

**DOYLE HARTMAN**

*Oil Operator*

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

JUL - 7 1997

**Via Certified Mail, Return Receipt Requested**

July 2, 1997

OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710-0250

Attn: Lance H. Castro  
Operations Services  
Land Department, Technical Services

Re: Encroachment of Langlie Jal Unit Injection Water  
Martin "B" Lease  
NW/4 Section 31, T-24-S, R-37-E  
Lea County, New Mexico

Gentlemen:

Reference is made to OXY's letter to us dated June 27, 1997 (copy enclosed) wherein OXY requested information regarding the current status of the 160-acre Martin "B" lease consisting of the NW/4 Section 31, T-24-S, R-37-E, Lea County, New Mexico.

Doyle Hartman is the owner of the Jalmat Pool operating rights corresponding to the subject 160-acre tract, but is not a working interest owner of the underlying unitized oil and casinghead gas rights. At this time, the Martin "B" No. 1 Jalmat gas well is not producing due to a water problem that we believe has been created by the improper injection of water, by the Langlie Jal Unit (LJU), into non-oil bearing (gas productive) zones within the Jalmat Pool interval as defined by NMOCD Order No. R-1670. In support of our position that LJU water has been injected into gas-bearing zones within the LJU unit area, the following is an excerpt from page 3 of the Langlie Jal Unit Engineering Report dated September 2, 1965 (revised May 6, 1969).

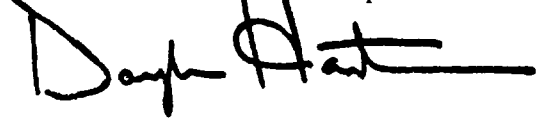
The average depth of the main reservoir pay sands is 3,270 feet. The pay section is made up of a series of alternating layers of sand and anhydrite. In general, the

thickness of these layers are fairly uniform. For purposes of this study and for correlation purposes, the possible pay horizons have been divided into 6 zones. These zones are correlative and continuous throughout the entire study area. The lower zones, specifically Zones 5 and 6, dip into water on the west and south sides of the study area while in the north and northwest portion of the study area, the upper layers, Zones 1, 2 and 3, contain gas. On the east side all these zones are impermeable (emphasis added).

Because the Martin "B" No. 1 well is an old open-hole Jalmat Yates-Seven Rivers gas completion, it is virtually impossible to practically isolate the specific Jalmat gas zone that has experienced water breakthrough as a result of improper LJU injection practices. Therefore, in order to recover the remaining Jalmat gas reserves from the subject tract, it will be necessary to drill a new infill Jalmat gas well, which task will occur in a scheduled and orderly manner.

Very truly yours,

DOYLE HARTMAN Oil Operator



Doyle Hartman

enclosures

rep  
wpdocs\corresp.dh\oxy-mar.tin

cc: William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505

Rand Carroll, Division Attorney  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505

Michael E. Stogner, Engineer  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505

Chris Williams, District I Supervisor  
New Mexico Oil Conservation Division  
1000 W. Broadway (88240)  
P.O. Box 1980  
Hobbs, NM 88241

OXY USA, Inc.  
July 2, 1997  
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Dr. Ray R. Irani, Chairman and CEO  
Occidental Petroleum Corporation  
10889 Wilshire Blvd.  
Los Angeles, CA 90024

Dr. Dale R. Laurance  
President and Senior Operating Officer  
Occidental Petroleum Corporation  
10889 Wilshire Blvd.  
Los Angeles, CA 90024

Donald P. Debrier, Executive V.P. and  
Senior General Counsel  
Occidental Petroleum Corporation  
10889 Wilshire Blvd.  
Los Angeles, CA 90024

P.N. "Pat" McGee, Manager, Land  
Western Region  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Jerry Crew, Joint Interest Contracts  
OXY USA, Inc.  
P.O. Box 300  
Tulsa, OK 74102

Scott E. Gengler, Petroleum Engineer  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

John Thoma, Financial Consultant  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Tim Keys  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Jim Maury, Finance  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Donald Romine, V.P. Western Region  
OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710-0250

Robert Hunt, Asset Team Leader  
OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710-0250

T. Kent Wooley, Senior Landman  
OXY USA Inc.  
P.O. Box 50250  
Midland, Texas 79710-0250

Mike Gooding  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Armando Morales, Jr.  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

Carol Glass, Landman  
OXY USA, Inc.  
P.O. Box 50250  
Midland, Texas 79710

OXY USA, Inc.

