

DOYLE HARTMAN

Oil Operator

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

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Via Facsimile (915) 684-7317; (915) 684-8468

February 14, 2000

John H. Hendrix Corporation
110 Marienfeld, Suite 400
P.O. Box 3040
Midland, TX 79702

Michael L. Klein
500 W. Texas, Suite 1230
Midland, TX 79701

Attn: John H. Hendrix

Re: Trade-Settlement Proposal Pertaining to
NMOCD Case No. 12343 Scheduled for February 17, 2000 and
John H. Hendrix Corporation's Proposed Eva Blinebry "B" No. 1
Located NE/4SW/4 Section 34, T-23-S, R-37-E,
Lea County, New Mexico

Gentlemen:

Reference is made to John H. Hendrix Corporation's (Hendrix's) scheduled compulsory pooling hearing, which is presently set for February 17, 2000, and corresponds to Hendrix's proposed Eva Blinebry "B" No. 1 6300-foot Yeso test well to be drilled in the NE/4SW/4 Section 34, T-23-S, R-37-E, Lea County, New Mexico. Reference is also made to our trade and settlement proposal letter of February 11, 2000, also corresponding to Hendrix's Eva Blinebry "B" No. 1 well, wherein we have proposed to assign to Hendrix all of our rights, title and interest as to that 200-acre portion of Section 34, T-23-S, R-37-E consisting of the SW/4 and NE/4NW/4 Section 34, which acreage includes both Hendrix's proposed 40-acre drill site as well as the acreage that Hendrix, et al recently proposed assigning to Hartman in its property exchange letter of February 2, 2000.

Finally, reference is made to William F. Carr's recent statement that the timing of the subject compulsory pooling application was necessitated by John H. Hendrix Corporation's inability to easily communicate with Mr. Larry Nermeyr, a minor Eva Blinebry "B" lease working interest owner who owns and operates a working cattle ranch east of the Yellowstone River, in western North Dakota, and who most likely is working very long days, at this time of the year.

John H. Hendrix Corporation, et al
February 14, 2000
Page 2

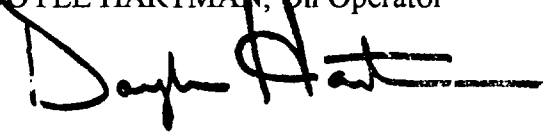
In light of (1) the imminently scheduled hearing date of February 17, 2000 and (2) our trade-settlement proposal letter of February 11, 2000, we respectfully suggest that Hendrix continue its scheduled compulsory pooling hearing to a subsequent hearing date, so as to give Hendrix and Hartman sufficient time to finalize a mutually agreeable written trade-settlement agreement, which agreement and resolution we believe would be both more acceptable and less time consuming for both parties, not to mention less time consuming for the NMOCD.

As to contacting Mr. Nermyr, I suggest phoning him in North Dakota between 5:00 AM and 6:00 AM, before he leaves the house for the day. The herein proposed continuance will also provide Hendrix with sufficient time to make contact with Mr. Nermyr, who, because of long work days, can be hard to reach.

Please let us promptly hear from you regarding our herein proposed hearing continuance.

Very truly yours,

DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal line extending from the end.

Doyle Hartman

rcs
wp7\corresp.dh\hendrixBlinebry5

cc: **Via Facsimile (505) 827-8177**
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attn: Michael Stogner
Lori Wrotenbery

Ronnie H. Westbrook
P.O. Box 3171
Midland, TX 79702

Daniel L. Veirs
1209 W. Cuthbert Ave.
Midland, TX 79701

John H. Hendrix Corporation, et al
February 14, 2000
Page 3

Larry A. Nermyr
HC-57
Box 4106
Sydney, MT 59270

James A. Davidson
214 W. Texas, Suite 710
Midland, TX 79701

Via Facsimile (505) 983-6043 and FedEx
Campbell, Carr, Berge & Sheridan, P.A.
110 N. Guadalupe, Suite 1 (87501)
P.O. Box 2208
Santa Fe, NM 87504-2208
Attn: William F. Carr
Paul R. Owen

Via Facsimile (505) 986-1367
Gallegos Law Firm
460 St. Michaels Dr., Bldg. 300
Santa Fe, NM 87505
Attn: J.E. Gallegos
Michael Condon

DOYLE HARTMAN, Oil Operator (Midland)
Don Mashburn
Steve Hartman
Sheila Potts
Linda Land

DOYLE HARTMAN, Oil Operator (Dallas)

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

**IN THE MATTER OF THE APPLICATION
OF JOHN H. HENDRIX CORPORATION
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO**

No. 12343

COFFER 14 PM 3:00
J. A. CONDON DA

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Doyle Hartman, Oil Operator ("Hartman") and James A. Davidson ("Davidson") in accordance with Rule 1208.B.,19 NMAC 15.N, in opposition to the Application of John H. Hendrix Corporation ("Hendrix") for compulsory pooling.

