to any person or for any other damages resulting from such operations. Further Assignee agrees to defend, protect and indemnify, and hold harmless Assignor, its employees and agents, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, cost, expense, damage, or loss, including court costs and attorney's fees, that may be asserted against Assignor by Assignee or by any third party, including Assignee's employees and agents, arising out of, incident to, or resulting directly or indirectly from this assignment and any operations herein described, as well as any other operation or activities conducted by Assignee, or by others for the benefit of Assignee hereunder. However, it is understood and agreed that Assignee does not hold Assignor harmless for any acts committed by Assignor, its employees and agents.

5. Spacing Unit Guidelines. Assignee shall furnish to Assignor an instrument containing the exact well location and name, and a valid legal description of the spacing unit as authorized by the State Regulatory Agency as to any well drilled by Assignee on the premises assigned herein. Assignor agrees to cooperate in waiving objections to non-standard spacing units as well as non-standard well locations so long as said well is not

within three hundred feet (300') of the lease line of any parcel herein assigned, and production spacing does not encompass any portion of the leases being retained by Assignor hereunder. It is further agreed that the non-standard locations and spacing units will be favorably considered only so long as and to the extent that the creation of such will not infringe upon Assignor's retained rights and only so long as no surface disturbance problems arise from such location and units.

6. Right of Access and Information. Assignee agrees that at all times representatives of Assignor shall have access to the premises and to the derrick floor of any well drilled by Assignee under the provisions of this agreement for the purpose of observing the progress of drilling operations and obtaining information concerning such well, and that such representatives shall be furnished with full information pertaining to drilling operations on such well and to all formations encountered therein, including without limitation samples of cuttings or cores and copies of logs run by Assignee. Assignor agrees that such access shall be at Assignor's sole risk and Assignor indemnifies Assignee against the actions of its employees and agents while said employees or agents are on Assignee's premises or derrick floors. Assignee further agrees that Assignor shall upon request be entitled to full information in regard to all production operations conducted on the premises covered by this agreement, that Assignor shall have access at all reasonable times to the books and accounts of Assignee pertaining thereto, and that Assignor shall have the right to audit Assignee's accounts and records.

7. Restoration of Premises. Subject to the terms of Article 1.d. above, it is expressly understood and agreed that if any well drilled hereunder in prospect of oil and/or gas is abandoned as a dry hole or because of cessation of production, Assignee shall, at Assignee's sole cost and expense, adequately plug said well and do all things necessary to restore the premises as nearly as possible to their original condition to the satisfaction of the terms of the lease and the appropriate State and Federal regulatory agencies.

8. Division Order and Payment of Royalties and Other Burdens. Assignee shall prepare a division order title opinion acceptable to Assignor covering the premises as listed on Exhibit "A" hereof. Assignee shall disburse payments due interest owners (including those set out in the above mentioned agreement dated April 18, 1985).

It is further agreed that Assignee shall hold the basic division order for the assigned premises and subject to Assignor's obligation to pay the existing 20% net profit obligation as described in Article 9 below, Assignee shall pay or cause to be paid all payments due, including, but not limited to royalties, overriding royalties, production payments, shut-in royalties, and any applicable taxes (including ad valorem, severance and windfall profits taxes) which become due under the terms of said leases or agreements insofar as same covers the lands covered hereby. Assignor shall pay all rentals due the State of New Mexico for state lands in the assigned premises and shall forward a statement of rental cost allocated to the assigned premises. Assignee, upon receipt of such statement, shall reimburse Assignor to the extent of fifty percent (50%) thereof during the term of this agreement, and so long as Assignee has commercial production from any portion of the assigned premises or until Assignee surrenders his operating rights and terminates his obligations hereunder. There shall be no liability of any kind, money or otherwise, against Assignor for any failure to pay such rental.

9. Assignor presently owns 100% of the above-described operating rights to said tracts. These tracts contain a total of 1/8th royalty interest payable to the State or other Lessors. Assignor shall retain a 1/16th of 8/8ths overriding royalty interest in the rights assigned. In addition, Assignee shall pay or cause to be paid out of Assignee's interest a 1/16th of 8/8ths overriding royalty interest in the rights assigned to all plaintiffs (except Davidson) as provided in aforesaid agreement dated April 18, 1985. Said override to plaintiffs will be shared by all plaintiffs (except Davidson) in the same proportion as their ownership interest in Assignor's S.E. Felton lease.

