CASE 7339: DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION, AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO

Case No.

7339

Application

Transcripts.

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for compulsory pooling, unorthodox well location, and simultaneous dedication, Lea County, New Mexico. CASE 7339

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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MR. STAMETS: Call next Case 7339.

MR. PEARCE: Application of Doyle Hartman for compulsory pooling, unorthodox well location, and simultaneous dedication, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell, Byrd, and Black, P. A., Santa Fe, appearing on behalf of the applicant.

I have two witnesses who need to be sworn.

MR. STAMETS: Are there other appearances in this case?

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of Conoco, Inc., and Cities Service Oil Company.

MR. STAMETS: Do you have a witness in this case?

MR. KELLAHIN: I don't believe so.

(Witnesses sworn.)

MR. CARR: Initially, Mr. Examiner, I would like to ask that the application be amended by deleting or by dismissing a portion of the case which goes to the

unorthodox well location for the Late Thomas No. 2 Well.

MR. STAMETS: How many wells do you have involved in this application?

MR. CARR: Two wells.

MR. STAMETS: Two wells. So you still want the unorthodox location for the Late Thomas No. 1 but --

MR. CARR: No, I'm sorry, we do not.

MR. AYCOCK: One is the existing well.

MR. STAMETS: Okay.

MR. AYCOCK: Two is the well for which the unorthodox location was originally requested, and we're requesting that that be amended to an orthodox location 1980 feet from the south and 990 feet from the west line of Section 7.

MR. STAMETS: So what we wind up with is compulsory pooling and simultaneous dedication.

MR. AYCOCK: That's correct.

MR. STAMETS: And we'll dismiss the part of this request dealing with the unorthodox location.

MR. AYCOCK: Under the designation that Hartman has adopted the No. 1 Late Thomas as the existing well that was formerly operated by Late Oil Company, and No. 2 and No. 3 are the proposed wells.

MR. STAMETS: All right.

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. William P. Aycock, Midland, Texas.

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

A. By Doyle Hartman in connection with this application.

Q. Have you previously testified before this Commission and had your credentials as a petroleum engineer accepted and made a matter of record?

A. Yes, I have.

Q. Are you familiar with the application filed by Mr. Hartman in this case?

A. Yes, I am.

Q. Are you familiar with the subject acreage and the subject wells?

A. Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

Q. Will you briefly state what Mr. Hartman seeks with this application?

A. He seeks approval to simultaneously dedicate the existing Late Thomas No. 1 and the proposed Late Thomas Nos. 2 and 3 Wells to the standard spacing unit that comprises the south half of Section 17, and he is requesting pooling of the interests underlying the south half of Section 17. He's the owner of 50 percent of the working interest and a subsequent witness will testify, negotiations directed towards securing voluntary participation of all the other parties are in progress and have been partially successful as of this time, but in order to avail himself of a drilling rig, which will be available in a very short time, approximately a week to ten days, and if not utilized at that time may not be available for an indefinite future period, he is seeking the forced pooling order so that he can go forward with it.

Q. Will you please refer to what has been marked for identification as Hartman Exhibit Number One and identify this exhibit and explain why we are offering the amended C-101 and 102?

A. Yes. Mr. Examiner, the Hartman Exhibit One is a structure map on top of the Yates formation.

Q. Exhibit One.

A. Oh, excuse me, that's the amended -- I'm sorry, it's the C-101 and the C-102, copies of which have been forwarded to the Hobbs office by mail.

MR. STAMETS: I'd like to clarify for my own information now what the location of the Late Thomas No. 2 will now be.

A. It will now be 990 feet from the west and 1980 feet from the south. It was originally proposed 2310 from the south and 330 from the west, and I think the Examiner has seen a letter from one Mr. John Yuronka, who is an operator of a nearby Langlie Mattix well protesting the drilling of this proposed Jalmat Hartman Late Thomas No. 2 Well at the standard location and the reason that the non-standard location was originally requested was to try to satisfy the request of Mr. Yuronka to get as far away from his existing Langlie Mattix well as possible.

When it became apparent that there was other parties who would protest the non-standard unit, for that reason we've requested that our application be amended and the non-standard be dropped and we go back to the standard location, which is where we staked the well in the first place.

Q. Mr. Aycock, will you now refer to what

has been marked Hartman Exhibit Number Two?

A. Hartman Exhibit Number Two is a structure map on the top of the Yates formation in which the 320-acre proposed proration unit with the incorrect location for the Late Thomas No. 2, as originally asked for in the docketing of this hearing, and traces of the cross sections which will subsequently be presented, as well as the status of all the nearby Jalmat producing wells, whether active or inactive.

Q. Mr. Aycock, the acreage shaded in yellow is the proposed spacing unit?

A. That's correct.

Q. Is that a standard spacing unit for the Jalmat?

A. As the Examiner is aware, the standard proration unit for the Jalmat, specified in the pool rules, is 640 acres; however, 160-acre acreage units are used for the purposes of calculating allowables, so this will be a double allowable unit situation.

Q. And it is your intention to simultaneously dedicate this to the proposed wells?

A. That's correct.

Q. Now the proposed locations are not as indicated on this plat.

A. The proposed location of the Late Thomas

No. 3, which is the well located to the east, is correct. The Late Thomas No. 2 is not at the amended location, the 990/1980. It is at the original location, which is included in the original application, so it is incorrect on these and all subsequent exhibits which show well locations.

Q. Both the Late Thomas No. 2 and the Late Thomas No. 3 will, however, be drilled at orthodox locations.

A. That's correct.

Q. Okay, will you now refer to what's been marked Hartman Exhibit Number Three?

A. Hartman Exhibit Number Three is a cross section A' A', a trace of which is shown in the north/south direction on the preceding exhibit.

It shows the third well from the left is the Late Oil Company, now Doyle Hartman, Late Thomas No. 1. It indicates where it is completed in the Yates and Seven Rivers in the Jalmat Pool and the appropriate geologic tops for all of the consequential geologic units, as well as the -- where the wells have been and are completed in the immediately surrounding vicinity are shown.

I think it's somewhat self-explanatory but we're prepared to discuss it if the Examiner so wishes.

Q. Will you now refer to Hartman Exhibit Number Four, the B-B' cross section, and review this for Mr.

Stamets?

A. Cross section B-B' in the north/south -- I mean the east/west direction, I beg your pardon, the trace of which is shown on the structure map, it provides the same kind of data in that direction. The common well, being the second from the left, which is the now Doyle Hartman, originally Late Thomas Well No. 1, the existing Jalmat well on the 320-acre proration unit.

Once again, all of the same kind of information is shown as a matter of record so that the Commission can understand what the applicant is proposing to do in time.

Q. Will you now refer to Hartman Exhibit Number Five?

A. Hartman Exhibit Number Five is what we have called the well information map, which shows the completion date, the operator, well name, completion data, completion interval within the Jalmat, cumulative production as of 6-1-81, estimated ultimate recovery, and the May, 1981, production for all of the immediately surrounding Jalmat wells, and it is our opinion that this substantiates the fact that the lease is not adequately participating in pool production in this vicinity. As you can see, the Late, now Doyle Hartman, Thomas No. 1 Well produced 2431 Mcf during the month of May,

and this, virtually the poorest of the other wells are producing this amount of gas and several of the others are producing substantially higher. So we believe that this demonstrates the need for drilling the two wells on this 320-acre unit.

Q. Mr. Aycock, what was your experience in regard to the risk associated with drilling wells in this area?

A. The mechanical risk is very small because of the shallow depth and the precautions that Hartman and other operators have seen fit to incorporate in their drilling procedure with regard to keeping drilling mud and hole in shape. However, there is a substantial risk involved in the range of the reserves that are obtained from a different location, even though you do the best that you can to analyze the data and basically in an area where there's been production for a long period of time, there is more data than is normally available.

Still, because of variations in drainage and variations in pay quality, there's a substantial difference in the quality of the wells obtained, both with regard to deliverability and with regard to ultimate recovery.

Q. Mr. Aycock, are you prepared to make a recommendation to the Examiner as to the risk penalty factor

that should be assessed against those who do not participate in the drilling of the well?

A. Yes, sir. I would recommend a 200 percent penalty, unqualifiedly, for those reasons.

Q. Does Mr. Hartman request to be designated operator of the wells which are the subject of this hearing?

A. Yes, sir, he does.

Q. Will Hartman have another witness to testify as to the efforts which have been made to obtain voluntary joinder?

A. Yes, sir, Mr. Davidson will be -- who handled those negotiations and who's very familiar with the land aspects of it, will testify as to the efforts that have been made to voluntarily cooperate with all of the other interest owners underlying this tract.

Q. In your opinion will granting this application be in the best interest of conservation, the prevention of waste, and the protection of correlative rights?

A. I believe that it will, yes, sir.

Q. Were Exhibits One through Five prepared by you or under your direction?

A. That's correct, they were.

MR. CARR: At this time, Mr. Stamets, we would offer Hartman Exhibits One through Five.

MR. STAMETS: These exhibits will be admitted.

MR. CARR: I have nothing further of Mr. Aycock on direct.

MR. STAMETS: Do you have another witness who will testify as to overhead charges?

MR. CARR: Yes, I do.

MR. STAMETS: Any questions of this witness?

MR. KELLAHIN: Just a couple, Mr. Stamets.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Aycock, with regards to your opinion of the 200 percent risk factor, would you indicate for me, sir, if there are any dry holes drilled in this pool in the immediate vicinity?

A. No, not physically dry, but economically dry, yes.

Q. Would you identify for us any of the wells that will not pay out their costs of drilling and completion?

A. Well, I cannot on a current basis because there are no wells in the absolute immediate vicinity, except

on the Continental lease that have been drilled, and they have one well which is quite attractive. But based upon the performance of the one well on this lease, if that is indicative, we don't believe that it is or we wouldn't be proposing these wells, but should it be indicative, indicative of the state of depletion of the lease, then it will be -- certainly the westernmost well, the Late Thomas No. 2, will probably be an economic disaster.

Q. Are you telling me the south half of the section has already been subject to drainage by the -- some of the wells in the area?

A. There's probably no question that there has been drainage. The question is how much drainage and in which of the zones that comprise the Jalmat Pool interval.

Q. My information, the Late well did produce from this formation?

A. And still does.

Q. Still does? And has that well paid out?

A. Oh, I'm sure it has. It's produced over 4-billion cubic feet of gas, but recognizing that the -- that the overall stage of the depletion of the reservoir at this time is substantially different from what it was in the fifties when these wells were drilled, the risk is much greater than it was at that time.

Q. How long ago has it been since a well has been drilled in here?

A. The latest of the immediately nearby wells, I believe, is the Conoco Jack B -17, which is in Unit A of Section 17, and so indicated on our well information map. Oh, wait a minute, I'm sorry, that's not right.

It's the one in Unit C, the B-17 No. 4 was completed 6-17-74, I believe is the latest one, and then to the south Continental in Unit A of Section 20 completed the Jack A-20 No. 9 in 7-30-74. Those are the latest wells that have been drilled.

The other wells all date -- well, that's not right, either. Getty has one over here to the west that was completed in 19 -- I beg pardon, it was completed in '53. The rest of them are all fifties wells, I believe, '51, '51, '55, '53, '53.

So the two Continental wells are the most recent immediately offsetting Jalmat wells that have been drilled, and they're some, what, seven years old at this point?

One of them is already below what we would use for a field-wide economic limit and the other is approaching it.

Q. How many of these Jalmat wells in the

area have you investigated to determine whether they're economic or not?

A. Something in the range of 30.

Q. About 30 wells?

And out of the 30 how many in your opinion are not economic?

A. At this time or originally?

Q. At this time.

A. Very few of them would be indicated to be commercial wells at this time because of production declined to levels that are marginally economic, considering today's cost picture.

Q. All right, we're going to have to define what you mean by economic then, I guess, in today's terms.

A. Well --

Q. Are you talking about the reserves that were recovered by that well?

A. No, I'm talking about the fact that while -- remember that we're talking about a period of time in which the gas prices in particular have been quite variable, and the -- if these recoveries could be achieved today with NGPA gas prices, then we would be talking about something that would be highly economical. The problem is that while we're talking about gas prices that are substantially higher than

what they were at the time these recoveries were affected, we're also talking about a gradually depleted overall reservoir situation, and the -- so that the -- even though the price has increased, somewhere in the vicinity of 500 Mcf per month, based upon Hartman's experience, is a number that we can feel confident in extrapolating to a field-wide analysis of wells, and most of them are either at that level or nearing that level. They have a very limited additional life.

Q. Let me make sure I understand, Mr. Aycock. The risk in drilling this area is not a risk of getting a dry hole because most of these wells will produce something.

A. That's very correct.

Q. The wells that were drilled have in fact recovered the cost of drilling those wells.

A. Yes.

Q. And the risk now to you is using the current cost of drilling.

A. Correct.

Q. To recover what is left of those reserves that have not yet been produced.

A. That is correct.

Q. All right, sir.

A. And the rate at which those can be recovered, which declines because of the physical law that

governed the ability of gas to be produced from a reservoir, the ability of a well to deliver gas declines much more rapidly than does the remaining reserves that are there.

So that you would expect two things to happen. Number one, the reserves would be declined and then number two, that the deliverability, the initial deliverabilities would be much, much lower than even that.

Q. So I assume that is the reason then that you have recommended this 200 percent risk factor.

A. Correct.

Q. Do you have any exhibits or calculations you could show us for the economics of these two wells?

A. No, I don't.

Q. So you have not done that?

A. I have done it but I have not prepared any to present at this hearing because it was not my understanding it was within the scope of consideration of this hearing.