APPEARANCES OF PARTIES

APPLICANTS

John H. Hendrix Corporation
Midland, Texas

ATTORNEYS

William F. Carr
Paul R. Owen
Campbell, Carr, Berge & Sheridan
P.O. Box 2208
Santa Fe, NM 87504-2208

PARTIES

Doyle Hartman, Oil Operator
James A. Davidson

J.E. Gallegos
Michael J. Condon
Gallegos Law Firm
460 St. Michael's Drive, Bldg. 300
Santa Fe, NM 87505
505-983-6686

To Hartman's and Davidson's knowledge, no other party has entered an appearance or filed opposition in this matter.

HARTMAN'S STATEMENT OF THE CASE

Hendrix has sought approval for an order for compulsory pooling of a 40 acre tract comprising the NE/4 SW/4 of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico for drilling an oil well to the Yeso formation. Hartman, with a working interest of 35.5468750% in the tract, is the owner of the largest expense-bearing interest in the tract. Hartman and Davidson together own 48.0468750% of the working interest. Working interests in the tract at issue are not communitized or pooled. A chart depicting working and net revenue interest in the tract is attached as Exhibit A. Hendrix and the other working interest owners in this tract obtained an overriding royalty interest in 1997. As a result, in addition to their working interest position, the applicant and its affiliates enjoy a totally expense-free 12.5% override, while a true paying working interest owners' well economics are based on only a 75% net revenue interest.

Hendrix first circulated its proposal for the proposed Eva Blinbry "B" No. 1 well by letter with an attached AFE on November 3, 1999. Hendrix did not provide any logs, geologic data, other technical data, or economic calculations upon which a recommendation for a test well should have been made. Hendrix did not attach any proposed operating agreement with its cover letter and attached AFE.

The Hendrix application for compulsory pooling should be denied as premature. Hendrix has not, to date, undertaken a good faith effort, and allowed reasonable time, to achieve voluntary joinder for spacing unit at issue in the application. NMSA 1978, § 70-2-18A. Hendrix should be required to submit technical data supporting the proposed well, which has been requested by Hartman on several occasions, and to give Hartman

an adequate and reasonable opportunity to evaluate that data, prior to the Division proceeding with the compulsory pooling procedure. Hendrix is not entitled to a penalty under these circumstances.

If the evaluation indicates that the test well would likely recover otherwise untapped reserves and be financially successful, Hartman and Davidson request that Hartman, the largest single working interest owner, and an experienced oil and gas operator who has drilled approximately 200 oil and gas wells in Lea County, New Mexico, be designated operator of the drilling unit. In that case, Hartman would drill the well, subject to an approved AFE and standard operating agreement.

PROPOSED EVIDENCE

HARTMAN

WILL-CALL WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
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Doyle Hartman Chemical Engineer	45 min.	Pre-Filed*
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May-Call Witnesses

James A. Davidson	15 min.	Pre-Filed
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* Additional exhibits may be presented to rebut, explain or otherwise address testimony or exhibits of Hendrix at the hearing.

Additional rebuttal witnesses may be called, depending on the evidentiary presentation made by Hendrix at the hearing.

PROCEDURAL MATTERS

Hartman's and Davidson's Motion to Dismiss is pending.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

MICHAEL J. CONDON

460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
(505) 983-6686

Attorneys for Doyle Hartman, Oil
Operator and James A. Davidson

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be
mailed on this 14th day of February, 2000 to the following:

William F. Carr
Paul Owen
Campbell, Carr, Berge & Sheridan
P.O. Box 2208
Santa Fe, NM 87504-2208


MICHAEL J. CONDON

EXHIBIT "A"

	W.I.	N.R.I.	O.R.R.I.
Hartman	35.5468750%	26.6601600%	0.0000000%
Davidson	12.5000000%	9.3750000%	0.0000000%
Nermyr	0.0781250%	0.5859400%	0.0000000%
Hendrix	24.0859375%	18.0644500%	5.8750000%
Klein	24.0859375%	18.0644500%	5.8750000%
Veirs	2.0000000%	1.5000000%	0.5000000%
Westbrook	1.0000000%	0.7500000%	0.2500000%
	100.0000000%	75.0000000%	12.5000000%