Assignor agrees to deliver an 81.25% net revenue interest in the lands, as limited to the depths and boundaries above described. Since the Arnott Ramsay lease covering portions of the above described lands is subject to an existing 20% net profits payment obligation, Assignor shall assume and pay such obligation and Assignee shall comply with the following:

(a) For each well on the Arnott Ramsay lease operated by Assignee, his successors or assigns which is subject to the 20% net profits agreement, Assignee shall provide to Assignor within thirty (30) days of the completion, a statement in writing setting forth the cost of drilling, completing and equipping such well. Thereafter, Assignee shall notify Assignor, in writing within thirty (30) days after payout of each such well occurs. Payout shall be deemed to have occurred when proceeds of production from each such well (after deducting the gross production taxes, royalty, overriding royalty and other interests payable out of or measured by such share of the production which on the date of this agreement burden the leasehold estate assigned) shall equal 100% of the costs incurred in drilling, deepening, plugging and abandoning, plugging back, reworking, completing and equipping (excluding any costs beyond the wellhead connection) each such well, and 100% of the cost beyond the wellhead connection, such as tanks, separators and flow lines, together with 100% of the cost of operation thereof during the payout period. After payout has occurred, Assignee shall provide Assignor monthly statements detailing receipts and expenditures as defined below incurred during each month. Statement(s) of expenditures for each such well shall be provided to Assignor by Assignee commencing with the month in which costs and expenses are first incurred, and every month thereafter until such well is plugged and abandoned by Assignee. Statement(s) of receipts for each such well shall be provided to Assignor by Assignee commencing with the month in which proceeds are realized from the production and sale of minerals from each such well, and every month thereafter until such well is plugged and abandoned.

(b) For the purpose of this agreement, the definition of the term "receipts" shall coincide with the referenced net profits agreement which was attached as Exhibit "A" to that certain Agreement dated May 24, 1927 by and between Gypsy Oil Company and the named trustees of the Petroleum Land and Royalty Syndicate. Said agreement generally defines receipts as all proceeds realized from the production and sale of minerals (including, but not limited to crude oil, natural gas and natural gas liquids) and from the authorized disposition of surplus or useless material provided for the premises.

(c) For the purposes of this agreement, the definition of the term "expenditures" shall also coincide with the referenced net profits agreement which was attached as Exhibit "A" to that certain Agreement dated May 24, 1927 by and between Gypsy Oil Company and the trustees of the Petroleum Land and Royalty Syndicate. The costs and expenses shall be determined in accordance with the Accounting Procedure attached hereto as Exhibit I, and shall generally be defined as including all rentals, royalties, and other sums paid to the lessor; the ordinary and necessary disbursements incurred in drilling, developing equipping and operating the premises for oil and gas purposes and for the storage and handling of the minerals produced; all taxes directly imposed upon the lease, leasehold, equipment, and minerals produced, and the cost of litigation involving the title to said lease, leasehold, or arising from lease operations.

(d) Monthly statements for both receipts and expenditures shall be submitted to:

Chevron U.S.A. Inc.
Attention: Joint Interest Accounting
Section 731
Post Office Box J
Concord, California 94524

10. Drilling Depth. Assignee shall have the right, but not the obligation to drill one hundred fifty feet (150') below the deepest anticipated perforation. The perforating company will execute an affidavit as to the depths of the perforations in all wells drilled on the captioned tracts within thirty (30) days after the date perforations have been made and will deliver said

affidavits by United States mail to Chevron U.S.A. Inc., P.O. Box 670, Hobbs, New Mexico 88240. The one hundred fifty feet (150') drilled below the deepest depth perforated shall not be earned if such drilling results in depths exceeding the assigned depths as stated in Exhibit "A" hereof, and no completion or other downhole activity shall be undertaken which may result in production from any depths below those assigned in Exhibit "A".

11. Assignability. This Assignment of Oil and Gas Operating Rights and the terms hereof shall inure to the benefit of and be binding upon the parties hereto, their heirs, devisees, successors and assigns. Any assignment made by Assignee or his successors or assigns transferring any interest in the rights, proceeds or production from lands covered by this Assignment shall specifically provide that such assignment is subject to all of the terms and conditions of this Assignment of Operating Rights and Assignee shall furnish Assignor with an executed or a certified copy of such assignment, together with recording or filing information, or in lieu thereof, a legible photocopy of the recorded or filed Assignment. Assignee shall not be released from any liability herein assumed except by the written consent of Assignor.

12. This assignment is subject to Casinghead Gas Contracts, and any amendment thereto, with El Paso Natural Gas Company and Northern Natural Gas Company covering gas production from the assigned premises. Copies of said contracts shall be furnished to Assignee upon request after full execution of this instrument.

13. No Warranty of Title. This assignment is made without warranty of title, express or implied, by the Assignor and is so accepted by Assignee.

14. Notices. Except as otherwise herein provided, all notices to the parties hereto shall be sent by mail or telegram to such parties at the following addresses:

Chevron U.S.A. Inc.
P.O. Box 1150
Midland, Texas 79702

James A. Davidson
P.O. Box 494
Midland, Texas 79702

Where this Assignment of Operating Rights affects an Oil and Gas Lease issued by the State of New Mexico, it shall be construed as a "Contract for Development" as permitted by §19-10-13 NMSA (1978) and not as an assignment of record title to said Lease.

TO HAVE AND TO HOLD the same unto the said Assignee, his personal representatives, heirs, successors, and assigns, according to the terms and conditions of said leases, the said Assignee to perform all of such conditions and covenants thereof as to the portion of lands herein assigned.