July 2, 1997

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Don W. Davis, Regional Landman  
Burlington Resources  
P.O. Box 51810  
Midland, TX 79710-1810

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

DOYLE HARTMAN, Oil Operator  
(Midland)

Don Mashburn  
Steve Hartman  
Linda Land  
Cindy Brooks  
Sheila Potts



OXY USA INC.  
Box 50250, Midland, TX 79710

June 27, 1997

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

Re: Martin "B" #1  
Section 31-24S-37E  
Lea County, New Mexico  
6-3002369  
7-3042975  
API# 30-025-11295

Gentlemen:

OXY USA Inc. owns an interest in the above referenced property. Our records indicate no royalty revenues credited to our account in recent months.

If this well is producing, please advise immediately why payments are not being made to OXY USA Inc. If this property is shut-in, advise as to your future plans. If the property has been sold, please furnish the name and address of the Purchaser, and if the property has been plugged, please furnish one copy of the state plugging notice.

Please submit correspondence regarding this matter to the attention of the undersigned.

Sincerely,

**OPERATIONS SERVICES**  
Land Department, Technical Services

  
Lance H. Castro

LHC/hmb

DOYLE HARTMAN  
OIL OPERATOR  
RECEIVED  
JUN 30 1997

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 10th day of December  
\_\_\_\_\_, 1969, by and between the parties subscribing, ratifying or  
consenting hereto, and herein referred to as "Parties hereto";

W I I N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty  
or other oil or gas interests in the land subject to this Agreement;  
and

WHEREAS, the Mineral Leasing Act of February 25, 1920, (41  
Stat. 437, as amended 30 U.S.C. Sections 181 et seq.) authorizes  
Federal lessees and their representatives to unite with each other  
or jointly or separately with others in collectively adopting and  
operating a cooperative or unit plan of development or operation of  
any oil or gas pool, field, or like area, or any part thereof for  
the purpose of more properly conserving the natural resources there-  
of whenever determined and certified by the Secretary of the Inter-  
ior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New  
Mexico is authorized by an Act of the Legislature (Chap. 88, Laws  
1943 as amended by Chap. 162, Laws of 1951, Chap. 176, Laws of 1961,  
being Chap. 7, Art. 11, Sec. 39 through 41, N.M.S. 1953 Anno.) to  
consent to or approve this Agreement on behalf of the State of New  
Mexico, insofar as it covers and includes lands and mineral inter-  
ests of the State of New Mexico; and

fore issued thereunder and valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this Agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this Agreement; and as to State of New Mexico and fee lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico, are hereby accepted and made a part of this Agreement.

SECTION 2. UNIT AREA AND DEFINITIONS. For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) "Unit Area" is defined as the area described by tracts in Exhibit B and depicted on Exhibit A hereof, and such land is hereby designated and recognized as constituting the Unit Area, and is described as follows:

LEA COUNTY, NEW MEXICO

T. 24 S., R. 37 E., N.M.P.M.

Section 31: Lots 2, 3, 4, SE/4 NW/4, E/2 SW/4, and E/2  
Section 32: All

T. 25 S., R. 37 E.,

Section 4: Lots 2, 3, 4, S/2 NW/4, SW/4 NE/4, and W/2 SW/4  
Section 5: Lots 1, 2, 3, 4, S/2 N/2, S/2 (all)  
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, SE/4 NW/4, S/2 NE/4,  
E/2 SW/4, SE/4 (all)  
Section 8: E/2 and NW/4  
Section 9: W/2 W/2  
Section 17: E/2

containing 3,748.06 acres, more or less.

(b) "Land Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

(c) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.

(d) "Director" is defined as the Director of the United States Geological Survey.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey for the region in which the Unit Area is situated.

