



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

TONEY ANAYA  
GOVERNOR

May 16, 1985

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. William F. Carr  
Campbell & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 9570  
ORDER NO. R-7920

Applicant:

Doyle Hartman

Dear Sir:

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

Sincerely,

R. L. STAMETS  
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD       x        
Artesia OCD       x        
Aztec OCD                   

Other Richard E. Olson



**TONY ANAYA**  
GOVERNOR

*Mike*

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

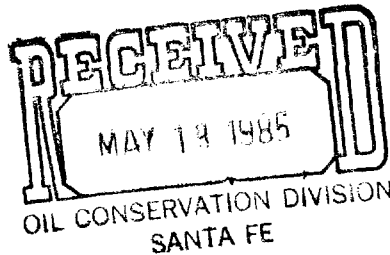
May 10, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88240  
(505) 393-6161



*Case No. 8570*

Lewis B. Burleson, Inc.  
P. O. Box 2479  
Midland, Texas 79702

Gentlemen:

Attached is a copy of our letter dated March 13, 1985, to Mr. Doyle Hartman regarding his Notice of Intent to Drill for a well to be located in Unit A of Section 35, T-22-S, R-36-E, at the same location as your proposed State 35 Well No. 1.

Inasmuch as there appears to be a difference of opinion regarding the title to the Northeast quarter of Section 35, your Notice of Intent to Drill will also be held without approval until the matter is cleared up.

Further, we are returning Form C-102 for your State 35 Well No. 1 for the signature of a company representative in the space provided.

Yours very truly,

OIL CONSERVATION DIVISION

*Jerry Sexton*

Jerry Sexton  
Supervisor, District 1

mc  
Attach.

cc-Doyle Hartman  
Midland, Texas

*R. L. Stamets*  
R. L. Stamets, Director  
OCD, Santa Fe

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
LOURDES A. MARTINEZ

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 26, 1985

HAND DELIVERED

R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

RECEIVED

APR 26 1985

OIL CONSERVATION DIVISION

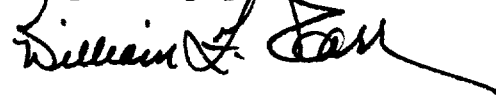
Re: Oil Conservation Division Case 8570: Application of  
Doyle Hartman for a Non-Standard Gas Proration Unit,  
Lea County, New Mexico.

Dear Mr. Stamets:

Doyle Hartman hereby requests that the above-referenced case seeking a non-standard gas proration unit to be comprised of the NE/4 of Section 35, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, be dismissed. The reason for this dismissal is that all rights within this non-standard proration unit have been assigned to Lewis B. Burleson, and Mr. Hartman, therefore, retains no interest in the unit.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/cv

cc: Mr. Jerry T. Sexton  
Supervisor  
Oil Conservation Division  
District I  
Post Office Box 1980  
Hobbs, New Mexico 88240

cc: Steven Burleson  
Post Office Box 2479  
Midland, Texas 79702

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

# HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

200 BLANKS BUILDING  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING  
POST OFFICE BOX 12118  
AMARILLO, TEXAS 79101  
(806) 372-5569

700 UNITED BANK PLAZA  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 88201  
(505) 622-6510

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY JR.  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
PAUL M. BOHANNON  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
JOHN S. NELSON  
RICHARD E. OLSON  
RICHARD A. SIMMS  
DEBORAH NORWOOD\*  
JAMES H. ISBELL\*  
RICHARD R. WILFONG\*  
STEVEN D. ARNOLD  
JAMES J. WECHSLER  
NANCY S. CUSACK

JEFFREY L. FORNACIARI  
ROBERT D. SIMPSON\*  
DAVID L. SPOEDE  
JEFFREY D. HEWETT\*  
JAMES BRUCE  
MICHELE A. REYNOLDS  
DAVID G. REYNOLDS  
THOMAS D. HAINES, JR.  
THOMAS M. HNASKO  
MICHAEL F. MILLERICK  
GREGORY J. NIBERT  
JUDY K. MOORE\*  
DAVID T. MARKETTE\*  
BRUCE R. ROGOFF  
JAMES M. HUDSON  
DONALD R. FENSTERMACHER  
DAVID B. GROCE\*  
ROBERT M. BRISTOL\*  
GARY M. LADEN\*