Q. A risk penalty factor, with all due respect, Mr. Aycock, is a part of the hearing, is it not?

A. Yes.

Q. And we are talking about whether these two wells, due to current costs with the existing reserves, would be economic, so then it would be a part of this case,

would it not?

A. Well, it would be in that sense, but I've never -- I've never before -- let's put it this way, in the twelve years that I've been representing various clients before the Commission, I've never been -- this is the first time it's ever come up, so --

Q. All right, sir, thank you very much.

MR. KELLAHIN: I have no further questions.

MR. STAMETS: Any other questions of this witness? He may be excused.

MR. CARR: At this time I'd call Mr. Davidson.

JAMES A. DAVIDSON

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. James A. Davison, Midland, Texas.

Q. Mr. DAvidson, by whom are you employed and in what capacity?

A. By Doyle Hartman in this matter.

Q. Have you previously testified before this Commission and had your credentials as an independent landman accepted and made a matter of record?

A. Yes.

Q. Are you familiar with the application filed by Mr. Hartman in this case?

A. Yes.

Q. Are you familiar with the subject lands?

A. Yes.

MR. CARR: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

Q. Mr. Davidson, was it your duty to attempt to get voluntary joinder of all the working interest owners in the wells which are the subject of this hearing?

A. Yes.

Q. What percentage of the acreage does Mr. Hartman represent at this hearing?

A. 50 percent.

Q. Now, of the remaining 50 percent, what percentage is owned by the Cone interest?

A. 7.558125 percent.

Q. And is this interest shared by a number

of individuals?

A. Five parties.

Q. And what is the status of that acreage in regard to voluntary joinder?

A. We have three of them agreed to cooperate in the drilling of the well and we expect to get two more, but we don't have them yet. But the indications are the Cone family will cooperate in the drilling of both wells.

Q. Now in the proposed proration unit what percentage of the interest is owned by Gulf Oil Exploration and Production Company?

A. 25 percent.

Q. And what is the status of your negotiations with Gulf?

A. We've been negotiating with them for over three months through a series of letters and meetings and phone calls, and we do not have any indication of what they'll do except that we think that during the 30-day period if we receive an order to compulsory pool, they'll probably cooperate on some basis, but this is just a guess.

Q. How recently have you talked with Gulf?

A. This morning at 9:00 o'clock.

Q. What percentage of the acreage under the proposed proration unit is controlled by Cities Service?

A. 17.441875 percent.

Q. And has Cities decided whether or not to join the unit?

A. No, not to my knowledge.

Q. Will you please refer to what has been marked as Exhibit Number Six, identify this, and review it for Mr. Starnets?

A. Yes. Exhibit Six is the series of correspondence commencing in May of 1981 with Cities Service in an effort to either purchase their interest on the same terms which we purchased the Late, et al, interest, or to get a farmout on both wells on the so-called one-half free look basis, which briefly is that we would drill each well free of any risk or expense to Cities, and 45 days after the well, after each well went on-stream, after Cities was furnished all data, they could either pay one-half of the cost attributable to their interest on an invoice basis, and assign us the other half, or they could farmout their entire interest at that point in the particular well, with this option being covering both wells on a 32.5 percent gross override, which was to absorb the burden, so the operator would receive a 67.5 percent net revenue interest.

Or, in the alternative, we sent AFE's and asked them to join in the wells.

Q. Now what was the date of the AFE?

A. The AFE's were sent and the well proposing a one-half free look, was June 22nd, 1981.

Q. Was the AFE sent to all working interest owners, not just Cities?

A. Yes, sent to all the Cone family and Gulf and Cities.

Q. Would you generally summarize the figures which are reflected on this AFE?

A. AFE provides as to each well that a dry hole cost would be $115,285; a completed well cost would be $258,500.

Q. Based on your experience in this area, are these costs in line with what other operators are charging in this area?

A. Yes.

Q. In your opinion have you made a good faith effort to obtain the voluntary joinder of Cities Service?

A. Yes.

Q. Now I would like to direct your attention to what has been marked for identification as Exhibit Number Seven and ask you to identify this.

A. Exhibit Seven is a packet pertaining to Gulf, which is identical to Cities and the sequence of events

are identical. Each contact and each letter that we've written to Cities, at the same moment one was written to Gulf. We may have had one more phone conversation with Gulf than Cities, but if so, that was probably the one this morning.

But they're identical, offer to purchase, half free look farmout, or pay their way.

All offers have been identical to each other.

Q. Now I direct your attention to Hartman Exhibit Number Eight and ask you to identify this and explain what it is.

A. Exhibit Eight is the correspondence with the Cone family and here again it's all identical with offers made to Cities and Gulf, which briefly was to purchase their interest, a half free look farmout on each well, or the participation.

Q. In your opinion have you made a good faith effort to obtain voluntary joinder in this proposed effort by all working interest owners in the subject proration unit?

A. Yes.

Q. Are you prepared to make a recommendation to the Examiner concerning charges for overhead and administrative costs while drilling and producing the wells?

A. $3500 a month for drilling well and $350

per month for each producing well.

Q. Are these figures in line with what is being charged by other operators in the area?

A. Yes.

Q. And do you recommend that these figures be incorporated into any order which results from this hearing?

A. Yes.

Q. Now I'd like you to refer to Hartman Exhibit Number Nine and identify this exhibit for Mr. Stamets.

A. Exhibit Nine is the various notices furnished by Mr. Hartman's attorneys regarding this hearing to the interested parties.

Q. Do you have anything further to add to your testimony?

A. No.

Q. Were Exhibits -- were Exhibits Six, Seven, and Eight prepared by you?

A. Yes.

Q. And Exhibit Number Nine are letters to the other working interest owners?

A. Yes.

MR. CARR: At this time, Mr. Stamets, we would offer Hartman Exhibits Six through Nine.

MR. STAMETS: These exhibits will be

admitted.

MR. CARR: I have nothing further on direct.

MR. STAMETS: Are there questions of this witness?

MR. KELLAHIN: Yes, sir.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Davidson, I'm sorry, if I heard you correctly, I thought you said that you had furnished Cities Service with a proposed operating agreement?

A. No, I did not say that. We have furnished them an AFE but not an operating agreement.

Q. Have you prepared an operating agreement to propose to Cities Service Company?

A. Yes, I believe we have one. I'm not sure we have it with us, but it's in line with the ones that we have had with them as recently as three or four months ago on the W. H. King Well in this same area that they participated in. It will be identical with that.

Q. Okay, and it would be identical to that. You have not yet --

A. That's right.

Q. -- proposed one to --

A. Cities operated with a 1/16th interest with Mr. Hartman in a well that was just completed in the last 120 days, and being the W. H. King No. 2, and the operating agreement will be identical to that.

Q. All right. With whom at Cities Service are you dealing with, Mr. Davidson?

A. With John Young, Land Manager in Midland.

Q. Are you still in discussions with Mr. Young about the wells that have --

A. As late as yesterday I called him and told him where we'd be in case there was any change in Cities' position on this forced pooling matter.

Q. Have you seen the attachment attached to the -- Mr. Hartman's Exhibit Number One in this case, that's attached to the C-102, which is the plat? It's a tabulation of interests in the south half of the section. I'd like -- is this tabulation correct so far as you know, Mr. Davidson?

A. Well, the one that's attached to this is referring to the west half of the southeast of 17, is that what you're talking about, this working interest breakdown? Are we looking at the same thing?

Q. Yes.

A. Okay. All right, that -- the reason that

those -- now the top portion of that is the royalty. Cities also has a royalty interest, so we don't want to be confused by that, so let's just disregard the top portion and talk about where it's marked working interest.

That is Cities working interest in the west half of the southeast, but my reference to their 17.441875 percent working interest is in the entire south half.

Now we're not really absolutely certain of that number. We have a title opinion on the southwest quarter. We expect to have one on the southeast quarter within the next week, but we feel comfortable, Mr. Late was using this number in his buildings, so we think that's the right number.

Q. That's probably our difficulty, too, Mr. Davidson, we're not certain of the interest --

A. We're pretty sure this is going to be it, but we'd like to see this other title opinion, but it makes us feel a little better about it in that Mr. Late's been billing those numbers to Cities for 20 years as working interest.

Q. What are the overrides attributable to the south half of 17?

A. All right.

Q. That Cities Service owns?

A. All right, it's pretty complicated to figure their interest.

Q. Yes, sir, I'm just asking for your opinion.

A. Cities has about four interests and we were trying to figure them awhile ago to come up with a net to show Mr. Motter, and we're still going to work on it, but we need to see that title opinion on the southeast quarter.

What we're dealing with in this hearing is their 17.44plus percent working interest. Now they have a mineral interest; they have some overrides; and some other things in here. They've got about four -- four interests total, counting this working interest.

Q. I understand.

A. It's a complicated fact situation to figure out their net interest, and it's also complicated to some degree to figure out if they took a half free look farm-out what they would get on the half they retained and what override they would get on the half of their interest they gave us.

Q. Notwithstanding the fact of the hearing, though, you're still in conversations with Mr. Young to among the two of you come up with what both of you can agree is Cities Service interest in this acreage?

A. Well, yeah, we -- in fact, if it would help Cities reach a decision, we'll sit down and tabulate what those interests are. It would probably require us to go to Lea County and run the records.

Q. We're pooling only for purposes of gas production, are we not?

A. As to the Jalmat Pool limits.

Q. Well, insofar as gas production goes?

A. Right, right.

Q. And if for some reason --

A. Gas and associated liquid hydrocarbons.

Q. I understand, so long as the well has a GOR ratio of more than 100,000-to-1, you're going to include the oil recovered under this pooling, associated oil is what I'm talking about.

A. Right.

Q. All right, in the event you should unfortunate enough to drill an oil well, that would not be included in this pooling order, would it?

A. No, if -- if we drilled an oil well it would be on 40-acre spacing so it would not be affected by this pooling order for a 320-acre gas unit.

Q. And I'll request, Mr. Davidson, if at your convenience, I'd appreciate it if you would furnish Mr.

Young your calculations with regards to the override. There is some problem about figuring that out.

A. Figuring in a half free look type deal?

Q. Well --

A. Or the whole deal, with or without it?

Q. That's right, what Cities --

A. Okay, we can figure that. It will just take a little bit of work, but it is a fairly complicated interest that they have.

MR. KELLAHIN: Thank you.

MR. STAMETS: Any other questions of this witness? He may be excused.

MR. CARR: I have nothing further.

MR. STAMETS: If there is nothing further, this case will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7339, heard by me on 8-26 1981.

Richard L. Stamets, Examiner
Oil Conservation Division

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(915) 684-4011

January 4, 1982

RECEIVED
JAN 07 1982
OIL CONSERVATION DIVISION
SANTA FE

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Mark Parker
Land Agent

Case R.to
7339

Re: Late-Thomas No. 2 and No. 3
S/2 Section 17
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation is hereby notified of the compulsory pooling under New Mexico Oil Conservation Division Order No. R-6781 of its 25% interest in the Late-Thomas No. 2 and No. 3 located S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico.

We have tried in every way to cooperate with Gulf and conform with its policies concerning a satisfactory Operating Agreement and non-payment of bills until a satisfactory Operating Agreement is reached. However, Gulf was informed by Doyle Hartman on October 21, 1981, that the compulsory pooling of its interest was in effect and would be enforced if Gulf would not pay its proportionate share of the well costs.

Gulf was informed once again on December 30, 1981, that Doyle Hartman must receive Gulf's previously invoiced share of $176,346.86 by noon December 31, 1981, in order to close out his books for the 1981 calendar year. Doyle Hartman did receive draft number 41599 (original copy enclosed herewith) from Gulf on December 31, 1981; however, in submitting it to the Collections Department of The First National Bank of Midland, Texas, we were informed it would be ten days to two weeks before the money would be recieved. Doyle Hartman was still required to personally cover the $176,346.86 of Gulf's proportionate share of the costs incurred in the drilling, completion and equipping of the Late-Thomas No. 2 and No. 3 wellsin order to close out his books for 1981.

By copy of this letter, we will notify the New Mexico Oil Conservation Division and El Paso Natural Gas Company, who is purchasing our gas, of our intention to withhold from production the prorata share of reasonable well costs attributable to Gulf, as well as 200 percent of the prorata share of the reasonable well costs attributable to Gulf, as a charge for the risk involved in the drilling of the wells.

This action is only being taken after correspondence from Doyle Hartman to Gulf dated October 21, 1981, November 13, 1981, December 2, 1981, December 28, 1981, and December 30, 1981, as well as numerous telephone calls and personal visits requesting payment and trying to conform with Gulf's policy. However, because we did not receive's Gulf's payment in time to close out Doyle Hartman's 1981 books, and because the force-pooling order would have run out before the cash could be obtained, and under the advisement of our NMOCD attorney, William F. Carr, and consulting engineer, William P. Aycock, we are compelled to enforce the compulsory pooling order.

Very truly yours,

Doyle Hartman

DH/mh

cc: Mr. R. L. Stamets
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Attention: Mr. Ferd Fry
Gas Purchases

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Attention: Mr. David A. Ward
Manager, Contract Analysis
And Payment Authorization
Contract Administration Department

Campbell, Byrd and Black
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

Mr. William P. Aycock
308 Wall Towers West
Midland, Texas 79701

RECEIVED
JAN 04 1982
OIL CONSERVATION DIVISION
SANTA FE

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

(915) 684-4011

December 30, 1981

Case File
Case 7339

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Mark Parker

Re: Late-Thomas No. 2 and 3
S/2 Section 17
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our various correspondence and conversations with Gulf concerning Gulf's 25% interest in the above captioned Late-Thomas Lease.