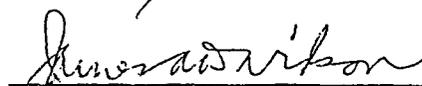
The reservations, conditions and covenants of this conveyance shall run with the real estate herein described and shall be binding upon and enjoyed by the said Assignor and the said Assignee and their respective heirs, administrators, executors, devisees, successors and assigns.

Effective Date. The effective date of this agreement shall be the 18 day of April, 19 85.

Executed this 18 day of April, 19 86.

CHEVRON U.S.A. INC.

By 
Assistant Secretary


James A. Davidson

THE STATE OF TEXAS §
COUNTY OF MIDLAND §

BEFORE ME, the undersigned authority, on this day personally appeared D. H. MESSER, known to me to be the person whose name is subscribed to the foregoing instrument as Assistant Secretary for CHEVRON U.S.A. INC., a Pennsylvania corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said CHEVRON U.S.A. INC.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 18th day of April, 19 86.



Robert D. Caldwell Jr
A Notary Public in the State of Texas
Notary's Name Printed: Robert D. Caldwell, Jr.
Commission Expires: 7-7-87

THE STATE OF TEXAS §
COUNTY OF MIDLAND §

BEFORE ME, the undersigned authority, on this day personally appeared JAMES A. DAVIDSON, 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.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 18 day of April, 19 86.



Gayla L. Henley
A Notary Public in the State of Texas
Notary's Name Printed: Gayla L. Henley
Commission Expires: 9/26/88

Attached to and made a part of Assignment of Operating Rights between CHEVRON U.S.A. INC. as "Assignor" and James A. Davidson as "Assignee" covering lands in Lea County, New Mexico.

LEASEHOLD ESTATE ASSIGNED

State of New Mexico Lease No. B-229-1, dated September 10, 1931, executed by the State of New Mexico, the Arnott Ramsay Lease, in favor of Gulf Oil Corporation, Gulf Lease No. 0-24037-00,

Oil and Gas Lease dated May 6, 1926, executed by Annie L. Christmas to Gulf Oil Corporation, Gulf Lease No. 0-13989 recorded in Volume 0001, Page 0535, Oil & Gas Records, Lea County, New Mexico, INSOFAR only as the above Leases cover oil and gas operating rights in the following tracts of land located in Lea County, New Mexico.

Tract 1: W/2W/2 of Section 18, T-22-S, R-37-E, N.M.P.M., Lea County, New Mexico, the A. L. Christmas Lease, limited in depth from the surface to the base of the Eumont pool or 3,660' beneath the surface, whichever is the lesser depth with the base of the Eumont pool being defined as the stratigraphic equivalent of the depth of 3,635' beneath the surface as found in the Gulf A. L. Christmas "NCT-C" No. 16 well located in the SW/4SW/4 of said Section 18.

Tract 2: NE/4 and W/2NW/4 of Section 32, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, the Arnott Ramsay Lease, limited in depth from the surface to the base of the Jalmat pool or 3,280' beneath the surface, whichever is the lesser depth with the base of the Jalmat pool being defined as the stratigraphic equivalent of the depth of 3,290 feet beneath the surface as found in the Gulf Arnott Ramsay "NCT-B" No. 4 well located in the NW/4NW/4 of said Section 32.

Tract 3: S/2SE/4 and NW/4SE/4 of Section 32, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, the Arnott Ramsay Lease, limited in depth from the surface to the base of the Yates formation, with the base of the Yates formation being defined as the stratigraphic equivalent of the depth of 3,026 feet as found in the Gulf Arnott Ramsay "NCT-B" No. 4 well, located in the NW/4NW/4 of said Section 32.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

8/14/89

GARREY CARRUTHERS
 GOVERNOR

POST OFFICE BOX 1980
 HOBBS, NEW MEXICO 88241 1980
 (505) 393-6161

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP X _____
- SWD _____
- WFX _____
- PMX _____

RECEIVED

AUG 17 1989

OIL CONSERVATION DIV.
 SANTA FE

Gentlemen:

I have examined the application for the: DOYLE HARTMAN
ARNOTT RAMSEY #13 Unit 032-25-37
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

RECEIVED

AUG 14 1989

OIL CONSERVATION DIV.
SANTA FE

9/5/89

August 11, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Victor T. Lyons
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: Arnott Ramsey NCT-B No. 13
NE/4, S/2 SE/4, NW/4 SE/4
Section 32, T-25-S, R-37-E
Lea County, New Mexico
(280-acre proration unit)
1. Non-Standard
Proration Unit
2. Notice of Section 103
Infill Application

Gentlemen:

We are in the process of preparing to file Forms C-101 and C-102 with the Oil Conservation Division District I Office for permission to drill our newly proposed Arnott Ramsey NCT-B No. 13 as a 3180-foot infill Jalmat (gas) well at a standard Jalmat (gas) location consisting of 990' FSL & 1980' FEL (O), Section 32, T-25-S, R-37-E, Lea County, New Mexico.