JEFFREY L. BOWMAN  
JOHN C. HARRISON

OF COUNSEL  
CLARENCE E. HINKLE  
ROY C. SNODGRASS, JR.  
O. M. CALHOUN  
MAC K. EASLEY

W. E. BONDURANT, JR. (1913-1973)  
ROBERT A. STONE (1905-1981)

\*NOT LICENSED IN NEW MEXICO

April 12, 1985

Mr. R. L. Stamets, Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: OCD Case No. 8570, Application  
of Doyle Hartman for Non-Standard  
Gas Proration Unit, Lea County, New Mexico

Dear Mr. Stamets:

We represent ARCO Oil & Gas Company (A Division of Atlantic Richfield Company). On ARCO's behalf, we hereby protest the above Application, and request that the Application be dismissed or approval of the Application be denied. This protest is based upon the following documents and OCD regulations:

1. On January 25, 1985, ARCO farmed out to E. M. Gorence the gas rights from the surface to a depth of 3500 feet in the NE $\frac{1}{4}$  of Section 35, 22S - 36E, NMPM, in Lea County, New Mexico. The farmout provided that "No provisions of this agreement...shall be...assigned except by written consent of" ARCO.

2. On February 5, 1985, E. M. Gorence and Doyle Hartman entered into an agreement to assign the ARCO-Gorence farmout to Mr. Hartman (Exhibit A attached to this letter). The February 5 agreement, however, specifically provided:

Mr. R. L. Stamets  
April 12, 1985  
Page 2

The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; Therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal.

Mr. Hartman signed this agreement on February 6, 1985.

3. On February 6, 1985, E. M. Gorence wrote a letter to ARCO (Exhibit B) requesting written approval of the Gorence-Hartman assignment.

4. On February 11, 1985, Doyle Hartman wrote to ARCO (Exhibit C) requesting written approval of the Gorence-Hartman assignment.

5. By letter dated February 20, 1985, ARCO refused to give its consent to the Gorence-Hartman assignment (Exhibit D).

6. By letter dated February 28, 1985 (Exhibit E), E. M. Gorence informed Doyle Hartman that, due to ARCO's refusal to approve the Gorence-Hartman assignment, the February 5, 1985 agreement was cancelled.

Based on the above documents, Mr. Hartman never had any rights in the ARCO-Gorence farmout because ARCO never approved the assignment to Mr. Hartman. Alternatively, any rights Mr. Hartman may have had in the ARCO-Gorence farmout terminated on February 26, 1985, under the express terms of the February 5, 1985 agreement (Item 2 above), due to the refusal of ARCO to grant its consent to the Gorence-Hartman assignment. OCD Rule 1203 provides that "any operator or...other person having a property interest may institute proceedings for a hearing." Since, by the express terms of the ARCO-Gorence farmout and of the February 5, 1985 Gorence-Hartman assignment, Mr. Hartman never had or no longer has a property interest in the NE¼ of Section 35, 22S - 36E, Mr. Hartman had no right to request approval of the non-standard unit nor to institute proceedings for a hearing. Therefore the OCD has no jurisdiction to entertain Mr. Hartman's Application.

Mr. R. L. Stamets  
April 12, 1985  
Page 3

ARCO does not protest the technical merits of Mr. Hartman's Application.

Therefore, ARCO reiterates its request that Mr. Hartman's Application be dismissed or that approval of his Application be denied.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
James Bruce

JGB:jr

cc: Mr. Richard E. Olson  
Mr. William F. Carr w/enc.

FROM ARCO Midland, Tx

02/25/85 08:47 P. 1

Oil & Gas Properties  
P.O. BOX 1140  
MIDLAND, TEXAS 79702

586-9544

INDEX - OFFICE  
10-1-85 - HOME

February 5, 1985

Re: NE/4 Section 35-22S-36E  
(Gas Rights Only)  
Lea County, New Mexico  
Jalnat Gas Area

We have available for assignment a farmout arrangement from Atlantic Richfield Company covering a full interest in gas rights only in the captioned lands from the surface to 100' below depth drilled; not to exceed 3,600', subject to commencement of actual drilling by March 28, 1985, a well at a legal location on captioned lands to a total depth of 3,500'.

This farmout is submitted on the basis of a 65.25% net revenue interest for a full working interest and is subject to:

- (1) Cash bonus of \$15,000 payable by operator to E. M. Gorence within 30 days of assignment of farmout to operator, or by initial well commencement date, whichever is the earlier;
- (2) Participation by E. M. Gorence in 5% of the working interest ownership of the subject lease and obligation well with Gorence paying 5% of all costs of drilling, completing and operating the obligation well, excepting the cash bonus in (1) above.