(h) "Unitized Formation" is defined as the productive interval underlying the Unit Area between the top of the Seven Rivers Formation and the base of the Queen Formation, being more specifically the stratigraphic equivalent of the continuous interval occurring between the depths of 3,095' and 3,691' as shown on the Frontier Perforators, Incorporated, Gamma Ray-Neutron log run on September 1, 1957, in the Skelly Oil Company's Sherrel No. 7 well, located 1,980' from the south and east lines of Section 31, T-24-S, R-37-E, Lea County, New Mexico.

(i) "Unitized Substances" is defined as and shall mean all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the unitized portion of the Unitized Formation. However, it shall not include the dry gas and associated hydrocarbons produced from the gas wells within the unit area which are completed in and produce from the vertical limits of the Jalmat gas pool, as defined by Commission order No. R-1670.

(j) "Tract" is defined as each parcel of land described as such and given a Tract number in Exhibit "B".



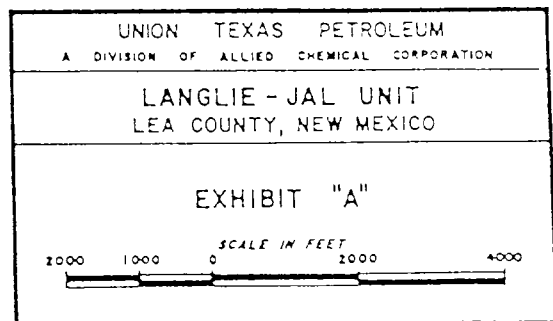
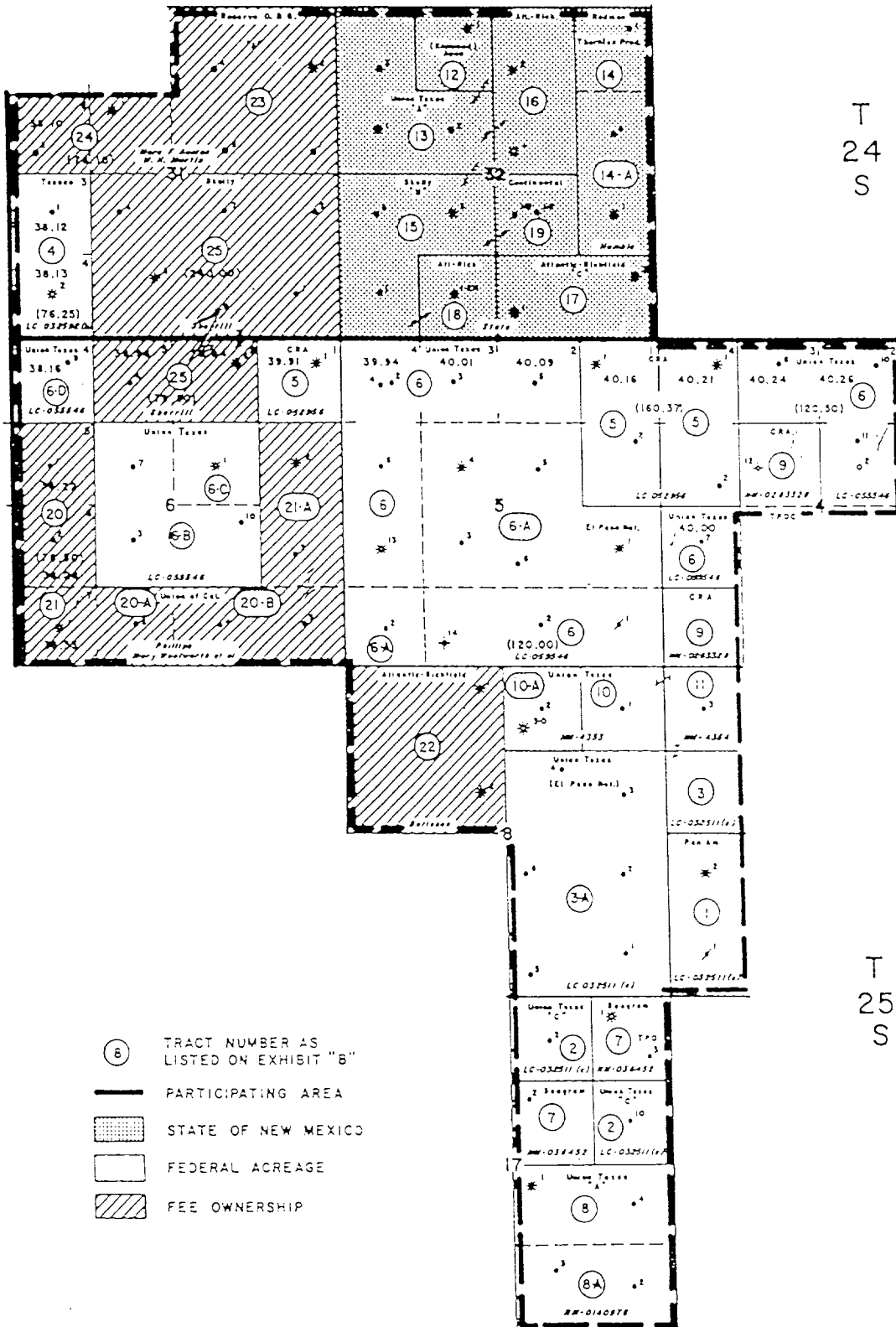


EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

Revised March 1, 1971  
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TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE		LESSEE OF RECORD		OVERRIDING ROYALTY OWNER AND PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE	
24	T-24-S, R-37-E Sec. 31: Lot 2 and SE/4 NW/4	78.10	Fee HBP	Leonard C. Alston-	1.54761%	Reserve Oil and Gas Company	None	Reserve Oil and Gas Company	100.0000%		
				Wanda Archer-	1.07142%						
				William Fisher Arledge, Jr.-	.01487%						
				J. W. Barnes-	.07144%						
				Cities Service Oil Company-	17.14282%						
				Jo Beth Arledge Clifton-	.01587%						
				First National Bank of Fort Worth, Executor and Trustee U/W/O Eusebia S. Stonestreet, Deceased-	.71429%						
				Bessie R. Galaz-	1.54762%						
				Rosabelle B. Gernsbacher-	.07144%						
				Martha Watkins Harris-	.59525%						
				Estate of G.E. Hubbard-	11.42855%						
				Ray E. Hubbard-	11.42856%						
				Myrtle E. Lamons-	1.54762%						
				Benjamin Largent-	.07144%						

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

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TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
24 (cont)				Estate of Raymond Largent, Deceased- .07144% W.W. Lechner-11.42855% (Mrs.) Frankie K. Martin- 2.28572% Granville Martin-2.28572% Ira H. Martin-2.28572% Ott Martin-2.28572% Raymond R. Marton-2.28572% Rose Wood Arledge Metler- .01588% F.W. Morton-.14287% (Mrs.) Clyde W. Miller- .59525% The North Central Oil Corp.-2.85713% Roger B. Owings-2.85713% Lulu Snively Rush-5.71428% Arnold P. Scharbauer & Walter C. Snyder-5.95240% Janet Sherley-.07143% Scope Industries-.71428% Catherine L. Verschoyle- .07143% Myrtis Dean Watkins- .59524% (Mrs.) Florence Lea Weaver-.04762%		

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO  
T-24-S, T-25-S, R-37-E

Revised March 1, 1971

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TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE		OVERRIDING ROYALTY OWNER AND PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE	
				LESSEE OF RECORD					
24				(Mrs.) Sara Harris Weeks-.04762%					
				Ruth R. Weaver-2.85714%					
				Elizabeth Woolworth- 2.38096%					
				May Woolworth-2.97619%					
25	T-24-S, R-37-E Sec. 31: SE 1/4, E/2 SW/4	319.90	Fee HBP	James Henry Bearly- .19096%	Skelly Oil Co.	None		Skelly Oil Co.- 100.0000%	
	T-25-S, R-37-E			Charles F. Bedford- .25000%					
	Sec. 6: Lots 2 and 3			Edwin M Bedford- .25000%					
				Henry D. Bedford- .25000%					
				Rachel Bedford Bowen- .25000%					
				The First National Bank and Trust Company of Oklahoma City, Executor Of the Estate of George Key, Deceased-9.37496%					
				Dena Ida Koenig, Individually and as Executrix of the Estate of E.J. Koenig- .11216%					
				J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth- 5.62504%					