We hereby request administrative approval for a 280-acre non-standard Jalmat (gas) proration unit consisting of NE/4, S/2 SE/4, and NW/4 SE/4 Section 32, T-25-S, R-37-E to be dedicated to our newly proposed Arnott Ramsey NCT-B No. 13 well. Currently, the E/2 Section 32 is dedicated to Chevron's Arnott Ramsey NCT-B No. 7. However, Doyle Hartman (partial successor in interest and operator for James A. Davidson) has been assigned by Chevron the NE/4, S/2 SE/4 and NW/4 SE/4 Section 32, T-25-S, R-37-E (a copy of the assignment is attached for review by the NMOCD). Furthermore, as a provision of the assignment, Chevron has agreed to cooperate with and waive any objections to non-standard proration units and/or non-standard well locations necessary to accomplish any proposed infill drilling on the assigned acreage. Therefore, Hartman proposes to dedicate the subject 280 acres to his newly proposed Arnott Ramsey NCT-B No. 13 well.

Since the proration unit for Chevron's Arnott Ramsey NCT-B No. 7 is being reduced from its present 320-acre proration unit consisting of the

Mr. Victor T. Lyons
August 11, 1989
Page 2

E/2 Section 32 to the 40 acres consisting of NE/4 SE/4 Section 32, it will also be necessary for Chevron to file an application for a new non-standard Jalmat (gas) proration unit consisting of the NE/4 SE/4 Section 32 as well as an amended C-102 dedicating the NE/4 SE/4 Section 32 as the new proration unit for the Arnott Ramsey NCT-B No. 7.

If the Arnott Ramsey No. 13 well is completed as a commercial producer and in compliance with any currently applicable requirements of the Natural Gas Policy Act of 1978, an application, if required, will be submitted to the New Mexico Oil Conservation Division to obtain administrative approval for the well as a Section 103 infill well.

Three copies of a color-coded land map outlining the proposed 280-acre Jalmat (gas) proration unit as well as the proposed location of our Arnott Ramsey NCT-B No. 13 well are enclosed for your review. Supplementing the enclosed color-coded land plat is a companion table describing, by tract number and color, all Jalmat (gas) proration units (including the operators of the Jalmat (gas) rights) that offset the proposed Arnott Ramsey NCT-B No. 13 infill well and corresponding 280-acre proration unit. Complete copies of this application have also been sent by certified mail to all offsetting parties owning Jalmat (gas) rights as described on the enclosed plat and table. The following is a list of the offsetting Jalmat (gas) operators:

ARCO Oil and Gas Comany
Post Office Box 1610
Midland, Texas 79702

Attention: Mr. Craig Payken
Area Engineer

Lewis B. Burleson, Inc.
Post Office Box 2479
Midland, Texas 79702

Attention: Mr. Steven Burleson

Lanexco
Post Office Box 2730
Midland, Texas 79701

Attention: Mr. Tommy Phipps

Chevron USA, Inc.
Post Office Box 1150
Midland, Texas 79702

Attention: Mr. Alan W. Bohling
Division Proration Engineer

Meridian Oil, Inc.
#6 Desta Drive
Midland, Texas 79701

Mr. Victor T. Lyons
August 11, 1989
Page 3

It should be noted that the offsetting acreage to the south has been made a part of the non-prorated Rhodes (gas) pool, but in order to give notice to all offset operators, those operators have also been sent a copy of our application.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox
Michelle Wilcox

MW/pt
Enclosures as above

cc: New Mexico Oil Conservation Division
District I Office
Post Office Box 1980
Hobbs, New Mexico 88240

Attention: Mr. Jerry Sexton

Mr. R. C. Anderson
Chevron USA, Inc.
Post Office Box 670
Hobbs, New Mexico 88240

Mr. J. E. Gallegos
Gallegos Law Firm
141 E. Palace
Santa Fe, New Mexico 87501

Mr. Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

Mr. William P. Aycock
1207 W. Wall
Midland, Texas 79701

Mr. Harold Swain
Doyle Hartman
Post Office Drawer M
Jal, New Mexico 88252

Mr. Victor T. Lyons

August 11, 1989

Page 4

Chevron USA, Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. J. C. Prindle

Mr. James A. Davidson
Post Office Box 494
Midland, Texas 79702

Mr. James E. Burr
2505 Emerson Drive
Midland, Texas 79705

Ms. Ruth Sutton
2826 Moss
Midland, Texas 79705

Mr. Larry Nermyr
Post Office Box 4106
Sidney, Montana 59270

OFFSET JALMAT (GAS) OPERATORS
 Arnott Ramsey NCT-B No. 13
 NE/4, S/2 SE/4, NW/4 SE/4 Section 32, T-25-S, R-37-E
 Lea County, New Mexico
 (280 Acres)