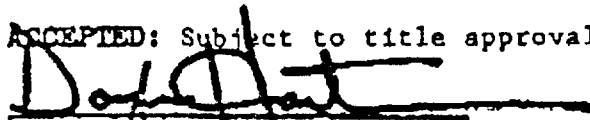
The captioned lands are covered by a full interest State of New Mexico lease held by production. These lands are dedicated to El Paso Natural Gas Company under a gas sales contract. Marathon Oil Company has a 6.25% override in gas production under terms of agreement dated December 1, 1942, between Marathon and El Paso Natural Gas. El Paso subsequently assigned such agreement to Western Gas Company, predecessor to Atlantic Richfield.

The agreement of December 1, 1942, above mentioned, covers 3,600 acres and provides Marathon shall have the right, without being obligated to pay Atlantic Richfield, to take a maximum of 2,000,000 cubic feet of gas per day for use as a gas lift in the production of oil by Marathon from said lands or lands in the immediate vicinity. Marathon has advised they are not taking any gas under this provision since all oil operations are electrified and any secondary operations are waterflood. Marathon will give us a letter confirming this. Atlantic Richfield is operating 16 Jalnat Gas wells on these lands.

The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal.

This submittal is also made subject to prior sale.

ACCEPTED: Subject to title approval:

  
Date 2/6/85

  
E. M. Gorence

2-6-85 JAD will deliver to E M G. Inc.

686-9544  
(915) 686-9544 - OFFICE  
683-4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
February 6, 1985

Re: NE/4 Section 35-22S-36E  
Lea County, New Mexico  
Your S-MM-5035

Atlantic Richfield Company  
P. O. Box 1610  
Midland, Texas 79702

Attention: Mr. Curt Krehbiel

Gentlemen:

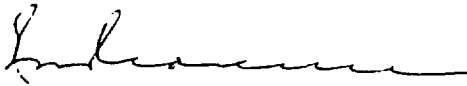
This is in reference to Farmout Agreement dated January 28, 1985, wherein E. M. Gorence has the right to earn an interest in the gas rights covered by oil and gas lease on the captioned land.

Paragraph X of the Agreement provides that the Agreement cannot be assigned except by written consent of Atlantic Richfield Company. We are assigning the rights in this Agreement to Doyle Hartman, operating as an individual, Box 10426, Midland, Texas 79702; however, five per cent of the working interest will be retained by E. M. Gorence.

We would appreciate receiving your written consent to the above outlined assignment.

Thank you for your cooperation in this matter.

Yours very truly,



E. M. Gorence

EMG/sg

EXHIBIT B



DOYLE HARTMAN

Oil Operator

800 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

February 11, 1985

*Call Curt Krehbiel*

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

Attention: Mr. Curt Krehbiel

Re: NE/4 Section 35  
T-22-S, R-36-E  
Lea County, New Mexico  
(Your S-NM-5035)

Gentlemen:

In reference to your recent Farmout Agreement with Mr. E. M. Gorence, please be advised that on February 6, 1985, I signed a binding Letter Agreement with Mr. E. M. Gorence, reached after an arm's length negotiation that provides for the following:

1. Doyle Hartman to spud by March 28, 1985 a 3500-foot Jalmat Gas test in the NE/4 Section 35, T-22-S, R-36-E, Lea County, New Mexico, with Hartman to earn from Gorence the gas rights from the surface to 100' below total depth drilled as to the NE/4 Section 35, as provided under the Farmout Agreement between E. M. Gorence and Atlantic Richfield Company dated January 28, 1985.
2. E. M. Gorence to receive a cash consideration of \$15,000.00 plus the right to take up to a 5% working interest in the required 3500' Jalmat test.
3. E. M. Gorence to receive an additional override of 6.00%, which shall be over and above the 10.00% override to be retained by ARCO, the 6.25% override already retained by Marathon, and the original 12.5% royalty to the State of New Mexico.

In order to meet the relatively short deadline required to spud the 3500' Jalmat gas test, we are now in the process of filing the paperwork for drilling a new well in the NE/4 Section 35 as well as making arrangements with a local drilling contractor for the actual drilling of the well.

However, contrary to the above, on Friday, February 8, 1985, I was verbally informed through a third party that there was some question as to whether ARCO would allow a reassignment of the NE/4 Section 35 to be made to Hartman by Gorence once Gorence had earned the rights to the NE/4 Section 35. To date, I have received no written communication stating ARCO's position concerning a reassignment of rights from Gorence

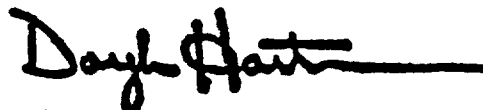
ARCO Oil and Gas Corporation  
February 11, 1985  
Page 2

to Hartman, or any material reason as to why ARCO would hope to deny such an assignment. It is our position that an arbitrary action taken on the part of ARCO to prevent a reassignment of rights from Gorence to Hartman would be a violation of the New Mexico Fair Trades Act and also would be a violation of the State Lease agreement covering in part the NE/4 Section 35, since ARCO would be depriving the State of New Mexico the opportunity of having the subject tract redeveloped by the operator who is currently the largest and most successful operator in the Jalmat gas pool.