Gulf notified Doyle Hartman verbally of its intention to join in the drilling of the Late-Thomas No. 2 and No. 3 prior to the compulsory pooling hearing which was held before the New Mexico Oil Conservation Division on August 26, 1981. However, because Gulf declined to pay its proportionate share of the costs incurred in the drilling, equipping, and completing the wells until a satisfactory Operating Agreement was reached, Gulf was notified of its force-pooling under NMOCD Order No R-6781 on October 21, 1981, while an Operating Agreement was being discussed.

We believe a satisfactory Operating Agreement has been drawn up; however, because of an approaching deadline pertaining to the force-pooling order, and because Doyle Hartman must close out his books on December 31, 1981, unless Gulf's previously invoiced share of $176,346.86 is receive in this office by 12:00 p.m. December 31, 1981, Gulf's 25% share of the Late-Thomas No. 2 and 3 will be force-pooled.

We have every desire to cooperate, however, we are forced to take these actions for financial reasons.

Very truly yours,

DOYLE HARTMAN

James E. Burr

James E. Burr
Controller

JEB/mh

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

RECEIVED
OCT 14 1981
OIL CONSERVATION DIVISION
SANTA FE

October 7, 1981

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

Attention: Mr. Joe D. Ramey
Director

Re: Late-Thomas Lease
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to the Division's Order No. R-6781, rendered in Case No. 7339.

Pursuant to Paragraph (2) of the above mentioned order, each working interest owner has been furnished the enclosed itemized schedule of the estimated well costs for both of the proposed new wells in the S/2 of Section 17, T-24-S, R-37-E, Lea County, New Mexico. The estimated itemized costs were furnished on September 25, 1981 and received by the remaining non-consenting party on September 28, 1981. The first of the two wells has been spudded and each known working interest owner has received daily drilling reports.

The Division will be kept informed of the progress in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Hembree

Michelle Hembree
Administrative Assistant

cc: Campbell, Byrd, and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

September 25, 1981

RECEIVED
OCT 14 1981
OIL CONSERVATION DIVISION
SANTA FE

CERTIFIED MAIL

All Non-Consenting Parties
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Re: Compulsory Pooling
Late-Thomas No. 2 & No. 3
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please find enclosed two copies of AFE and Detail Well Estimate for my Late-Thomas No. 2 and Late-Thomas No. 3 plus a request for prepayment of the estimated drilling and completion costs for the two wells. On September 25, 1981, the New Mexico Oil Conservation Division entered a favorable order concerning my application before the NMOCD (Case No. 7339) wherein I had requested approval for a non-standard Jalmat gas proration unit for the two proposed wells, one non-standard location, and compulsory pooling of all non-consenting parties in the S/2 Section 17. The effective date of the NMOCD order is September 25, 1981.

As provided for in the pooling statutes of the State of New Mexico, you now have thirty days from the date of this letter to voluntarily join in the drilling of the proposed Late-Thomas No. 2 and No. 3 or have the compulsory pooling order rendered by the NMOCD become final as to your interest. If you now wish to voluntarily join in the proposed development work, please return to my office at your earliest convenience one signed copy of the enclosed AFE and Detail Well Estimate for each well, a signed copy of the Operating Agreement covering the S/2 Section 17 as furnished to you on September 17, 1981, plus a check for your invoiced share of the estimated development cost.

Very truly yours,

Doyle Hartman

DH/mh

Enclosures as above

cc: Campbell, Byrd, and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

DOYLE HARTMAN
Oil Operator
SUITE 508
C A P PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

INVOICE

DATE September 25, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

INVOICE NO. DH 0950

PLEASE SHOW INVOICE NUMBER ON YOUR REMITTANCE.

AT Debit YOUR ACCOUNT AS FOLLOWS:

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Late Thomas #2 & #3 AFE's.

Estimated Drilling Cost		Your Billing Percentage	Total Due
$517,000.00	X	17.44187%	$90,174.47

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SW/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
14. Development Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.	17,975	3,100
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
____ Ft. of ____ @ ____ Per Ft.		
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	11,725	
20. Casing Head ____	835	835
21. Xmas Tree or Pumping Connections ____	535	
22. Pumping Unit ____	22,500	
23. Engine ____	1,550	
24. Sucker Rods ____	7,080	
25. Pump ____	2,285	
26. Tank Battery ____		
27. Separator or Dehydration Equip. ____	3,250	
28. Metering Equipment ____		
29. Flow Lines ____	3,850	
30. Other Water Tank	2,975	
Power Line	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Mermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____

LEASE NAME Thomas APPR. NO. _____

COUNTY Lea STATE New Mexico WELL NO. 3 W. I. 100%

LOCATION: SE/4 Section 17, T-24-S, R-37-E FIELD Jalmat (Gas)

DRILLING INTANGIBLES:

		PRODUCER	DRY HOLE
1.	Drilling Cost 3500 Feet @ 16.45 Per Foot	57,525	57,525
2.	Day Work 5050		
3.	Coring Service	5,050	5,050
4.	Testing Well Surveys 6,500	6,500	6,500
5.	Fuel Water		
6.	Mud Mud Logging	4,900	4,900
7.	Cementing Service Cement Floats	6,700	6,700
8.	Company Labor Contract Labor	10,625	3,600
9.	Digging Pits Filling Pits	315	---
10.	Roads & Bridges Dredging & Grading	8,000	8,000
11.	Acidizing 5550 Fracturing 43,010 Perforating 2,040		
12.	Plugging	50,600	---
13.	Trucking Cost		1,275
14.	Development Superintendence 20 days @ $ 300 /day	12,000	12,000
15.	Rental Equipment	6,000	3,000
16.	Swabbing and Testing	900	---
17.	Other Costs Surface Damages	6,175	---
	Lining Pits	1,500	1,500
	Stake Location	900	900
	Total Intangibles	350	350
		178,090	111,350

WELL EQUIPMENT:

18.	Casing	400	Ft. of	8 5/8	@ 7.75	Per Ft.	
		3500	Ft. of	5 1/2	@ 4.25	Per Ft.	
			Ft. of		@	Per Ft.	
19.	Tubing	3500	Ft. of	2 3/8	@ 3.35	Per Ft.	17,975 / 3,100
20.	Casing Head						11,725
21.	Xmas Tree or Pumping Connections						835 / 835
22.	Pumping Unit						535
23.	Engine						22,500
24.	Sucker Rods						1,550
25.	Pump						7,080
26.	Tank Battery						2,285
27.	Separator or Dehydration Equip.						
28.	Metering Equipment						3,250
29.	Flow Lines						
30.	Other Water Tank						3,850
	Power Line						2,975
							5,850
	Total Tangibles						80,410 / 3,935
	TOTAL COST OF WELL						258,500 / 115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

P 111964507

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

Cities Service Co.
P.O. Box 1919
Midland, Tx 79702

CERTIFIED FEE	.35
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
RETURN RECEIPT SERVICE	.60
TOTAL POSTAGE AND FEES	1.70

POSTMARK OR DATE

9-25-81

Late-Thomas

CERTIFIED
P111964507
MAIL

SEP 2081
TEX
.35

BOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TEXAS 79702

TO: Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young

PS Form 3811, Jan. 1979

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

1. The following service is requested (check one.)
- [X] 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)

2. ARTICLE ADDRESSED TO:
Cities Service Company
P.O. Box 1919
Midland, TX 79702

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P111964507	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE [ ]Addressee [ ]Authorized agent

4. DATE OF DELIVERY — POSTMARK: MIDLAND SEP 23 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-300 459

Late-Thomas

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7339
Order No. R-6781

APPLICATION OF DOYLE HARTMAN
FOR COMPULSORY POOLING, UNORTHODOX
WELL LOCATION, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of September, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Doyle Hartman, seeks an order pooling all mineral interests in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to his Late Thomas Well No. 1 located in Unit M of said Section 17 and to wells to be drilled at an orthodox location in Unit J and an unorthodox location in Unit L.

(3) That the applicant's request to dismiss that part of the subject case seeking an unorthodox location should be approved.

(4) That the applicant is the owner and operator of the Late Thomas Well No. 1 located in Unit M and proposes to drill two wells at orthodox locations in Unit J and Unit K, all in said Section 17.

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

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(11) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) That $3500.00 per month while drilling and $350.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) That upon the failure of the operator of said pooled unit to commence drilling of the first of the wells to be drilled and to which said unit is dedicated on or before January 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 320-acre gas spacing and proration unit to be simultaneously dedicated to applicant's Late Thomas Well No. 1 located in Unit M of said Section 17 and to two wells to be drilled in Unit J and Unit K therein.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of the first of said wells to be drilled on or before the 1st day of January, 1982, and shall thereafter continue the drilling of said wells with due diligence to a depth sufficient to test the Jalmat Pool.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well to be drilled on or before the 1st day of January, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should both said wells to be drilled not be drilled to completion, or abandonment, within 240 days after commencement of the first well, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded as to such undrilled or completed well.

(2) That Doyle Hartman is hereby designated the operator of the subject wells and unit.

(3) That after the effective date of this order and within 90 days prior to commencing either of said wells, the operator shall furnish the Division and each known working interest owner in the subject unit an appropriate itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That $3500.00 per month while drilling and $350.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

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

(12) That all proceeds from production from the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That that portion of the subject application seeking approval of an unorthodox Jalmat Gas Pool well located in Unit L of said Section 17 is hereby dismissed.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S
fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 25, 1981

Re: CASE NO. 7339
ORDER NO. R-6781

Applicant:

Doyle Hartman

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

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD ___x___
Artesia OCD ___x___
Aztec OCD _____

Other Thomas Kellahin

Gulf Oil Exploration and Production Company

R. E. Griffith
MANAGER LAND, SOUTHWEST DISTRICT

P. O. Box 1150
Midland, TX 79701

RECEIVED
NOV 16 1981
OIL CONSERVATION DIVISION
SANTA FE

November 12, 1981

RE: Late-Thomas No. 2 and No. 3,
S/2 of Section 17, T-24-S, R-37-E,
LEA COUNTY, New Mexico

Case 7339

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

Gentlemen:

This letter is in response to a letter from Mr. Doyle Hartman to Mr. Stamets dated October 21, 1981 wherein Mr. Hartman stated that "We previously had a verbal commitment from Gulf to voluntarily join in the drilling of the two wells, but Gulf has attempted to change the verbal agreement reached by the two parties." Please be advised that Gulf rebuts this statement and offers the fact that on September 2, 1981 Gulf wrote to Mr. James Davidson (Mr. Hartman's partner) and advised that we were willing to join with our interest in the drilling of the captioned wells. Our letter advised that Gulf's willingness to join was subject to a mutually acceptable Operating Agreement and AFE. As of this date, we have not agreed upon an acceptable Operating Agreement; however, Gulf has not attempted to revoke nor alter our original agreement to join in the drilling of the captioned wells.

Thank you for your consideration in this matter.

Yours very truly,

D. H. MESSER
Senior Land Agent

DHM/sdn
cc: Mr. Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

Gulf
A DIVISION OF GULF OIL CORPORATION

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

January 5, 1982

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

Attention: Joe D. Ramey
Director

Re: Compulsory Pooling
Case No. 7339
Order No. R6781
(1) Late Thomas #2
(2) Late Thomas #3

Dear Mr. Ramey,

In accordance with the above referenced Compulsory Pooling, we are forwarding the detail well cost required by the order. We have included all vendor payables which have been received to date regarding the drilling expenses of these two wells. Should subsequent information or additional cost be received we will forward an amended detail well cost to the Oil Conservation Division.

Your cooperation with the above matter is very much appreciated. Should futher information be required please contact us.

Yours truly,

DOYLE HARTMAN, OIL OPERATOR

James E. Burr

James E. Burr, Controller

RECEIVED
JAN 07 1982
OIL CONSERVATION DIVISION
SANTA FE

JEB/lr

cc: William P. Aycock
William F. Carr
All Working Interest Owners

LEASE NO. #00566 DIVISION SANTA FE APPR. NO. _____

LEASE NAME Late Thomas WELL NO. #2 W. I. _____

COUNTY Lea STATE New Mexico FIELD _____

LOCATION: 1980 FSL & 990 FWL (L) Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost _____ Feet @ _____ Per Foot		
2. Day Work _____	$ 51,960.79	
3. ~~Coring Service~~ Rig Move ~~Well Surveys~~	14,141.37	
4. Testing _____		
5. Fuel _____ Water _____	4,355.73	
6. ~~Mud~~ _____ Mud Logging _____	6,426.80	
7. Cementing Service _____ Cement _____ Floats _____	10,036.11	
8. Company Labor _____ Contract Labor _____	1,016.10	
9. Digging Pits _____ Filling Pits _____	800.00	
10. Roads & Bridges _____ Dredging & Grading _____	13,594.97	
11. Acidizing _____ Fracturing _____ Perforating _____	62,295.83	
12. ~~Plugging~~ Bits & Reamers	5,758.19	
13. Trucking Cost _____	1,402.49	
14. Devolopment Superintendence _____ days @ $_____/day	10,377.31	
15. Rental Equipment _____	3,141.60	
16. Swabbing and Testing _____	6,078.35	
17. Other Costs _____	11,555.17	
Surface Damages	1,200.00	
Legal and Regulatory	5,093.77	
Total Intangibles	$ 209,234.58	

WELL EQUIPMENT:								
18. Casing	3,469	Ft. of	7"	@	9.305	Per Ft.		
	417	Ft. of	9 5/8"	@	13.315	Per Ft.		
	_____	Ft. of	_____	@	_____	Per Ft.	$ 37,831.67	
19. Tubing	3,467	Ft. of	2 3/8"	@	$4.06	Per Ft.	14,060.31	
20. Casing Head _____								
21. Xmas Tree or Pumping Connections _____							1,226.35	
22. Pumping Unit _____							20,160.00	
23. Engine _____							7,776.26	
24. Sucker Rods _____							8,051.74	
25. Pump _____								
26. Tank Battery _____								
27. Separator or Dehydration Equip. _____							2,643.31	
28. Metering Equipment _____								
29. Flow Lines _____								
30. Other _____							5,238.57	
Total Tangibles							$ 96,988.21	
TOTAL COST OF WELL							$ 306,222.79	