<u>Tract No.</u>	<u>Operator</u>	<u>Lease & Well Name(s)</u>	<u>Gas Well Location(s)</u>	<u>Unit Description</u>	<u>Number of Acres</u>
1 (Pink)	Lewis B. Burleson, Inc.	Jenkins Lease	Non-Producing Non-Dedicated	SW/4 Section 29, T-25-S, R-37-E	160
2 (Orange)	Arco Oil & Gas	Crosby "A" No. 1	O-29-25S-37E	S/2 SE/4 Section 29, T-25-S, R-37-E	80
3 (Purple)	Arco Oil & Gas	Ruby S. Crosby "A" Lease	Non-Producing Non-Dedicated	W/2 SW/4 Section 28 T-25-S, R-37-E	80
4 (Green)	Lanexo	El Paso Tom Federal No. 5 El Paso Tom Federal No. 6 El Paso Tom Federal No. 7	E-33-25S-37E J-33-25S-37E L-33-25S-37E	NW/4 NW/4, S/2 NW/4, and S/2 Section 33, T-25-S, R-37-E	480
5 (Purple)	Meridian Oil, Inc.	Farnsworth Lease	Non-Producing Non-Dedicated	N/2 Section 4 T-26-S, R-37-E	320
6 (Blue)	Meridian Oil, Inc.	Shepard Federal Lease	Non-Producing Non-Dedicated	N/2 Section 5 T-26-S, R-37-E	320
7 (Pink)	Chevron USA, Inc.	Arnott Ramsey NCT-B No. 7	I-32-25S-37E	NE/4 SE/4 Section 32 T-25-S, R-37-E	40
8 (Green)	Chevron USA, Inc.	Arnott Ramsey NCT B No. 1	M-32-25S-37E	W/2 Section 32 T-25-S, R-37-E	320

ASSIGNMENT OF OPERATING RIGHTS

STATE OF NEW MEXICO §
 COUNTY OF LEA §

THIS ASSIGNMENT is made and entered into by and between CHEVRON U.S.A. INC., formerly known as Gulf Oil Corporation, P.O. Box 1150, Midland, Texas 79702, hereinafter referred to as "Assignor" and James A. Davidson, P.O. Box 494, Midland, Texas 79702, hereinafter referred to as "Assignee" upon the following terms and conditions.

WITNESSETH:

THAT WHEREAS, Assignor is the owner and holder of those certain oil and gas leases and operating rights described on Exhibit "A," which is attached hereto and made a part hereof; and

WHEREAS, this assignment is in accordance with that certain Agreement dated April 18, 1985 whereby Assignor agreed to assign certain oil and gas operating rights unto Assignee;

NOW, THEREFORE, in consideration of the premises, the receipt and sufficiency of which is hereby acknowledged, Assignor does by these presents hereby transfer and assign unto Assignee the following rights:

100% of Assignor's operating rights in those certain oil and gas leases, or portions thereof which constitute the premises covered by this agreement and are more fully described, with specific depth limitations, in Exhibit "A" attached hereto and made a part hereof. Assignor expressly reserves an overriding royalty interest of 1/16 of 8/8 from the proceeds attributable to the production and sale of all oil and gas, casinghead gas and condensate produced from the premises covered by this agreement, free and clear of all costs and expenses to Assignor save and except for such taxes as may be attributed to Assignor's interest.

This assignment and overriding royalty interest reservation shall be subject to the terms and conditions hereinafter written.

1. Assignor's Reservations. Assignor expressly excepts and reserves unto itself, its successors and assigns the record title

MAY 16 1985

deliver a recordable instrument to Assignor on the form attached hereto as Exhibit "B," reassigning to Assignor all rights assigned to Assignee herein, save and except such rights that are then included in a producing New Mexico Oil Conservation Division approved proration unit which Assignee has drilled and completed during the term hereof.

4. Payment of Costs and General Indemnity by Assignee.

Subject to the terms of Article 1.d. above, all costs, expenses and liabilities incident to the drilling, equipping, completing, operating and plugging and abandoning of all wells shall be borne by the Assignee; and neither Assignor nor any leasehold interest owned or retained by it shall be liable for any part of the cost, expenses or liabilities of drilling, completing, equipping, operating and plugging and abandoning of such wells, or for producing oil or gas therefrom, or for any injury to any person or for any other damages resulting from such operations. Further Assignee agrees to defend, protect and indemnify, and hold harmless Assignor, its employees and agents, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, cost, expense, damage, or loss, including court costs and attorney's fees, that may be asserted against Assignor by Assignee or by any third party, including Assignee's employees and agents, arising out of, incident to, or resulting directly or indirectly from this assignment and any operations herein described, as well as any other operation or activities conducted by Assignee, or by others for the benefit of Assignee hereunder. However, it is understood and agreed that Assignee does not hold Assignor harmless for any acts committed by Assignor, its employees and agents.

5. Spacing Unit Guidelines. Assignee shall furnish to Assignor an instrument containing the exact well location and name, and a valid legal description of the spacing unit as authorized by the State Regulatory Agency as to any well drilled by Assignee on the premises assigned herein. Assignor agrees to cooperate in waiving objections to non-standard spacing units as well as non-standard well locations so long as said well is not

within three hundred feet (300') of the lease line of any parcel herein assigned, and production spacing does not encompass any portion of the leases being retained by Assignor hereunder. It is further agreed that the non-standard locations and spacing units will be favorably considered only so long as and to the extent that the creation of such will not infringe upon Assignor's retained rights and only so long as no surface disturbance problems arise from such location and units.