If ARCO does attempt to prevent a reassignment from Gorence to Hartman, we will be compelled to take appropriate legal action to counteract such an effort, and in the process of fighting any such effort by ARCO, we will also be compelled to enlist the help of the New Mexico State Land Office and its Commissioner, since the State of New Mexico would probably be losing both badly needed near-term income and future recoverable reserves if the NE/4 Section 35 is instead redeveloped by a less experienced and less knowledgeable operator.

It is our opinion that the redevelopment of the Jalmat gas rights in the NE/4 Section 35 by the most competent, experienced and successful operator in the Jalmat gas pool is in the best interest of all parties concerned (State of New Mexico, Marathon, ARCO, and E. M. Gorence) and it is truly our hope that further development of this lease can be accomplished in the most amicable manner possible and in a manner that maximizes the State's yield from this tract.

Very truly yours,



Doyle Hartman

DH/mh

cc: Jim Baca  
Commissioner of Public Lands  
Post Office Box 1148  
Santa Fe, New Mexico 87504-1148

James K. Otts, Chairman  
House Taxation & Revenue Committee  
Box 1300  
Carlsbad, New Mexico 88220

Jerry W. Sandel, Chairman  
House Appropriations & Finance Committee  
716 Rosa Street  
Farmington, New Mexico 87401

FILED  
FEB 12 1985  
ARCO  
ALBUQUERQUE  
NORTH & WEST

ARCO Oil and Gas Corporation  
February 11, 1980  
Page 3


Dan C. Berry, Chairman  
House Education Committee  
Box 67  
Eunice, New Mexico 88231

Jack M. Morgan, Chairman  
Senate Finance Committee  
Box 2151  
Farmington, New Mexico 87401

Christine A. Donisthorpe, Chairman  
Senate Education Committee  
Box 746  
Bloomfield, New Mexico 87413

Max Coll  
Box EE  
Santa Fe, New Mexico 87502

Alvin Baca  
IPAA of New Mexico  
Post Office Box 1477  
Santa Fe, New Mexico 87504-1477

 [ William F. Carr  
Campbell & Black, P.A.  
Post Office Box 2208  
Santa Fe, New Mexico 87501

Robert H. Strand  
Atwood, Malone, Mann & Turner  
Post Office Drawer 700  
Roswell, New Mexico 88201

E. M. Gorence  
Post Office Box 10460  
Midland, Texas 79702

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

ARCO Oil and Gas Company  
Permian District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 684 0130  
Curt Krehbiel  
District Land Manager



February 20, 1985

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

REC'D SPONBERG

FEB 21 1985

AOGC LEGAL

RE: NE/4 of Section 35,  
T-22-S, R-36-E,  
Lea County, New Mexico  
S-NM-5035  
AR-76366

Dear Mr. Hartman:

ARCO Oil and Gas Company is in receipt of your letter dated February 11, 1985, concerning the above referenced leasehold acreage. As you know, such leasehold acreage is covered by a Farmout Agreement dated January 28, 1985, by and between Atlantic Richfield Company, as farmoutor, and E. M. Gorence, as farmouttee. Article X of such agreement provides, in pertinent part, that "no provisions of this agreement or assignment herein provided for shall be... assigned except by written consent of Atlantic." In accordance with such provision, Atlantic Richfield Company is not now willing to grant its consent to an assignment of any or all rights of E. M. Gorence under said Farmout Agreement. Therefore, you are hereby placed on notice that any activities which you may choose to undertake in connection with the referenced leasehold acreage without the express written consent of Atlantic Richfield Company will be considered outside the scope of the said Farmout Agreement and in conflict with the terms and provisions thereof. Atlantic Richfield Company intends to protect its leasehold and contractual rights in whatever manner may be appropriate.