REMARKS: _____

Originated by _____ Title _____ Date _____

Approved _____ Title _____ Date _____

00566	53100	OIL & GAS ACCOUNTIN	10/15/81	181	001	17-55	27.93				AD VALOREM T
				****	WELL	TOTAL	27.93	.00	.00	.00	27.93
00566	****	LATE THOMAS #2									
00566	34050	J & J OILFIELD SERV	10/21/81	755✓	002	15-27	266.20✓				CONTRACT LAB
00566	34050	J & J OILFIELD SERV	10/21/81	752✓	002	15-27	266.20✓				CONTRACT LAB
00566	33009	D. HARTMAN OIL OPER	10/31/81		002	17-61	4,534.11✓				LEGAL AND RE
00566	19900	FLOYDS PUMPING & RO	10/01/81	810992✓	002	35-01		521.64✓			ROADS AND LO
00566	38000	JOHN WEST ENGINEERI	9/18/81	881005✓	002	35-01		207.00✓			ROADS AND LO
00566	34300	JAL WELDING & MACHI	10/19/81	811651✓	002	35-01		370.01✓			ROADS AND LO
00566	35300	JOHNSTON CONSTRUCTI	10/07/81	81-2622✓	002	35-01		7,253.45✓			ROADS AND LO
00566	57000	PERMIAN RATHOLE DRI	10/12/81	12663✓	002	35-01		1,195.00✓			ROADS AND LO
00566	38000	JOHN WEST ENGINEERI	9/21/81	881097✓	002	35-01		194.06✓			ROADS AND LO
00566	35300	JOHNSTON CONSTRUCTI	10/21/81	812739✓	002	35-01		580.85✓			ROADS AND LO
00566	47400	MERRYMAN CONSTRUCTI	10/16/81	8106036✓	002	35-01		211.76✓			ROADS AND LO
00566	25575	BILL DRAKE	10/31/81	✓	002	35-02		1,200.00✓			SURFACE DAMA
00566	35300	JOHNSTON CONSTRUCTI	10/26/81	812785✓	002	35-04		155.25✓			RIG MOVE
00566	34920	KENAI DRILLING OF T	10/23/81	0554-18✓	002	35-12		262.50✓			BITS AND REA
00566	38100	XL TRANSPORTATION C	10/16/81	61839✓	002	35-18		3,065.26✓			WATER
00566	38100	XL TRANSPORTATION C	10/16/81	61838✓	002	35-18		752.90✓			WATER
00566	26250	HALLIBURTON	10/15/81	163319✓	002	35-24		3,196.59✓			CEMENTING SE
00566	02410	ATLAS TRUCK LINE,IN	10/16/81	175671✓	002	35-39		318.60✓			TRUCKING AND
00566	00009	D. HARTMAN OIL OPER	10/31/81		002	35-42		1,016.10✓			DRILLING OVE
00566	01420	WILLIAM L. ADAMS, CO	10/30/81	STMT✓	002	35-48		200.00✓			CONSULTING F
00566	33200	K & L EQUIPMENT COM	10/12/81	4937✓	002	35-60		800.00✓			PIT LINER
00566	13500	DONNIE'S WELDING	10/21/81	3259✓	002	35-69		115.92✓			OTHER DRILLI
00566	13500	DONNIE'S WELDING	10/21/81	3258✓	002	35-69		115.92✓			OTHER DRILLI
00566	38100	XL TRANSPORTATION C	10/30/81	61925✓	002	36-19		306.53✓			WATER
00566	38100	XL TRANSPORTATION C	10/30/81	61926✓	002	36-19		107.56✓			WATER
00566	26250	HALLIBURTON	10/21/81	163207✓	002	36-24		6,840.52✓			CEMENTING SE
00566	26290	HALLIBURTON	10/23/81	163812✓	002	36-36		7,732.49✓			STIMULATION
00566	02410	ATLAS TRUCK LINE,IN	10/28/81	175740✓	002	36-39		60.00✓			TRUCKING AND
00566	47300	MERCURY TRANSPORTAT	10/26/81	CT0386✓	002	36-39		202.96✓			TRUCKING AND
00566	42560	LEWIS CASING CREWS	10/31/81	11561✓	002	36-45		1,466.00✓			EQUIPMENT RE
00566	67900	SCOTT LUMBER & SUPP	10/06/81	27193✓	002	36-51		51.23✓			MISCELLANEOU
00566	01530	APACHE SERVICES, IN	10/26/81	2264✓	002	36-66		2,296.32✓			OTHER COMPLE
00566	59500	PETROLEUM ENERGY	10/29/81	45-146✓	002	45-19			1,105.67		WELL HEAD EQ
00566	00009	D. HARTMAN OIL OPER	10/31/81	81103004	002	46-13			14,060.31		TUBING
00566	00009	D. HARTMAN OIL OPER	10/31/81	81110201	002	46-34			20,160.00		PUMPING UNIT
00566	13400	DIXIE ELECTRIC, INC	10/30/81	52711✓	002	46-40			4,485.37✓		ENGINES AND
00566	23250	S E C. INC.	10/23/81	3670✓	002	46-43			2,643.31		SEPARATION E
00566	29000	HOBBS ANCHOR & ROAD	10/29/81	10-88✓	002	46-46			501.81✓		OTHER EQUIPM

DOYLE HARTMAN OIL OPERATOR

JOINT INTEREST RECAP 10/31/81

LEASE NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL	
00566	00100	ABC RENTAL TOOL CO.	10/30/81	102124 ✓	002	47-10			120.68			WELLHEAD EQU
					****	WELL TOTAL	5,116.51	40,301.42	43,077.15	.00	88,995.08	
00567	****	LATE THOMAS #3										
00567	00900	PUMPING UNITS SERVI	10/14/81	811815	003	16-27	2,771.09					
00567	19900	FLOYDS PUMPING & RO	10/01/81	810991	003	16-27	521.64					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	10/26/81	811014	003	16-27	678.13					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	10/01/81	810980	003	16-27	162.29					CONTRACT LAB
00567	13500	DONNIE'S WELDING	10/05/81	3206	003	16-27	115.92					CONTRACT LAB
00567	00009	D. HARTMAN OIL OPER	10/31/81		003	17-51	20,307.99					CONTRACT LAB
00567	42560	LEWIS CASING CREWS	10/20/81	11610	002	35-45						
00567	86000	JOHN WEST ENGINEERI	9/13/81	881008	003	35-01		1,042.00 ✓				LEGAL AND RE
00567	57900	PERMIAN RATHOLE DRI	10/31/81	12604	003	35-01		207.00 ✓				EQUIPMENT RE
00567	57900	PERMIAN RATHOLE DRI	9/21/81	12631	003	35-01		1,173.00 ✓				ROADS AND LO
00567	39300	JOHNSTON CONSTRUCTI	10/31/81	812388	003	35-01		1,259.00 ✓				ROADS AND LO
00567	25375	BILL GROBE	10/09/81		003	35-02		9,999.06 ✓				ROADS AND LO
00567	25375	BILL GROBE	10/12/81		003	35-02		297.00 ✓				ROADS AND LO
00567	25375	BILL GROBE	10/31/81		003	35-02		1,000.00 ✓				SURFACE DAMA
00567	05400	BRITT TRUCKING CO.I	10/31/81	981157	003	35-04		2,844.00 ✓				SURFACE DAMA
00567	05400	BRITT TRUCKING CO.I	10/17/81	1081141	003	35-04		8,712.09 ✓				SURFACE DAMA
00567	38920	KENAI DRILLING OF T	9/29/81	6529-18	003	35-09		13,986.12 ✓				RIG MOVE
00567	38920	KENAI DRILLING OF T	9/30/81	6533-18	003	35-12		67,582.91 ✓				RIG MOVE
00567	88100	XL TRANSPORTATION C	10/02/81	61571	003	35-18		262.50 ✓				DRY WORK COS
00567	88100	XL TRANSPORTATION C	10/02/81	61572	003	35-18		322.67 ✓				BITS AND REA
00567	88100	XL TRANSPORTATION C	10/31/81	61507	003	35-18		256.16 ✓				WATER
00567	88100	XL TRANSPORTATION C	10/31/81	61508	003	35-18		695.54 ✓				WATER
00567	14500	DRILLING MUD, INC.	10/21/81	16853	003	35-21		3,657.83 ✓				WATER
00567	26250	HALLIBURTON	10/31/81	186466	003	35-24		8,604.18 ✓				MUD AND CHEM
00567	02410	ATLAS TRUCK LINE,IN	10/07/81	175465A	003	35-39		3,089.33 ✓				CEMENTING SE
00567	02410	ATLAS TRUCK LINE,IN	10/31/81	175400	003	35-39		122.23 ✓				TRUCKING AND
00567	00009	D. HARTMAN OIL OPER	10/31/81		003	35-42		276.12 ✓				TRUCKING AND
00567	42560	LEWIS CASING CREWS	9/30/81	11481	003	35-45		1,516.71 ✓				DRILLING OVE
00567	42560	LEWIS CASING CREWS	10/21/81	11524				4,127.14 ✓				

INVOICE

PHONE 505 395-3016

J & J ROUSTABOUT SERVICE

P. O. DRAWER R PHONE (505) 395-3016

JAL, NEW MEXICO 88252

Invoice No. 753

Date 10-21-81

Doyle Hartman

Contract No.

Code No.

Lease Late Thomas

Well No. 2

DATE	TICKET NO.	SERVICES RENDERED	HOURS	RATE	AMOUNT
10-14-81	605	Dug out broken fiberglass flowline, make trip to Eunice for supplies. Replaced all broken lines off drilling rig pad where fork lift had broken. Pickup used for picking up supplies and xx returning to location and starting pumping unit.			
		Pickup	2	12.00	24.00
		Truck and Tools	4	14.60	58.40
		Pusher	4	11.90	47.60
		Helper	4	10.60	42.40
		Helper	4	10.60	42.40
		Helper	4	10.60	42.40
					257.20
		Tax			9.00
		Total			$266.20

INVOICE PHONE 505 395-3016

J & J ROUSTABOUT SERVICE

P. O. DRAWER R PHONE (505) 395-3016
JAL, NEW MEXICO 88252

Invoice No. 752

Date 10-21-81

Doyle Hartman

Contract No.

Code No.

Lease Late Thomas

Well No. 2

DATE	TICKET NO.	SERVICES RENDERED	HOURS	RATE	AMOUNT
10-13-81	602	Picked up pipe and fitting, dug out fiberglass flowline, and replaced where the trucking company had damaged line while moving rig. Returned to location after 8 hours and started pumping unit. Used pickup for picking up fittings.			
		Pickup	2	12.00	24.00
		Truck and Tools	4	14.60	58.40
		Pusher	4	11.90	47.60
		Helper	4	10.60	42.40
		Helper	4	10.60	42.40
		Helper	4	10.60	42.40
					257.20
		Tax			9.00
		Total			$266.20

[illegible]d's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer 1B Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10h26
Midland, Texas 79702

INVOICE # 810992
DATE 10/06/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #h268 09/29/81:		
Helped ditching machine dig ditch across location, cleared rocks and roots from ditch, levelled ditch and laid line, made trip into town and helped welder cut casing, hauled it back to well and installed over flowline, and hauled sills to #3.		
Pusher	10 hrs. @ $13.10	$ 131.00
Roustabouts	20 hrs. @ $11.20	22h.00
Truck & Tools	10 hrs. @ $1h.90	149.00
	SUB TOTAL	$ 50h.00
	3½% TAX	17.6h
	TOTAL	$ 521.6h

IN CORRESPONDENCE
PLEASE REFER TO INVOICE NUMBER

NO. [illegible]

INVOICE

AREA 505
393-3942

JOHN WEST ENGINEERING COMPANY

AREA 505
393-3117

412 North Dal Paso
Hobbs, New Mexico 88240

SOLD TO

[illegible]
[illegible]
[illegible]

DATE 07/10/01

DATE	DESCRIPTION	AMOUNT
AUG. 4, '01	STAKE LOCATION THOMAS NO. 2 & 3.	
	PLANT - THOMAS	
	3 MAN CREW 10 HRS. @ $37.50 PER HR	375.00
	EDM 1 DAY @ $25 PER DAY	25.00
	SUBTOTAL:	400.00
	TAX:	14.00
	TOTAL:	414.00
	14-3-5-21	
	*** THANK YOU ***	

JAL WELDING & MACHINE WORKS, INC.

SHOP AND FIELD SERVICE

P. O. BOX 970 TELEPHONE 395-2220

JAL, NEW MEXICO 88252

To Doyle Hartman
500 North Main
P O Box 10426
Midland, Texas 79702

DATE 10-19-81
INVOICE NO. 81-1651
FIELD TICKET NO. 21125
YOUR ORDER NO.
CONTRACT NO.
PURCHASED BY: Harold Swain
TERMS: NET

LEASE Late Thomas #2 | WELL NO. | LOCATION

DATE	DESCRIPTION OF SERVICE	HOURS	UNIT COST	TOTAL
9-29-81	Furnished welder and equipment to cut and to split 6" pipe to cover 2" fiber glass flow line.			
	Welder hours: J. O'Rear	7	28.50	199.50
	Material: 158' of 6" pipe			158.00
				357.50
	Tax		3½%	12.51
				$370.01

THANKS

P. O. BOX 837

PHONE 394-3103
394-2415
393-7509

JOHNSTON CONSTRUCTION, INC.