6. Right of Access and Information. Assignee agrees that at all times representatives of Assignor shall have access to the premises and to the derrick floor of any well drilled by Assignee under the provisions of this agreement for the purpose of observing the progress of drilling operations and obtaining information concerning such well, and that such representatives shall be furnished with full information pertaining to drilling operations on such well and to all formations encountered therein, including without limitation samples of cuttings or cores and copies of logs run by Assignee. Assignor agrees that such access shall be at Assignor's sole risk and Assignor indemnifies Assignee against the actions of its employees and agents while said employees or agents are on Assignee's premises or derrick floors. Assignee further agrees that Assignor shall upon request be entitled to full information in regard to all production operations conducted on the premises covered by this agreement, that Assignor shall have access at all reasonable times to the books and accounts of Assignee pertaining thereto, and that Assignor shall have the right to audit Assignee's accounts and records.

7. Restoration of Premises. Subject to the terms of Article 1.d. above, it is expressly understood and agreed that if any well drilled hereunder in prospect of oil and/or gas is abandoned as a dry hole or because of cessation of production, Assignee shall, at Assignee's sole cost and expense, adequately plug said well and do all things necessary to restore the premises as nearly as possible to their original condition to the satisfaction of the terms of the lease and the appropriate State and Federal regulatory agencies.

EXHIBIT "A"

Attached to and made a part of Assignment of Operating Rights between CHEVRON U.S.A. INC. as "Assignor" and James A. Davidson as "Assignee" covering lands in Lea County, New Mexico.

LEASEHOLD ESTATE ASSIGNED

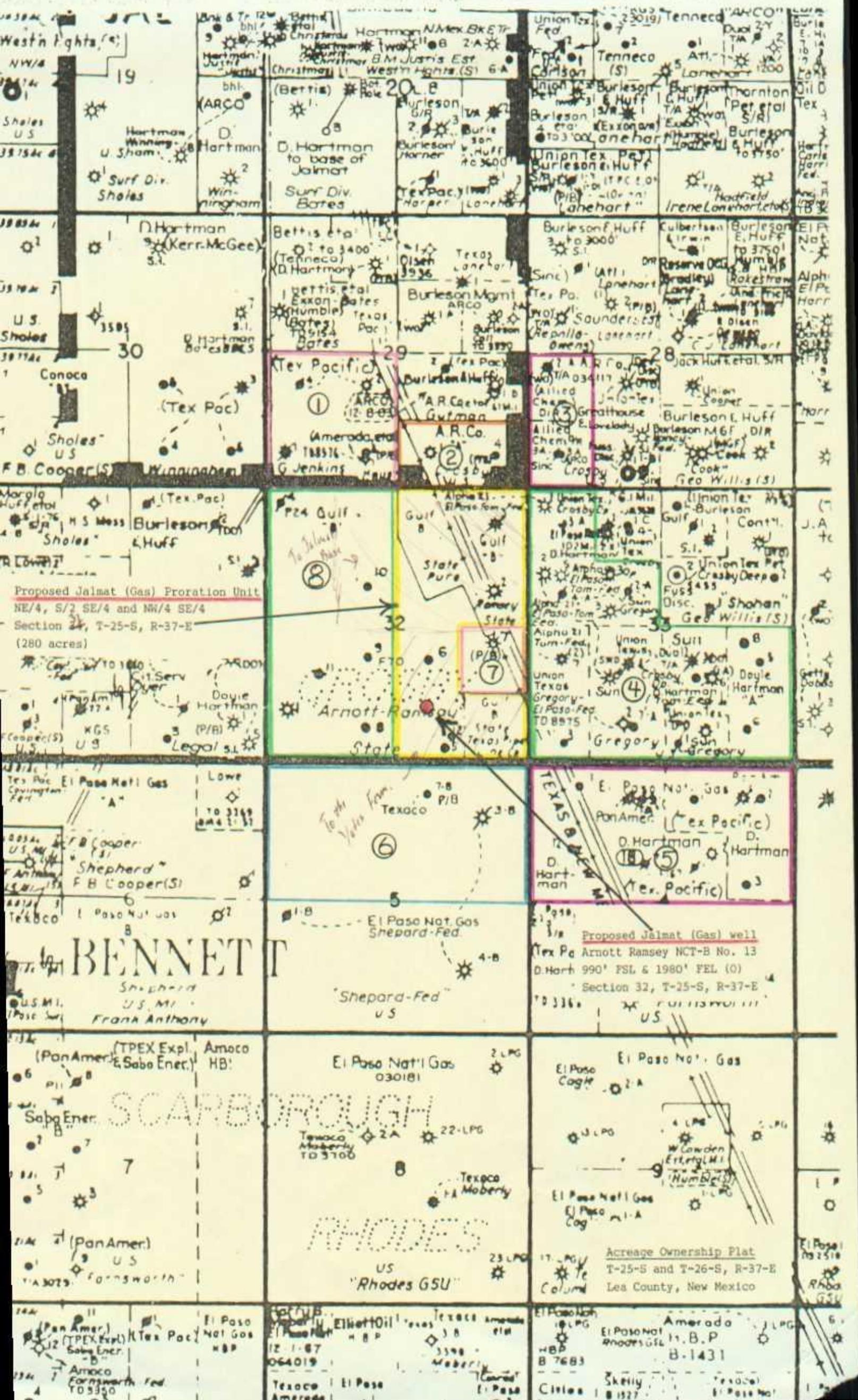
State of New Mexico Lease No. B-229-1, dated September 10, 1931, executed by the State of New Mexico, the Arnott Ramsay Lease, in favor of Gulf Oil Corporation, Gulf Lease No. 0-24037-00,