Very truly yours,

  
Curt Krehbiel

CK:bk

cc: E. M. Gorence  
P. O. Box 10460  
Midland, Texas 79702

bcc: C. E. Cardwell, Jr., 102-MIO  
Ron Sponberg, 46-044 DAB, Dallas

MAR 04 '85 15:02 001 DAB DALLAS #1 P.05

OM ARCO Midland, Tx ( 03/04/85 08:49 P. 6 (

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10480  
MIDLAND, TEXAS 79702  
February 28, 1985

(4)

686-9544

EXCISE - OFFICE  
CASH - HOME

Re: NE/4 Section 35-22S-36E  
Lea County, New Mexico

CERTIFIED MAIL WITH RETURN RECEIPT

Mr. Doyle Hartman  
Box 10426  
Midland, Texas 79702

Dear Mr. Hartman:

This concerns Farmout Agreement dated January 28, 1985, between Atlantic Richfield Company and E. M. Gorence covering gas rights from the surface to 100' below depth drilled, not to exceed 3,600' in the captioned land.

This farmout arrangement was made available to you in submittal letter of E. M. Gorence dated February 5, 1985 (copy attached). The terms of such submittal letter were accepted by you on February 6, 1985. The penultimate paragraph of such letter reads as follows:

"The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal."

The 20 day period mentioned in above quoted paragraph expired on February 26, 1985.

You were informed by letter dated February 20, 1985 from ARCO Oil and Gas Company that Atlantic Richfield Company is not willing to grant its consent to an assignment to Doyle Hartman of any or all rights of E. M. Gorence under the above described Farmout Agreement dated January 28, 1985. Atlantic Richfield Company confirmed this position to me on February 27, 1985.

Therefore, this is to notify you that pursuant to the terms of submittal letter of February 5, 1985, E. M. Gorence is hereby cancelling the farmout submittal to Doyle Hartman effective February 26, 1985. E. M. Gorence herein asserts that all right, title and interest granted to E. M. Gorence by Atlantic Richfield Company in Farmout Agreement dated January 28, 1985, has reverted to said E. M. Gorence.

Yours very truly,

E. M. Gorence

ENG/ag

cc: ARCO Oil and Gas Company ✓  
Attention: Mr. Curt Krehbiel  
Box 1610, Midland, Texas 79702



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

March 13, 1985

TONEY ANAYA  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88240  
(505) 393-6161

*Case 8570*

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

Re: McDonald State "WN" No. 32  
NE/4 Section 35, T-22-S, R-36-E  
Lea County, New Mexico

Dear Mr. Hartman:

Forms C-101 and C-102 for the subject well will be held without approval until the title issue mentioned in your letter of March 8, 1985, has been settled. We will also honor your request that no other applications for drilling in the NE/4 of Section 35, T-22-S, R-36-E, be approved until the matter is resolved.

We might point out that ordinarily the Division does not research ownership rights to certain tracts of land, but when the fact that a problem exists is brought to our attention, it is Division policy to withhold approval until the issue has been settled.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton  
Supervisor, District 1

/mc  
cc-Mr. R. L. Stamets, Director  
Oil Conservation Division  
Santa Fe, New Mexico

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

March 8, 1985

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

Attention: Mr. Jerry Sexton

Case 8570

State Lease A-2614

Re: McDonald State "WN" No. 32  
NE/4 Section 35  
T-22-S, R-36-E  
Lea County, New Mexico  
(C-101 and C-102)

Gentlemen:

Reference is made of our letter to Mr. R. L. Stamets of the New Mexico Oil Conservation Division in Santa Fe dated February 20, 1985 wherein we filed for reinstatement of the captioned 160-acre non-standard Jalmat gas proration unit covering the NE/4 Section 35, T-22-S, R-36-E, Lea County, New Mexico. Also as mentioned in our letter to the New Mexico Oil Conservation Division of February 20, 1985, please find enclosed Forms C-101 and C-102 (six copies) covering this same tract.

During the last several weeks, a question has been raised as to our right at this time to drill an infill Jalmat well on the above noted tract. It is our position that the rights originally extended to us under our Letter Agreement with E. M. Gorence dated February 5, 1985 and the Atlantic Richfield Company Farmout Agreement dated January 28, 1985 are still in full force and effect, and we are at this time officially notifying the New Mexico Oil Conservation Division that as of this date, we have not relinquished any of the rights mentioned above and are in the process of completing all necessary steps for the drilling of the proposed McDonald State "WN" No. 32, a Jalmat (Gas) well.

However, since a title issue has possibly arisen concerning the NE/4 Section 35, we are requesting that in the unlikely event you do receive any applications from other operators pertaining to additional activity on this tract, we respectfully request that we be immediately notified of such applications and that such applications not be approved until any possible title problem between the disagreeing parties has been resolved either by mutual consent, or if necessary, in the proper

New Mexico Oil Conservation Division  
March 8, 1985  
Page 2

adversary forum which appears to us to be through the court system rather than at the New Mexico Oil Conservation Division.