GENERAL CONTRACTORS

EUNICE, NEW MEXICO 88231

SOLD TO Doyle Hartman, Oil Operator

P. O. Box 10426 Midland, Texas 79702

OUR INVOICE NO. 81-2622

DATE 10-7-81

FIELD ORDER NO.	CONTRACT NO.	NET - NO DISCOUNT	CHARGE

LOCATION	DESCRIPTION	AMOUNT
Thomas #2	Furnish labor, equipment, and material to build location, build and set cellar for A total price of.....	7,008.16
	N.M. Tax	245.29
		7,253.45
	Thank You	

INVOICE

FULLY INSURED

Permian Rat Hole Drilling, Inc.

Rat Hole •
Foundation •
Air Drilling Tools •

P.O. BOX 6624, ODESSA, TEXAS 79762 · 915-366-7707
NET: 30 DAYS · ODESSA, TEXAS

INVOICE NUMBER 12663
P.O. NO.
DATE 10/12/81
RIG NO. KENAI 18
LEASE THOMAS
WELL NO. 2

TO: DOYLE HARTMAN
312 C&K PETROLEUM BLDG.,STE.508
MIDLAND, TEXAS 79701

DESCRIPTION	FOOTAGE	PRICE	AMOUNT
DRILLED: 12-1/4" DIAMETER SURFACE HOLE	35	10.00	350.00
RAT HOLE	35	10.00	350.00
MOUSE HOLE	25	10.00	250.00
MILEAGE	140	1.75	245.00
#8			$1,195.00

IN REPLY OR CORRESPONDENCE
PLEASE REFER TO INVOICE NUMBER

INVOICE

AREA 505
393-3942

JOHN WEST ENGINEERING COMPANY

AREA 505
393-3117

412 North Dal Paso
Hobbs, New Mexico 88240

NO. 981097

PAGE 1

SOLD TO

DOYLE HARTMAN
500 (& P PETR. BLDG.
MIDLAND, TX 79701

DATE 09/21/81

DATE	DESCRIPTION	AMOUNT
AUG. 9, '81	PE-STAKE LOCATION THOMAS NO. 2. 3 MAN CREW & MPC. @ $37.50 P/H LATE Thomas	187.5
	SUBTOTAL:	187.5
	TAX:	6.5
	TOTAL:	194.0
	140-35-01	
	*** THANK YOU ***	

P. O. BOX 837

PHONE 394-3103
394-2415
393-7509

JOHNSTON CONSTRUCTION, INC.

GENERAL CONTRACTORS

EUNICE, NEW MEXICO 88231

SOLD TO Doyle Hartman Oil Operator

P. O. Box 10426 Midland, Texas 79702

OUR INVOICE NO. 81-2739

DATE 10-21-81

FIELD ORDER NO.	CONTRACT NO.	NET - NO DISCOUNT	CHARGE

LOCATION	DESCRIPTION	AMOUNT
Thomas #2	Furnish labor and equipment to dig drilling pits.	
10-19-81	D-12 D-6C Caterpillar w/operator 9 hrs. @ 63.00	567.00
	N.M. Tax	19.85
		586.85
	Thank You	
	Ticket No. 12227	

140-35-01

INVOICE

Me[illegible]nan Construction Com[illegible]ny

DIAL 395-3110 OR 395-2616
DRAWER U HIGHWAY 18
JAL, NEW MEXICO 88252

SOLD TO

DOYLE HARTMAN OIL CO.
508 C&K BLDG.
MIDLAND, TEXAS 79701

CONTRACT #

INVOICE NO. 8106036

CUST'S ORDER NO.	OUR ORDER NO.		INVOICE DATE	TERMS
			10/16/81	
QUANTITY	DESCRIPTION		UNIT PRICE	AMOUNT
	5189			
09/29/81 THRU 09/29/81	LATE THOMAS #2, NEW MEXICO			
	DIG DITCH AS DIRECTED			
	EQUIPMENT OPERATOR	6.0 Hr	12.00	72.[illegible]
	DITCHING MACHINE	6.0 Hr	11.20	67.[illegible]
	PICKUP W/TOOLS	6.0 Hr	10.90	65.[illegible]
				204.
		3.50% TAX		7.[illegible]
		TOTAL		211.[illegible]
	JOB #			

THANK YOU!

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

THE FIRST NATIONAL BANK
MIDLAND, TEXAS

6923

9/30/ 19 81

PAY REGISTERED TWELVE HUNDRED DOLLARS

DOLLARS $1200.00

TO THE ORDER OF

Bill Grobe
Drawer G
Jal, New Mexico 88252

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

⑈006923⑈ ⑆113030828⑆ 070 633 78⑈

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
9/30/81	Damages for drilling location for Late Thomas #2	$1200.00

140-35-02

P. O. BOX 837

PHONE 394-3103
394-2415
393-7509

JOHNSTON CONSTRUCTION, INC.

GENERAL CONTRACTORS

EUNICE, NEW MEXICO 88231

SOLD TO Doyle Hartman Oil Operator

P. O. Box 10426 Midland, Texas 79702

OUR INVOICE NO. 81-2795

DATE 10-26-81

FIELD ORDER NO. | CONTRACT NO. | NET - NO DISCOUNT | CHARGE

LOCATION	DESCRIPTION	AMOUNT
ATE Thomas #2	Furnish labor and equipment to help pull trucks out with rig.	
10-24-81	5-11 D-5 Caterpillar w/operator 3 hrs. @ 50.00 N.M. Tax	150.00 5.25 155.25
	Thank You	
	Ticket No. 12117	

140-35-04

STATEMENT OF ACCOUNT

KENAI DRILLING OF TEXAS, INC.

PHONE (915) 362-2323 — 563-2086
P.O. BOX 6705 ODESSA, TEXAS 79762

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

INVOICE NO. 6554-18
DATE 10-23-81
YOUR Thomas #2
Lea County, New Mexico

WE DEBIT YOUR ACCOUNT AS FOLLOWS: Third Party

DETAIL		
03-22		
To bill your account per Parana, Inc. invoice #276, dated 10-14-81		$262.50
	Invoice Total	$262.50

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61839
DATE 10-23-81
YOUR ORDER NO.
OUR TICKET NO. 12736 12737
17072 17073
14148 14147
17118 12544
13818 17046
17044 17045
12770 17236
17192 17252
17253 17254
17256 17251

CHARGE TO:

DOYLE HARTMAN
P.O. BOX 10426
MIDLAND, TEXAS 79701

FROM SALADO BRINE STATION, JAL, LEA CO., NM

TO THOMAS #2, 8 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
56	150	10-14-81 HAULED 300 BBLS BRINE	8			54¢	$ 162.00
60	150	10-14-81 HAULED 300 BBLS BRINE	8			54¢	162.00
68	150	10-14-81 HAULED 300 BBLS BRINE	8			54¢	162.00
56	150	10-15-81 HAULED 150 BBLS BRINE	8			54¢	81.00
63	150	10-15-81 HAULED 300 BBLS BRINE	8			54¢	162.00
72	150	10-15-81 HAULED 450 BBLS BRINE	8			54¢	243.00
62	150	10-16-81 HAULED 150 BBLS BRINE	8			54¢	81.00
65	150	10-16-81 HAULED 300 BBLS BRINE	8			54¢	162.00
72	150	10-17-81 HAULED 750 BBLS BRINE	8			54¢	405.00
		140-35-18	18%	FUEL SURCHARGE			291.60
		3000 BBLS @ 35¢ PER BBL BRINE					1050.00
		TOTAL FREIGHT AND SERVICE					$ 2961.60
		N. M. SALES TAX					103.66
		TOTAL INVOICE					$ 3065.26

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

FREIGHT BILL

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

A L TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61838
DATE 10-23-81
YOUR ORDER NO.
OUR TICKET NO. 12[illegible]
17071
12688
14059
14143
12545
17255

CHARGE TO:

DOYLE HARTMAN
P.O. BOX 10426
MIDLAND, TEXAS 79701

FROM CITY WATER STATION, JAL, LEA CO., NM | TO THOMAS #2, 8 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
74	150	10-13-81 HAULED 150 BBLS FRESH WATER	8			46¢	$ 69.00
60	150	10-14-81 HAULED 150 BBLS FRESH WATER	8			46¢	69.00
67	150	10-14-81 HAULED 150 BBLS FRESH WATER	8			46¢	69.00
03	150	10-14-81 HAULED 300 BBLS FRESH WATER	8			46¢	138.00
63	150	10-15-81 HAULED 150 BBLS FRESH WATER	8			46¢	69.00
72	150	10-17-81 HAULED 150 BBLS FRESH WATER	8			46¢	69.00
			18%	FUEL SURCHARGE			86.94
		1050 BBLS @ 15¢ PER BBL WATER					157.50
		140-35-18					
		TOTAL FREIGHT AND SERVICE					$ 727.44
		N. M. SALES TAX					25.46
		TOTAL INVOICE					$ 752.90

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

HALLIBURTON SERVICES
A DIVISION OF HALLIBURTON COMPANY

REMIT TO
P.O. BOX 84737
DALLAS, TEXAS 75284

DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 1 OF 2 PAGES

INVOICE NO. 163319

WELL NO. AND FARM: 2 Late Thomas
COUNTY: Lea
STATE: N.M.
DATE: 10-15-81

CHARGE TO: Doyle Hartman
ADDRESS: 508 Oil & Pet. Bldg.
CITY, STATE, ZIP: Midland, Texas

OWNER: Same
CONTRACTOR:
SHIPPED VIA: Co Trk
DELIVERED TO: Loc.
ORDER NO:

DUNCAN USE ONLY
LOCATION 1 Hobbs — CODE 2034
LOCATION 2 — CODE
LOCATION 3 — CODE
BULK MATERIAL DELIVERY TICKET NO. B-987970

WELL TYPE: — CODE
TYPE AND PURPOSE OF JOB: 9 5/8 Surf.

DUYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH UNLESS CHANGED AFTER 60 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF OR PART NO	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY	UNITS 1 MEAS	UNITS 2 QTY	UNITS 2 MEAS	UNIT PRICE	AMOUNT	
000-117		1	C	MILEAGE	1	EA	40	Mi	2.10	84	00
009-000		1	C	Mileage Pickup	1	EA	40	Mi	.80	32	00
001-016		1	C	Pump Charge	1	EA	430	FT		429	00
030-012		1	C	2-W Plug	1	EA	9 5/8	in		80	00
40	807.91045	1	S	Centralizers	3	EA			63.00	189	00
24A	815.19521	1	S	Insert Float Valve	1	EA				175	00
12A	825.22	1	S	Guide Shoe	1	EA				231	00
350	890.10802	1	S	Weld-A	1	LB				11	00
012-000		1	C	Mileage To Delivery	1	EA	40	Mi	.80	32	00
		1	B	See Bulk Ticket	1	EA	#B87970			1823	93
				SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.					
				SERVICE CHARGE		CU. FT.					
				TOTAL WEIGHT / LOADED MILES		TON MILES					

TAX REFERENCES: 800-029 / NM

SUB TOTAL	3087	53
TAX	108	06
TAX		
TAX		
TOTAL	3195	59

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

x Jack L Fletcher
Customer or His Agent

Hugh Smith
Halliburton Operator

APPROVED J R Burke
Division Manager

ATLAS TRUCK LINE, Inc.

P.O. [illegible] 9848
15015 EAST FREEWAY
HOUSTON, TEXAS 77015

PHONE
1-713-452-4211

Oilfield Hauling

USSS, EI, NO. C75-0326539

Strong For Service

Customer Number	Invoice Date	Your Order No.	Tariff No.	Item No.	Invoice No.
6945-00	10/16/81	L1-1378-929	220F	1120	175671

DATE BILL OF LADING 10/13/81

TO: Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Texas 79701

ORIGIN: Continental Emsco Company
% L.T.V.
Odessa, Texas

DESTINATION: Doyle Hartman
% Late Thomas #2
Jal, New Mexico Plus 7 miles

TERMINALS LOCATED IN

HOUSTON, TEX.
LONE STAR, TEX.
MIDLAND-ODESSA, TEX.
VAN BUREN, ARK.

MAIL PAYMENT TO:

ATLAS TRUCK LINE, INC.
P.O. BOX 84117
DALLAS, TEXAS 75284

COMMODITY OR SERVICE RENDERED	WGT. OR HRS.	DISTANCE	RATE	AMOUNT
9 jts. 9 5/8" 36# Limited Service ST&C R3 416.6' 416.5'		70		
Scale Weight	15,060			
Exclusive use as	36,000		.75	270.00
Fuel Surcharge	270.00		18%	48.60
				318.60
18478				

SPECIALISTS IN PIPE PROBLEMS

Operating up-to-date pipe storage facilities in conjunction with an efficient delivery of material to your destination.

NOTICE:

UNITED STATES GOVERNMENT INTERSTATE COMMERCE COMMISSION LAW REQUIRES PAYMENT OF INTERSTATE SHIPMENTS WITHIN 7 DAYS OF DATE BILLED. PENALTY UNDER FEDERAL REGULATIONS 49-CFR-1322.

WILLIAM L. ADAM

CONSULTING GEOLOGIST

Telephone 915/683-3363
Residence 682-8439

111 Club Drive
Midland, Texas

01220

RE: Sample Description
& Strip log plot

INVOICE NO. —

DATE October 81

DATE	PROFESSIONAL SERVICES ACTIVITY	DAYS	FEE	AUTO MILES	AUTO AMOUNT	EXPENSES HOTEL	EXPENSES MEALS	MISCELLANEOUS ITEM	MISCELLANEOUS AMOUNT	TOTAL
						LATE	THOMAS			
9/14/81	Spl descr	1	$200.00	(Hartman #3 ~~Shell-Unit~~.						
9/15/81	"	1	$200.00	(Hartman #1 Husky-Woodward						
9/27/81	"	1	$200.00	(Hartman #2 Late Thomas						
TOTALS		3	$600.00							

TOTAL EXPENSES — $600.00

140-35-48

RESPECTFULLY SUBMITTED

William L. Adam

WILLIAM L. ADAM

K&I

INVOICE

K & I EQUIPMENT CO.