Oil and Gas Lease dated May 6, 1926, executed by Annie L. Christmas to Gulf Oil Corporation, Gulf Lease No. 0-13989 recorded in Volume 0001, Page 0535, Oil & Gas Records, Lea County, New Mexico, INSOFAR only as the above Leases cover oil and gas operating rights in the following tracts of land located in Lea County, New Mexico.

Tract 1: W/2W/2 of Section 18, T-22-S, R-37-E, N.M.P.M., Lea County, New Mexico, the A. L. Christmas Lease, limited in depth from the surface to the base of the Eumont pool or 3,660' beneath the surface, whichever is the lesser depth with the base of the Eumont pool being defined as the stratigraphic equivalent of the depth of 3,635' beneath the surface as found in the Gulf A. L. Christmas "NCT-C" No. 16 well located in the SW/4SW/4 of said Section 18.

Tract 2: NE/4 and W/2NW/4 of Section 32, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, the Arnott Ramsay Lease, limited in depth from the surface to the base of the Jalmat pool or 3,280' beneath the surface, whichever is the lesser depth with the base of the Jalmat pool being defined as the stratigraphic equivalent of the depth of 3,290 feet beneath the surface as found in the Gulf Arnott Ramsay "NCT-B" No. 4 well located in the NW/4NW/4 of said Section 32.

Tract 3: S/2SE/4 and NW/4SE/4 of Section 32, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, the Arnott Ramsay Lease, limited in depth from the surface to the base of the Yates formation, with the base of the Yates formation being defined as the stratigraphic equivalent of the depth of 3,026 feet as found in the Gulf Arnott Ramsay "NCT-B" No. 4 well, located in the NW/4NW/4 of said Section 32.



Proposed Jalmat (Gas) Proration Unit
 NE/4, S/2 SE/4 and NW/4 SE/4
 Section 29, T-25-S, R-37-E
 (280 acres)

Proposed Jalmat (Gas) well
 Tex Pa Arnott Ramsey NCT-B No. 13
 D.Hart 990' FSL & 1980' FEL (0)
 Section 32, T-25-S, R-37-E

BENNETT
 Shepherd
 U.S. MI.
 Frank Anthony

ARNOTT-RAMSEY STATE
 US
 "Rhodes GSU"

SCARBOROUGH
 (PanAmer) Sabo Ener.
 (PanAmer) US
 Amoco Farnsworth Fed
 T-25-S and T-26-S, R-37-E
 Lea County, New Mexico

ARNOTT-RAMSEY STATE
 US
 "Rhodes GSU"

(PanAmer) Sabo Ener.
 Amoco Farnsworth Fed
 T-25-S

El Paso Nat'l Gas
 HBP
 12-1-87
 064019
 Texaco Amerado
 El Paso

El Paso Nat'l Gas
 Amerado
 H.B.P.
 B-1431
 Cities Skelly
 B-1527
 El Paso Nat'l Gas

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-101
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
30-025-30655

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.
B-229-1

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
DRILL RE-ENTER DEEPEN PLUG BACK
b. Type of Well:
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
Arnott Ramsey "NCT-B"

2. Name of Operator
Doyle Hartman

8. Well No.
13

3. Address of Operator
Post Office Box 10426, Midland, Texas 79702

9. Pool name or Wildcat
Jalmat (Gas)

4. Well Location
Unit Letter 0 : 990 Feet From The South Line and 1980 Feet From The East Line
Section 32 Township 25-S Range 37-E NMPM Lea County

10. Proposed Depth 3170'
11. Formation Yates
12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
2992.4 G.L.
14. Kind & Status Plug. Bond
Multi-Approved
15. Drilling Contractor
To be named
16. Approx. Date Work will start
September 1, 1989

17. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4	9-5/8	36 LTC	400	300 sx	Circulate Surface
8-3/4	7	23 LTC	3170	750 sx	Circulate Surface

Before drilling out from under surface pipe, well will be equipped with a 3000-psi 10-inch series-900 double-ram hydraulic BOP.

At this time, it is our plan to market the gas produced from the Arnott Ramsey "NCT-B" No. 13 well under short-term market-sensitive sales arrangements with the gas to be gathered and processed through NNG's Lea County gathering and processing system.

RECEIVED

AUG 21 1989

OIL CONSERVATION DIV.