Very truly yours,



Doyle Hartman

DH/dm

cc: Mr. Richard L. Stamets  
New Mexico Oil Conservation Division  
Box 2088  
Santa Fe, New Mexico 87501

Mr. Jim Baca  
Commissioner of Public Lands  
Box 1148  
Santa Fe, New Mexico 87504-1148

Mr. Robert H. Strand  
Atwood, Malone, Mann & Turner  
Post Officer Drawer 700  
Roswell, New Mexico 88201

Mr. William F. Carr  
Campbell, Byrd & Black  
Box 2208  
110 N. Guadalupe  
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. James A. Davidson  
Box 494  
Midland, Texas 79702



NO. OF COPIES RECEIVED		
DISTRIBUTION		
NTA FE		
..E		
..G.S.		
ND OFFICE		
ERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101  
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	
A-2614	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work		7. Unit Agreement Name	
Type of Well		8. Farm or Lease Name	
DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		McDonald "WN" State	
OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		9. Well No.	
Name of Operator		32	
Doyle Hartman		10. Field and Pool, or Wildcat	
Address of Operator		Jalmat (Gas)	
Post Office Box 10426 Midland, Texas 79702			
Location of Well		12. County	
UNIT LETTER A LOCATED 860 FEET FROM THE North LINE		Lea	
660 FEET FROM THE East LINE OF SEC. 35 TWP. 22S RGE. 36E NMPM			
		19. Proposed Depth	
		3600	
		19A. Formation	
		Yates-Seven Rivers	
		20. Rotary or C.T.	
		Rotary	
Elevations (Show whether D.F., R.I., etc.)		21A. Kind & Status Plug. Bond	
3468.3 G.L.		Multi-Well Approved	
		21B. Drilling Contractor	
		Undetermined	
		22. Approx. Date Work will start	
		March 1985	

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	36.0	400	600	Surface
8-3/4	7	23.0	3600	700	Surface

The proposed well will be drilled to a total depth of 3600' and will be completed as a Jalmat (Yates-Seven Rivers) gas producer. From the base of the surface pipe through the running of the production casing, the well will be equipped with a 3000 psi double-ram BOP system. McDonald "WN" State No. 7 present Jalmat Gas well on the proration unit last produced in September, 1975.

NOTE: Any gas produced from the proposed well has previously been dedicated to El Paso Natural Gas Company.

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

by Larry G. Newman Title Engineer Date March 8, 1985  
(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

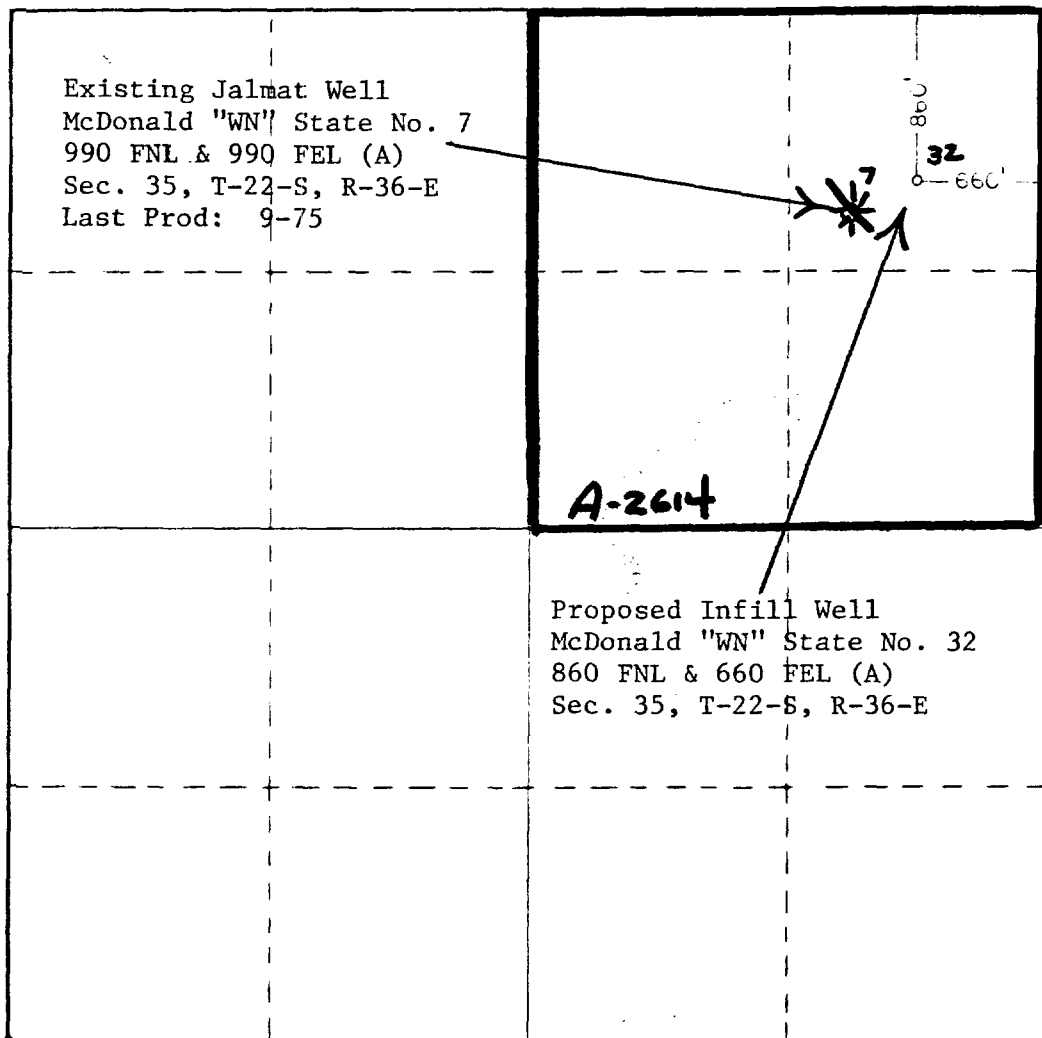
Operator DOYLE HARTMAN			Lease MC DONALD STATE		Well No. X 32
Section Letter A	Section 35	Township 22S	Range 36E	County LEA	
Actual Well Location of Well: 860 feet from the NORTH line and 660 feet from the EAST line					
Ground Level Elev. 3468.3	Producing Formation Yates-Seven Rivers		Pool Jalmat (Gas)		Dedicated Acreage: 160 Acres