OIL FIELD SPECIALTIES

BOX 1966 • PH 381-0500

ODESSA, TEXAS 79760

INVOICE TO:

DOYLE HARTMAN
C & K PETROLEUM SLLG.
SUITE 312
MIDLAND, TX 79701

USE TAX PAID

INVOICE NO	DATE OF INVOICE	TICKET NO	LEASE NAME & NO	PURCHASE ORDER NO
4937	10-12-81	5182	TIGNE # 2	

Fabricate & install plastic liner for reserve pit with 6 ML

100 x 100 = 10,000 sq. ft. @ .08 $ 800.00

THANK YOU

DONNIE'S WELDING

P. O. Box 163 PHONE 505 395-3392
JAL, NEW MEXICO 88252

COMPANY Doyle Hartman
500 C & K Petroleum Bldg.
Midland, Tx 79701

INVOICE No. 3259

DATE 10-21-81

ORDER No.

Lease-Late Tommas Well #2

10-17-81	Tkt. # 1793			
	Welded on shoe.			
	Welder & Rig	4 Hrs.	$28.00 per Hr.	$ 112.00
			TAX 3½6	3.02
			TOTAL INVOICE	$ 115.02

140-35-69

DONNIE'S WELDING

P. O. Box 163 PHONE 505 395-3392
JAL, NEW MEXICO 88252

COMPANY Doyle Hartman
508 C & K Petroleum Bldg.
Midland, TX 79701

INVOICE No. 3258

DATE 10-21-81

ORDER No.

Kease-Thomas Well # 2 Kenai Rig # 18

10-14-81 Ikt. # 1808

Welder & equipment to weld 9 5/8 bell nipple.

Welder & Rig	4 Hrs.	$ $28.00 Per Hr.	$ 112.00
		T. X 3½%	3.92
		TOTAL INVOICE	$ 115.92

140 – 35-69

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61925
DATE 10-30-81
YOUR ORDER NO.
OUR TICKET NO. 12600
12610

CHARGE TO:

DOYLE HARTMAN
P.O. BOX 10426
MIDLAND, TEXAS 79701

FROM SALADO BRINE STATION, JAL, LEA CO., NM TO LATE THOMAS #2, 8 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
63	150	10-12-81 HAULED 300 BBLS BRINE	8			54¢	$ 162.00
		18% FUEL SURCHARGE					29.16
		300 BBLS BRINE @ 35¢ PER BBL					105.00

140-36-18

TOTAL FREIGHT AND SERVICE	$ 296.16
N. M. SALES TAX	10.37
TOTAL INVOICE	$ 306.53

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL
XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61926
DATE 10-30-81
YOUR ORDER NO.
OUR TICKET NO. 17549

CHARGE TO:

DOYLE HARTMAN
P.O. BOX 10426
MIDLAND, TEXAS 79701

FROM CITY WATER STATION, JAL, LEA CO., NM TO THOMAS #2, 8 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
56	150	10-20-81 HAULED 150 BBLS FRESH WATER	8			46¢	$ 69.00
			18%	FUEL SURCHARGE			12.42
		150 BBLS WATER @ 15¢ PER BBL					22.50
		TOTAL FREIGHT AND SERVICE					$ 103.92
		N. M. SALES TAX					3.64
140 - 36 - 18		TOTAL INVOICE					$ 107.56

I.C.C. AND N.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

HALLIBURTON
A DIVISION OF HALLIBURTON COMPANY

REMIT TO
P.O. BOX 04737
DALLAS, TEXAS 7254
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 1 PAGES

INVOICE NO. 163207

WELL NO. AND FARM: 2 Late Thomas | COUNTY: Lea | STATE: N. M. | DATE: 10/21/81

CHARGE TO: Doyle Hartman
ADDRESS: 508 C&K Petroleum
CITY, STATE, ZIP: Midland, Tx.

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

OWNER: Same
CONTRACTOR: Kenai #18
SHIPPED VIA: Co Tbk
DELIVERED TO: Loc.
ORDER NO:

DUNCAN USE ONLY
LOCATION 1 Hobbs CODE 7054
LOCATION 2 CODE
LOCATION 3 CODE
BULK MATERIAL DELIVERY TICKET NO. B-988000
WELL TYPE CODE
TYPE AND PURPOSE OF JOB: 7" Long String

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 30 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF. OR PART NO	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS	UNITS 2 QTY.	UNITS 2 MEAS	UNIT PRICE	AMOUNT
000-117		1	C	MILEAGE	1	EA	40	mi	2.10	84 00
019-000		1	C	P.U. MILEAGE	2	EA	40	mi	.80	64 00
001-016		1	C	PUMP CHGE	1	EA	3401	FT		928 00
65	807.6476	1	S	LIMIT CLAMP 7"	1	EA				7 10
40	807910 19	1	S	CENTRALIZER 7"	8	EA			49	392 00
SA	846.512	1	S	FLOAT SHOE 7"	1	EA				261 00
019-000		1	S	LABOR TO SLIP SHOE	1	EA				55 00
		1	C	Bulk Ticket Attached #B988000						4816 10
				SERVICE CHARGE ON MATERIALS RETURNED		CU FT.				
				SERVICE CHARGE		CU FT.				
				TOTAL WEIGHT / LOADED MILES		TON MILES				

TAX REFERENCES: 800029 nm

SUB TOTAL 6609 20
TAX 231 32
TAX
TAX
TOTAL 6840 52

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

x Jack Fletcher
Customer or His Agent

G. M. Stone
Halliburton Operator

CIRC 40 sx Cmt

APPROVED J W Burk
Asst. Division Manager

per

1

BULK MATERIAL DELIVERY TICKET

Pages 2 of 2 pages

NO. B 988000

DATE	CUSTOMER ORDER NO.	WELL NO. & FARM	COUNTY	STATE
10/21/81		#2 Late Thomas	Lea	NM

CUSTOMER	CONTRACTOR	DELIVERED FROM	CODE	SERVICE TICKET NO.
Doyle Hartman	Kenai #18	Hobbs, NM	20340	163207

CHARGE TO	DELIVERED TO
Doyle Hartman	Location
MAILING ADDRESS: 508 C & K Petroleum Building	PREPARED BY: E. Furr
CITY & STATE: Midland, Texas	RECEIVED BY:

TRUCK NUMBER	PRICE REFERENCE	CUBIC FEET	BRAND AND TYPE	QUANTITY *	UNIT PRICE	AMOUNT
	504-050		Class C Cement	300	5.39	1617.00
	500-959		Econolite mix 3% p/s W/300 sx	8	75.00	600.00
	508-291		Gilsonite mix 5# p/s W/300 sx	1500#	.31	465.00
	507-210		Flocele mix 1/4# p/s W/300 sx	75#	1.05	78.75
			150 cu.ft. 1-1 Poz consisting of:			
	504-050		Class C Cement	75	5.39	404.25
	506-109		Poz Mix A	75	2.53	189.75
	506-121		3 sks. Gel mix 2% p/s W/150 sx ALLOWED			N/C
	509-968		Salt mix 9# p/s W/150 sx	1350#	.046	62.10
	508-241		Gilsonite mix 5# p/s W/150 sx	750#	.31	232.50
	507-210		Flocele mix 1/4# p/s W/150 sx	38#	1.05	39.90
			SERVICE CHARGE ON MATERIALS RETURNED			
	500-207		SERVICE CHARGE 514 CU. FT.	CU. FT.	.95	488. 30
	500-306		MILEAGE CHANGE 45611 TOTAL WEIGHT 40 LOADED MILES 912.22 TON MILES		.70	638. 55
					TOTAL	4816. 10

NO. B 988000

*SACKS UNLESS OTHERWISE INDICATED

HALLIBURTON SERVICES
A DIVISION OF HALLIBURTON COMPANY

REMIT TO
P O BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 1 OF 1 PAGES

INVOICE NO. 163812

WELL NO. AND FARM: Tate Thomas #2 | COUNTY: Lea | STATE: NM | DATE: 10-23-81

CHARGE TO: Doyle Hartman
OWNER: Same
DUNCAN USE ONLY

ADDRESS: 502 C & K Petroleum Bldg
CONTRACTOR: Clarke
LOCATION 1: Hobbs | CODE: 20340

CITY, STATE, ZIP: Midland, Texas
SHIPPED VIA: C/O TRK
LOCATION 2: | CODE:

DELIVERED TO: Location
LOCATION 3: | CODE:

ORDER NO:
BULK MATERIAL DELIVERY TICKET NO. B-

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

WELL TYPE: | CODE:

TYPE AND PURPOSE OF JOB: Prime

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 30 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF OR PART NO	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY	UNITS 1 MEAS	UNITS 2 QTY	UNITS 2 MEAS	UNIT PRICE	AMOUNT
200 006		1	A	MILEAGE	3 EA		50	MI	2.10	315 00
200 007		1	A	[illegible]	1 JOB		50		80	40 00
200 021	201 085	1	A	[illegible]	4 HR				1053	1053 00
208 009		1	A	MID [illegible]	5500 GAL				1.02	5610 00
210 006		1	A	[illegible]	5 EA				23.00	115 00
240 159		1	A	POZ [illegible]	30 SK				1.40	42 00
300 306		1	A	MANUAL [illegible]	1 EA				110.00	110 00
200 027		1	A	Extra Man/Equipment	4 HRS				46.50	186 00
				SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.				
				SERVICE CHARGE		CU. FT.				
				TOTAL WEIGHT LOADED MILES		TON MILES				

TAX REFERENCES: [illegible] 1 [illegible]

SUB TOTAL	7471 03
TAX	261 49
TAX	
TAX	
TOTAL	7732 49

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

X Jack Tuttle
(Customer or His Agent)

R. Henry
Halliburton Operator

ATLAS TRUCK LINE, Inc.

P.O. [illegible] 9848
15015 EAST FREEWAY
HOUSTON, TEXAS 77015

PHONE
1-713-452-4211

Oilfield Hauling

USSS. EI. NO. C75-0326539

Strong For Service

Customer Number	Invoice Date	Your Order No.	Tariff No.	Item No.	Invoice No.
6945-00	10-28-81		600B		175740

DATE BILL OF LADING 10-23-81

TO: Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

ORIGIN: Doyle Hartman
%Atlas Storage Yard
Odessa, Texas

DESTINATION: Doyle Hartman
%Mercury Transportation
%Late Thomas #2
Jal New Mexico

TERMINALS LOCATED IN

HOUSTON, TEX.
LONE STAR, TEX.
MIDLAND-ODESSA, TEX.
VAN BUREN, ARK.

MAIL PAYMENT TO:

ATLAS TRUCK LINE, INC.
P.O. BOX 84117
DALLAS, TEXAS 75284

COMMODITY OR SERVICE RENDERED	WGT. OR HRS.	DISTANCE	RATE	AMOUNT
114 Jts. 2 3/8" 4.70# J-55 EUE R-2 3467.4'				
Load as minimum				$39.00
Check & Tally, Minimum				21.00
				$60.00

SPECIALISTS IN PIPE PROBLEMS

Operating up-to-date pipe storage facilities in conjunction with an efficient delivery of material to your destination.

NOTICE:

UNITED STATES GOVERNMENT INTERSTATE COMMERCE COMMISSION LAW REQUIRES PAYMENT OF INTERSTATE SHIPMENTS WITHIN 7 DAYS OF DATE BILLED. PENALTY UNDER FEDERAL REGULATIONS 49-CFR-1322.

MERCURY TRANSPORTATION, INC.

P. O. BOX 844 CROSBY, TEXAS 77532
RRC 6537 ICC MC 121457
713/458-4340

B/L: [illegible] 1-23-81
DATE:

DRIVER'S WAYBILL

FROM: CONSIGNOR DOYLE HARTMAN	TO: CONSIGNEE DOYLE HARTMAN
4 ATLAS	LATE THOMAS #2
ODESSA, TEX.	JAL, N. M. - 7 Miles
ORIGIN	DESTINATION

SHIPPERS NO.		INVOICE TO: DOYLE HARTMAN	EXCLUSIVE USE	DEL. TIME	SPECIAL INSTRUCTIONS
ARRIVED TO LOAD:	LEFT LOADED:	PER: DEAN	ARRIVED TO UNLD.	LEFT UNLOADED:	
TRACTOR NO: 514	TRAILER NO: 25 1572	DRIVER: F. DALLAS	TRACTOR NO:	DRIVER:	DATE DELIVERED:

FOOTAGE	NO. PCS	DESCRIPTION OF ARTICLES TENDERED OR SERVICE RENDERED	WEIGHT/AMT.	RATE	CHARGES
3600'	114	2 3/8 4.70 J-55 R-3			
		3/4 MI. NORTH OF JAL ON HWY 18- TURN EAST THRU CATTLE GUARD- GO 300'		TAKE	SOUTH ROAD
		TO CLARK RIG #14			
		140-26-39			

RECEIVED IN GOOD ORDER BY: [signature] OT No. 0571

INVOICE

LEWIS CASING CREWS

INSTALLATION OF CASING IN OIL WELLS

Phone: 366-8077 - 319 W. 50th St.
ODESSA, TEXAS 79762

Order No. _____

Signed By R W Rikli

TO Doyle Hartman
Box 10426
Midland, Texas 79702

Date 10-31-81

Job Ticket No. 11561 10-21

Lease Late Thomas

Rig No. 18

Well No. 2

Run 3400' of 7" casing at 4 man minimum	500.00
Lay down 3400 ft. drill pipe at .04 per ft	136.00
6½ hours on job at 60.00 per hour	390.00
140 miles round trip at 1.00 per mile	140.00
Tools: Y C elevators	200.00
Rotary slips	100.00
	1,466.00

SCOTT LUMBER & SUPPLY
BOX 1077
EUNICE, N.M. 88231
(505) 394 3050

INVOICE

INVOICE NO. 27193

SOLD TO

Doyle Hartman Oil Operator

SHIPPED TO

Lake Thomas # 2 & 3

DATE	ORDER NO.	SALESMAN	TERMS	SHIPPED VIA	PPD.	COLL.
10/6/81						

QUANTITY	DESCRIPTION	PRICE	AMOUNT
90	6 X 8 X 16 Cinder Blocks	1.10	99.00
	Tax		3.47
			102.47

FORM NO. PK103U-3
AVAILABLE FROM BUSINESS ENVELOPE MANUFACTURERS, INC. • PEARL RIVER, N.Y. • BRONX, N.Y. • CLINTON, TENN. • ANAHEIM, CALIF.