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

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

SIGNATURE Michelle Wilcox TITLE Administrative Assistant DATE 8-16-89

TYPE OR PRINT NAME Michelle Wilcox TELEPHONE NO. 915/684-4011

(This space for State Use)
APPROVED BY Jerry Seab DISTRICT 1 SUPERVISOR TITLE _____ DATE AUG 18 1989

CONDITIONS OF APPROVAL, IF ANY:

Permit Expires 6 Months From Approval Date Unless Drilling Underway.

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
 All Distances must be from the outer boundaries of the section

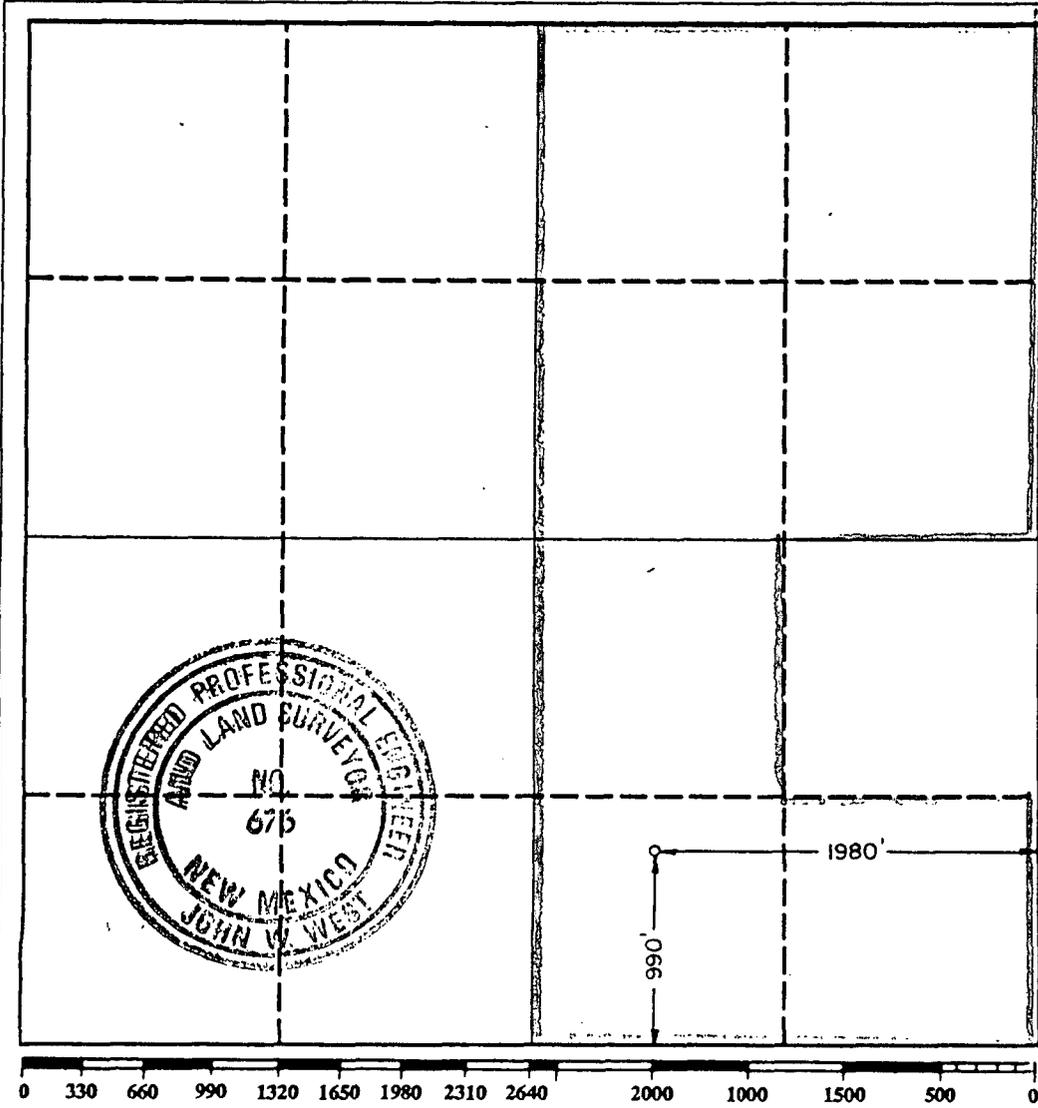
Operator Doyle Hartman		Lease Arnott Ramsey "B" NCT-β		Well No. 13
Unit Letter 0	Section 32	Township 25 South	Range 37 East	County Lea
Actual Footage Location of Well: 990 feet from the south line and 1980 feet from the east line				
Ground level Elev. 2992.4	Producing Formation Yates	Pool Jalmat (Gas)	Dedicated Acreage: 280 Acres	

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

 Yes No If answer is "yes" type of consolidation _____

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

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



OPERATOR CERTIFICATION

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

Signature
Michelle Wilcox

Printed Name
 Michelle Wilcox

Position
 Administrative Assistant

Company
 Doyle Hartman

Date
 August 16, 1989

SURVEYOR CERTIFICATION

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

Date Surveyed
 August 12, 1989

Signature & Seal of Professional Surveyor
John W. West

Certificate No. JOHN W. WEST, 676
 RONALD J. EIDSON, 3239