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

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

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

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



CERTIFICATION

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

*Larry A. Nermyr*

Name

Larry A. Nermyr

Position

Engineer

Company

Doyle Hartman

Date

March 8, 1985

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

2/26/85

Registered Professional Engineer  
and/or Land Surveyor

*John W. West*

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

DOYLE HARTMAN  
Oil Operator  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

P 639 371 959  
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1983-403-517  
PS Form 3800, Feb. 1982

Sent to NMOCD (Jerry Sexton)	
Street and No. Box 1980	
P.O. State and ZIP Code Hobbs, New Mexico 88240	
Postage	\$ 22
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	60
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.57
Postmark or Date 3-8-85	

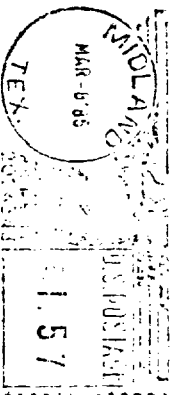
C-101-102 (McDonald State Inn) #52

CERTIFIED

P 639 371 959

MAIL

New Mexico Oil Conservation Division  
Mr. Jerry Sexton  
District I Office  
Box 1980  
Hobbs, New Mexico 88240



PS Form 3811, Jan. 1979

1. SENDER: Complete items 1, 2, and 3.  
Add your address in the "RETURN TO" space on reverse.

2. The following service is requested (check one):  
☒ Show to whom and date delivered..... 60  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY.  
Show to whom, date, and address of delivery, \$\_\_\_\_

(CONSULT POSTMASTER FOR FEES)

3. ARTICLE ADDRESSED TO:  
NMOCD (Jerry Sexton)  
Box 1980  
Hobbs, New Mexico

4. ARTICLE DESCRIPTION:  
REGISTERED NO. CERTIFIED NO. INSURED NO.  
P639371959

(Always obtain signature of addressee or agent)

I have received the article described above.  
SIGNATURE \_\_\_\_\_ Date \_\_\_\_\_  
Authorized agent

5. DATE OF DELIVERY \_\_\_\_\_ POSTMARK \_\_\_\_\_

6. ADDRESS (Complete only if requested) \_\_\_\_\_

7. UNABLE TO DELIVER BECAUSE: \_\_\_\_\_ CLERK'S INITIALS \_\_\_\_\_

C-101-102 (McDonald State Inn) #52

# HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

700 UNITED BANK PLAZA

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

(505) 622-6510

March 5, 1985

200 BLANKS BUILDING  
POST OFFICE BOX 3580  
MIDLAND, TEXAS 79702  
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING  
POST OFFICE BOX 12118  
AMARILLO, TEXAS 79101  
(806) 372-5569