LOT 31598
PRINTED IN U.S.A.

APACHE SERVICES, Inc.

BOX 3347 PHONE 381-4051
ODESSA, TEXAS 79760

DATE October 26, 19 81 INVOICE NO. 2264
FIELD INVOICE NO. 2266
CUSTOMER'S ORDER NO.
ORDERED BY Jack Fletcher
SERVICE ENG. Bob Minyard
LEASE AND WELL NO. Late-Thomas #2

Doyle Hartman
P.O. Box 10426
Midland, Texas 79701

Selective Fire Jet Perforating Service	
Perforated 7" casing from 2957' to 3226', one shot per foot, 17 holes	
First 10 shots between 3001' to 4000' (10 shot minimum)	$ 1,180.00
Next 7 shots between 3001' to 4000' at 26.00 per shot	182.00
Perforated 7" casing, one shot per foot, 3 holes	
10 Shot minimum charge between 2001' to 3000' at 25.00 per shot	250.00
Gammaray Neutron Correlation Logging Service	
Depth charge from surface to greatest depth recorded at 3389' at .16 per foot	542.24
Logging charge per foot of section logged from 3388' to 2500' = 888' at .16 per foot	142.08
TOTAL	$ 2,296.32

140-36-66

Thank You!

Petroleum Energy Equipment Corporation

NEW & USED OILFIELD PIPE & SUPPLIES

1612 MAIN STREET • SUITE 1514 • DALLAS, TEXAS 75201
PHONE 742-5760

PEEC

BILL TO	SHIP TO
DOYLE HARTMAN P.O. BOX 49426 MIDLAND TX 79760	DOYLE HARTMAN LATE THOMAS #2 MIDLAND, TEXAS

SALESMAN	CLERK	SHIP VIA		INVOICE DATE	INVOICE NUMBER
10		PEEC TRK		10/29/81	45,146
CUSTOMER NO.	**CUSTOMER P/O**	**TERMS**		**ORDER DATE**	**ORDER NO.** / **PAGE**
20DN176		N/20 DAYS		10/13/81	1173 / 1

PRODUCT NUMBER	DESCRIPTION	U/M	LOCATION	QUANTITY ORDERED	QUANTITY SHIPPED	LIST	NET	TX	EXTENDED AMOUNT
	9 5/8" X 7" MALE HINDERLITER	PK		1	1	940.000	940.000		940.000
0720-8VKF0400	2"K&F BALL VALVE 2500#	EA	DW6	1	1	91.000	91.000		91.000
0720-8PXH0400	2" BULL PLUG XH	EA	DW6	1	1	24.170	24.170		24.170
0720-NXH0730	2" X 6" NIPPLE XH	EA	DW3	1	1	7.970	7.970		7.970
	D/T ATTACHED								
	PEEC PO#0D1234								
	TOTAL SHIPPED				4				

140-45-19

There are no warranties which extend beyond the description on the face hereof and in the case of used goods the API specification shall not be deemed a part of the description. If the Seller breaches any warranty, Seller's liability is limited to the repayment to the Buyer of the purchase price upon return to Seller of the non-conforming goods. The Seller is not liable for any other direct or consequential damages.

U/M- UNIT OF MEASURE
CD- CUSTOMER DISCOUNT
QD- QUANTITY DISCOUNT
TX- TAXABLE

SUBTOTAL	1,063.14
TAX	42.53
F.E.T.	.00
FREIGHT HDLG.	.00
TOTAL	1,105.67

No. 811030-04

(NAME OF COMPANY)

TRANSFERRED **FIELD TRANSFER** DATE Oct 30, 1981

TO LATE THOMAS #2 FROM WAREHOUSE

TO BE USED FOR — WAS USED FOR

QUANTITY	JOINTS	MATERIAL (Write separate line for each item)	CONDITION	UNIT PRICE	AMOUNT
346.40	114	TUB 2 3/8 4.70 J-55 EUE R-2	NEW		12,409 82
		STORAGE HANDLING			1650 49
		1650.49			
		X. 64843750			
		a/R gain 1070.24			
		Harbour gain 580.25			
		140-46-13		4.055	14,060 31

MATERIAL RECEIVED BY (FOREMAN OR SUPT.)

MATERIAL DELIVERED BY (FOREMAN OR SUPT.) Larry A. Nemec

227 BOX 800 TULSA OK 74101

This form must be used for the transfer of any material moved from a lease, plant or other property of the company to a different location. Each foreman must carry his number in consecutive order.

1

811102-1

No. ~~1102~~

(NAME OF COMPANY)

TRANSFERRED **FIELD TRANSFER** DATE Nov 2, 1981

TO LATE THOMAS # 2 FROM WAREHOUSE

TO BE USED FOR — WAS USED FOR

QUANTITY	JOINTS	MATERIAL (Write separate line for each item)	CONDITION	UNIT PRICE	AMOUNT
1	EA	LUFKIN C-1140-143-64 TP	NEW		16,984 80
		STORAGE AND HANDLING			3,175 20
		Gain 3175.2-			
		A/R Gain 64.84375 2058.92			
		Halliburton Gain 35.1562 5 1116.28			
		140-46-34			
					20,160 00

MATERIAL RECEIVED BY (FOREMAN OR SUPT.)

MATERIAL DELIVERED BY (FOREMAN OR SUPT.) Larry A. Norman

PRINTED IN U.S.A.

Kearney 227 BOX 800 TULSA OK 74101

This form must be used for the transfer of any material moved from a lease, plant or other property of the company to a different location. Each foreman must carry his number in consecutive order.

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman
500 North Main Box 10526
Midland, TX 79702

LEASE Late Thomas

WELL NO. #2

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- Telephone 393-4466 - 393-2498
HOBBS, NEW MEXICO 88240

Page One

INVOICE № 52711

DATE 10/30/81
P. O. NO.
ORD. BY Swain
JOB NO. 1203

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION		LEA	AMOUNT
	Labor and material used to build three spans of primary with transformer bank-install three 10 KVA single phase transformers:			
1	Foreman	8 hrs	18.60	148.80
1	Foreman	2 hrs	27.90	55.80
1	Lineman	16 hrs	14.80	236.80
1	Lineman	4 hrs	22.20	88.80
1	Digger Operator	4½ hrs	13.00	58.50
1	Truck Driver	8½ hrs	12.30	104.55
1	Truck Driver	3 hrs	18.45	55.35
1	Helper	8½ hrs	11.60	98.60
1	Helper	3 hrs	17.40	52.20
1	Hole Digging Machine	4½ hrs	40.50	182.25
1	Pole Truck	11½ hrs	19.60	225.40
1	Pickup Truck	10 hrs	10.50	105.00
			Labor:	1,412.05
	Material:			
2	35' Class 5 Poles		136.10	272.20
1	35' Class 4 Poles		152.50	152.50
7	8' Crossarms		19.90	139.30
15	28" Flat Braces		2.44	36.60
14	3/8" Carriage Bolts		.46	6.44
14	3/8" MJ Locknuts		.29	4.06
8	½" Lag Screws		1.25	10.00
14	Steel Pins		3.91	54.74
14	Pin Type Insulators - Small		1.94	27.16
6	301 DE Clamp		5.81	34.86
12	4" Disc Insulators		7.83	93.96
1	5/8" X 10" Machine Bolts		1.57	1.57
2	5/8" X 12" Machine Bolt		1.73	3.46
1	5/8" X 14" Machine Bolt		1.84	1.84
4	5/8" MJ Locknuts		.35	1.40
3	5/8" X 18" DA Bolt		3.01	9.03
3	5/8" X 20" DA Bolt		3.21	9.63
6	5/8" Eye Nut		2.12	12.72
29	2¼" Square Washers		.27	7.83
2	5/8" X 10" TEA Bolt		4.32	8.64
2	Patent Anchors		8.32	16.64
2	5/8" X 7' Anchor Rod Twin Eye		7.60	15.20
2	506 Insulators		2.43	4.86
2	3 Bolt Clamp		3.80	7.60
6	3/8" Preformed Guy Grip		3.33	19.98
100	3/8" Guy Wire		221.00/M	22.10
2	3/8" Guy Clip		.45	.90
3	#6 Copper Connector		1.33	3.99

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman
500 North Main Box 10526
Midland, TX 79702

LEASE Late Thomas

WELL NO. #2

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- Telephone 393-4466 - 393-2498
HOBBS, NEW MEXICO 88240

INVOICE 52711

DATE 10/30/81

P. O. NO.

ORD. BY Swain

JOB NO. 1203

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION		LEA	AMOUNT
5#	#6 Bare Copper Wire	2.53/#	12.65	
35	#2 5KV Cable	977.90/M	34.23	
½#	Staples	1.00/#	.50	
1#	Tie Wire	1.73/#	1.73	
6	#4 ARmor Rods	2.09	12.54	
6	508 82 Squeezon Connectors	.90	5.40	
6	#4 Preformed Deadend Grips	1.10	6.60	
174#	#4 6/1 ACSR Wire	167.92/CWT	292.18	
2	#4 Preformed Sleeves	2.66	5.32	
1	5/8" X 8' Ground Rod with Clamp	14.97	14.97	
3	15 KV Cutouts	55.00	165.00	
3	9 KV Arresters	30.93	92.79	
3	3 Amp Primary Fuses	2.39	7.17	
3	Hot Line Clamps - Small	5.09	15.27	
3	10 KVA, siggle phase, transformers 12000-240/ 480 Volt, Serial Numbers: 811097292, 811097304 and 811097300	396.00	1188.00	
1	Transformer Cluster Bracket 6M3 6	68.28	68.28	
3	Squeez-on Stirrup 36104 LB	6.60	19.80	
		Material:		2,921.64
		Sub Total:		4,333.69
		3½% NM Tax:		151.68
		TOTAL:		$4,485.37

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

INVOICE

G E C, INC.

GAS EQUIPMENT CONSULTANTS, INC.

P. O. BOX 7001
MIDLAND, TEXAS 79703

October 23, 1981

Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Texas

Ship To: Same-Jal, New Mexico
Destination/Lease: Late Thomas Well #2
Ship Via: Kelley Welding
F.O.B.: Jal, New Mexico
Terms: Net-20

INVOICE NUMBER 3678

1 24" O.D. x 5' Vertical 188# TP Standard Construction 2-Phase Separator with:

(A) Trunnion Assembly & Linkage

(B) Pressure Gauge

(C) Gauge Cocks w/Glass

(D) Pre-Cast Block

(E) Primed & Painted

Serial #431	$ 2,355,00
Plus 3-3/4 New Mexico Tax	88.31
	2,443.31
F.O.B. Jal, New Mex. Frt.	200,00
	$2,643,31

Thank You.

140-46-43

Please Remit To:
P. O. Box 861
Hobbs, New Mexico 88240

Hobbs Anchor & Road Boring Service

Phone 393-5718

P. O. BOX 861 HOBBS, NEW MEXICO 88240

Invoice No. 10-33

SOLD TO
Doyle Hartman
508 C&K Pet. Bldg.
Midland, Texas 79701

Ordered By Jack Fletcher
P. O. No.
Field Ticket No. 7939
Date Invoiced 10-29-31
Well No.

Lease or Location Late Thomas # 2

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
10-23-81				
	Furnished Labor, Material and Equipment to Install:			
	4- 1½" x 7' 4" Four Wing TUBECO Anchors w/Plastic Coated Rods Sale @			$276.23
	Setting Charge			113.56
	76 miles @ $1.25 per mile			95.00
				$484.84
	3.5% N. M. St. Tax			16.97
				$501.81

TERMS: Net — 30 Days. 1½% per month interest charged on past due accounts.

PHONE 505 394-3155

INVOICE

CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556

EUNICE, NEW MEXICO 88231

Company: Doyle Hartman, Oil Operator

P.O. Box 10426

Midland, Texas 79702

Lease ~~Warehouse~~ Late Thomas #2

Invoice No. 10-2124

Order No.

Date October 30, 1981

Date Received 10-24-81

Date Returned 10-24-81

Quantity	Description	Time	Rate	Amount
1	160-400-1000 2½" Slip Bowl for Type R Tubing Head	Sale Item		69.60
1	161-129-2500 2" Rubber Ring for R or HW Tubing Head	Sale Item		47.00
				116.60
	3½% Tax		NM	4.08
				$120.68

PERMITS NO:
ICC - MC96355
RRC - 8013
NM 478-1

Britt Trucking Co., Inc.