218 MONTEZUMA  
POST OFFICE BOX 2068  
SANTA FE, NEW MEXICO 87504  
(505) 982-4554

LEWIS C. COX  
PAUL W. EATON  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.  
OWEN M. LOPEZ  
DOUGLAS L. LUNSFORD  
PAUL M. BOHANNON  
T. CALDER EZZELL, JR.  
WILLIAM B. BURFORD\*  
JOHN S. NELSON  
RICHARD E. OLSON  
RICHARD A. SIMMS  
DEBORAH R. NORWOOD\*  
  
JAMES H. ISBELL\*  
RICHARD R. WILFONG\*  
STEVEN D. ARNOLD  
JEFFREY L. BOWMAN  
JOHN C. HARRISON  
JAMES J. WECHSLER  
  
JEFFREY L. FORNACIARI  
ROBERT D. SIMPSON\*  
NANCY S. CUSACK  
DAVID L. SPOEDE  
JEFFREY D. HEWETT\*  
JAMES BRUCE  
MICHELE A. REYNOLDS  
DAVID G. REYNOLDS  
THOMAS D. HAINES, JR.  
THOMAS M. HNASKO  
MICHAEL F. MILLERICK  
GREGORY J. NIBERT  
JUDY K. MOORE\*  
KELLY S. THOMAS\*  
DAVID T. MARKETTE\*  
RALPH O. DUNN  
BRUCE R. ROGOFF  
JAMES M. HUDSON  
DONALD R. FENSTERMACHER  
DAVID B. GROCE\*  
DEBORAH K. NORRIS\*  
ROBERT M. BRISTOL\*  
GARY M. LADEN\*

OF COUNSEL  
CLARENCE E. HINKLE  
ROY C. SNODGRASS  
O. M. CALHOUN  
MACK EASLEY

W. E. BONDURANT, JR. (1913-1973)  
ROBERT A. STONE (1905-1981)

\*NOT LICENSED IN NEW MEXICO

Mr. R.L. Stamets  
State of New Mexico  
Energy & Minerals Dept.  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

*Case 8570*

Re: McDonald State "WN" No. 32  
NE $\frac{1}{4}$ , Section 35,  
Township 22 South,  
Range 36 East,  
Lea County, New Mexico  
1. Reactivation of 160 acre  
Non-Standard Jalmat (gas).  
2. Notice of \$103 Infill  
Application.

Gentlemen:

Reference is made to a letter dated February 20, 1985 from a Mr. Doyle Hartman to Mr. R.L. Stamets concerning the above referenced proposed well.

ARCO Oil & Gas Company takes exception to the reactivation of the non-standard proration unit, to the granting by the Oil Conservation Division of permission to drill and to approval of dedication of the previously existing unit to the new well.

ARCO Oil & Gas Company is the record owner of the state lease upon which this proration unit is located and the operating rights thereunder. ARCO Oil & Gas Company in a Farm-Out Agreement dated January 28, 1985 farmed-out to Mr. E.M. Gorence of Midland, Texas the right to drill a well in the above referenced proration unit. That agreement, however, provided specifically in Article 10 that "no provisions of this agreement or assignment herein provided for shall be . . . assigned except by written consent of Atlantic." Request has been made by Mr. Hartman of ARCO Oil & Gas Company to approve the assignment. ARCO Oil & Gas Company has, as of this time, declined to do so.

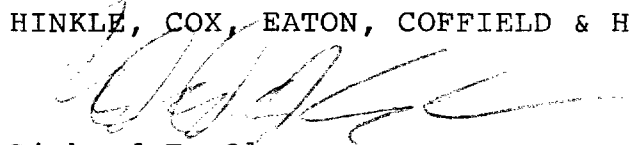
Mr. R.L. Stamets  
Page -2-  
March 4, 1985

Therefore, Mr. Hartman has no rights in the subject acreage and is not entitled to file application for reactivation of the non-standard proration unit, to file an application for approval to dedicate the previously existing nonstandard proration unit to the new infill well or to request permission to drill. Likewise, Mr. Hartman has no right to apply for approval of the well as a §103 infill well.

Your cooperation and attention to this matter is greatly appreciated.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY



Richard E. Olson

REO/sef

xc: Mr. E.M. Gorence  
Mr. Ron Sponberg  
Mr. Al Hoppe  
Mr. Doyle Hartman  
New Mexico Oil  
Conservation Division  
District 1 Office  
P.O. Box 1980  
Hobbs, New Mexico 88240