OIL FIELD TRUCKING
HEAVY MACHINERY HAULING
TO AND FROM ALL POINTS IN TEXAS
"From a Tandem to a Jeep"

TELEPHONES
872-3353 & 872-3454
MAIL ADDRESS
DRAWER 707
LAMESA, TEXAS 79331

Doyle Hartman
Suite 504, C & K Petroleum Bldg.
Midland, Texas 79701

FROM	TO
Kenai Rig #18 Shell State #1 12 miles N, 3 miles NE, Jal, New Mexico	Kenai Rig #18 Thomas #3 7½ miles N, Jal, New Mexico

DATE	INVOICE NO.	WAYBILL NO.	ORDER NO.
10/17/81	1081-141	6865 & 6866	

DATE OF WORK	SERVICE RENDERED	HOURS OR WEIGHT	RATE	AMOUNT
10/13/81	Set out and move Kenai Rig #18, 8-7" & 24-6" drill collars and 162 joints 4" drill pipe; unload and rig up (very wet).			
	SET OUT & LOAD:			
	#154 - 30 ton 11AM-2PM	3	50.75	152.25
	# 33 - 0/15 ton 11AM-2PM	3	49.25	147.75
	#104 - 0/15 ton 11AM-2PM	3	49.25	147.75
	#108 - 0/15 ton 11AM-3PM	4	49.25	197.00
	#114 - 0/15 ton 11AM-2PM	3	49.25	147.75
	#130 - 0/10 ton 11AM-1PM	2	40.25	80.50
	#149 - 0/10 ton 11AM-3PM	4	40.25	161.00
	TARIFF: NMCC 30-F, 10/0 MILES			
	Machinery - ship. wt.	300,430#	.44	1,321.89
	Machinery - ship. wt. - permit loads	320,670#	.57	1,827.82
	Pipe - ship. wt./	76,464#	.39	298.21
	80/70 MILES:			
	Ramp & bolsters - Odessa to old loc.	14,000#	1.10	154.00
	80/70 MILES:			
	Ramp & bolsters - New loc to Odessa	14,000#	1.10	154.00
	UNLOAD & RIG UP:			
	#137 - 30 ton 12:30-4:30PM	4	50.75	203.00
	#154 - 30 ton 3-8PM	5	50.75	253.75
	# 33 - 0/15 ton 2:30-8:30PM	6	49.25	295.50
	#104 - 0/15 ton 5:30-7:30PM	2	49.25	98.50
	#108 - 0/15 ton 4:30-8:30PM	4	49.25	197.00
	#114 - 0/15 ton 3-8PM	5	49.25	246.25
	#149 - 0/10 ton 4-8PM	4	40.25	161.00

CONTINUED ON NEXT PAGE

This Invoice Payable At Lamesa, Texas - Net

Subject To Credit Regulations Of Regulatory Commission

PERMITS NO:
ICC - MC96355
RRC - 8013
NM 478-1

Britt Trucking Co., Inc.

OIL FIELD TRUCKING
HEAVY MACHINERY HAULING
TO AND FROM ALL POINTS IN TEXAS
"From a Tandem to a Jeep"

TELEPHONES
872-3353 & 872-3454
MAIL ADDRESS
DRAWER 707
LAMESA, TEXAS 79331

Doyle Hartman

FROM	TO

DATE	INVOICE NO.	WAYBILL NO.	ORDER NO.

DATE OF WORK	SERVICE RENDERED	HOURS OR WEIGHT	RATE	AMOUNT
	KENAI RIG #16 CONT'D.			
10/14/81	UNLOAD & RIG UP:			
	#154 - 30 ton 7-12AM	5	50.75	253.75
	# 33 - 0/15 ton 8-12AM	4	49.25	197.00
	#104 - 0/15 ton 7:30-9:30AM	2	49.25	98.50
	#108 - 0/15 ton 8AM-1PM	5	49.25	246.25
	#114 - 0/15 ton 7-12AM	5	49.25	246.25
	#149 - 0/10 ton 7-11AM	4	40.25	161.00
10/13/81	FORKLIFT-20,001#: No. 4 8AM-4PM			
	" " No. 6 8AM-10PM			
10/14/81	" " No. 6 5:30AM-2:30PM	31	50.25	1,557.75
10/13/81	SUPERVISION: J. D. Price 9AM-10PM			
10/14/81	" J. D. Price 5:30AM-2:30PM	22	18.50	407.00
	Fuel Surcharge 18% of $9,412.42			1,694.24
	New Mexico Permits	6	15.00	90.00
	Helper time per supplement attached	226	10.25	2,316.50
		SUB TOTAL		13,513.16
		3.5% NEW MEX TAX		472.96
		TOTAL		$13,986.12

This Invoice Payable At Lamesa, Texas - Net

Subject To Credit Regulations Of Regulatory Commission

TITLE INS. FILE NO.:

STATEMENT

ABSTRACT NO.: Comp. No. 8-1681
DATE: August 18, 1981

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

LOVINGTON ABSTRACT COMPANY
THE TITLE IS VITAL
P. O. BOX 1416 — PH. 396-3500 — AREA CODE 505
LOVINGTON, NEW MEXICO 88260

Date	Real Estate	Recording Fees	Title Insurance	Abstracting
	SE¼ of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico Mineral Title Only			$ 1,516.00
	Tax			53.06
	Total			$ 1,569.06
	Thank You			½ EA
	Owner: [illegible]			
	Title Insurance Binder Commitment ( ) Abstract ( ) Delivered To: ~~Fidelity Davidson~~ In Person			
	Remarks: TOTAL			$ 1,569.06

Form AB 2000

INVOICE

LEA COUNTY ABSTRACT COMPANY

Accurate - Prompt - Courteous

116 N. Love Phone 396-2829

LOVINGTON, NEW MEXICO 88260

Date 9-10-81 No. 32512

To: DOYLE HARTMAN
500 North Main
Midland, Texas 79701

Delivered To:

Re: Ordered by: Michele

Supplemental Abstract covering the Mineral Estate of the SW/4 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico. $77.00

TAX 2.70

Lita Thomas 1+2

TOTAL $79.70

COMPLETE TITLE SERVICE

CAMPBELL, BYRD & BLACK, P.A.
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421

LAWYERS
JACK M. CAMPBELL
EARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

September 17, 1981

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, TX 79702

Legal services as per attached sheet(s):
OCD - Thomas #2 & #3 $ 475.00
New Mexico Gross Receipts Tax 17.81

Costs:
Xerox _____
Telephone _____
Filing Fees _____
Travel/Mileage _____
Other : _____ -0-

TOTAL DUE $ 492.81

½ EA

SEP 22 1981

WILLIAM P. AYCOCK & ASSOCIATES, INC.
Petroleum Engineering Consultants
308 WALL TOWERS WEST
MIDLAND, TEXAS 79701
PHONE 915/683-5121

DATE SEPTEMBER 30, 1981

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

INVOICE № 0511

DESCRIPTION			
LATE THOMAS #2 & #3			
PROFESSIONAL SERVICES:			
Engineering	$2,385.00		
Technical	1,080.00	$3,465.00	
DIRECT CHARGES:			
Statistical Data	27.00		
Postage	1.38	28.38	
	TOTAL		$3,493.3

CAMPBELL, BYRD & BLACK, P.A.
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421

LAWYERS
JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, Texas 79702

October 12, 1981

Legal services as per attached sheet(s): $ 345.00
Late Thomas Wells
New Mexico Gross Receipts Tax 12.94

Costs:

Xerox _____

Telephone _____

Filing Fees _____

Travel/Mileage _____

Other : _____

TOTAL DUE $ 357.94

OCT 19 1981

INVOICE

LEA COUNTY ABSTRACT COMPANY

Accurate - Prompt - Courteous

116 N. Love Phone 396-2829

LOVINGTON, NEW MEXICO 88260

Date 10/30/81 No. 32577

To: Doyle Hartman
500 North Main
Midland, Texas 79701

Delivered To:

Re:

S/2 of Section 17, Township 24 South, Range 37 East,
N.M.P.M., Lea County, New Mexico $189.00

TAX 6.62

TOTAL $195.62

COMPLETE TITLE SERVICE

STATEMENT

45800

MADDOX & RENFROW
ATTORNEYS AND COUNSELLORS AT LAW
POST OFFICE BOX 2509
3RD FLOOR BROADMOOR BLDG
HOBBS, NEW MEXICO 88240
(505) 393-0505

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

November 18, 1981

FOR PROFESSIONAL SERVICES RENDERED

Re: Late Thomas - Legal representation through October 31, 1981

Miscellaneous conferences with Buddy Davidson, Bill Carr, W. P. Aycock and Jerry Sexton

Fee	$468.75
Tax on Fee	16.41
Telephone expense	14.95
Xerox expense	.75
BALANCE DUE	$500.86

1/2 EA.

[illegible] 6997

11/13/ 19 81

PAY [illegible] DOLLARS $ 10.00

TO THE ORDER OF

Lea County Clerk
P. O. Box 1507
Lovington, New Mexico 88260

11320

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[illegible]

[illegible] OIL OPERATOR
MIDLAND, TEXAS 79701

DATE	DESCRIPTION	AMOUNT
11/13/81	Recording of Assignment of Oil & Gas Leases from James A. Davidson to Doyle Hartman covering SW/4 Section 17, T-24-S, R-37-E, Lea County, N.M. (Late Thomas Lease)	$10.00

122108

6906

11/13/81

PAY ARTEX OPERATORS DOLLARS $ 10.00

11320

TO THE ORDER OF
Lea County Clerk
P. O. Box 1507
Lovington, New Mexico 88260

NOT NEGOTIABLE

[illegible] 070 633 [illegible]

[illegible] OIL EXPLORATION
MIDLAND, TEXAS [illegible]

DETACH AND RETAIN THIS STATEMENT

DATE	DESCRIPTION	AMOUNT
11/13/81	Recording of Assignment of Oil & Gas Leases from Doyle Hartman, James A. Davidson, James E. Burr et al covering SW/4 Section 17, T-24-S, R-37-E, Lea Co. ,N.M. (Late Thomas Lease)	$10.00

130148

00560	****	W. H. KING #1								
00560	00009	D. HARTMAN OIL OPER	11/30/81		001 17-01	45.00				PUMPER
00560	00009	D. HARTMAN OIL OPER	11/30/81		001 17-57	85.00				PRODUCING G
				**** WELL TOTAL		130.00	.00	.00	.00	130.00
00562	****	W. H. KING #3								
00562	00009	D. HARTMAN OIL OPER	11/30/81		003 17-01	45.00				PUMPER
00562	51000	NEW MEXICO ELECTRIC	11/07/81	6469450	003 17-11	30.72				FUEL AND PC
00562	00009	D. HARTMAN OIL OPER	11/30/81		003 17-57	225.00				PRODUCING G
				**** WELL TOTAL		300.72	.00	.00	.00	300.72
00565	****	LATE THOMAS #1								
00565	00009	D. HARTMAN OIL OPER	11/30/81		001 17-57	750.00				PRODUCING G
				**** WELL TOTAL		750.00	.00	.00	.00	750.00
00566	****	LATE THOMAS #2								
00566	48700	MISCO UNITED SUPPLY	10/23/81	19760✓	002 15-27	115.92✓				CONTRACT LA
00566	19900	FLOYDS PUMPING & RO	11/02/81	811094✓	002 16-27	156.49✓				CONTRACT LA
00566	19900	FLOYDS PUMPING & RO	11/02/81	811096✓	002 16-27	417.31✓				CONTRACT LA
00566	19900	FLOYDS PUMPING & RO	11/02/81	811093✓	002 16-27	521.64✓				CONTRACT LA
00566	60900	PUMPING UNITS SERVI	11/05/81	81-1894✓	002 16-27	2,931.82✓				CONTRACT LA
00566	19900	FLOYDS PUMPING & RO	11/02/81	811095✓	002 16-27	373.80✓				CONTRACT LA
00566	60900	PUMPING UNITS SERVI	11/05/81	811906✓	002 16-27	639.15✓				CONTRACT LA
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-01	185.92				PUMPER
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-05	29.84				EMPLOYEE BE
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-07	20.22				INSURANCE
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-09	83.73				OPERATING SU
00566	51000	NEW MEXICO ELECTRIC	11/04/81	8650750✓	002 17-11	14.47				FUEL AND PO
00566	30100	I S & S INCORPORATE	11/13/81	32834 ✓	002 17-33	2,271.71				CONNECTIONS
00566	30100	I S & S INCORPORATE	11/13/81	32955 ✓	002 17-33	1,006.20				CONNECTIONS
00566	25375	BILL GROBE	11/04/81	✓	002 17-45	498.00				SURFACE DAMA
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-57	350.00				PRODUCING G
00566	00009	D. HARTMAN OIL OPER	11/30/81		002 17-61	509.66✓				LEGAL AND RE

LEASE NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL
00566	35300	JOHNSTON CONSTRUCTI	11/02/81	812866 ✓	002	35-01		3,055.20 ✓			ROADS AND L
00566	38920	KENAI DRILLING OF T	10/31/81	656318 ✓	002	35-09		51,960.79 ✓			DRY WORK CO
00566	12950	DESERT ENERGY EQUIP	10/30/81	14636 ✓	002	35-12		1,279.45 ✓			BITS AND RE
00566	12950	DESERT ENERGY EQUIP	10/30/81	14662 ✓	002	35-12		4,216.24 ✓			BITS AND RE
00566	38100	XL TRANSPORTATION C	11/06/81	62008	002	35-18		123.48 ✓			WATER
00566	14500	DRILLING MUD, INC.	11/03/81	17095 ✓	002	35-21		6,426.80 ✓			MUD AND CHE
00566	19700	JACK FLETCHER	11/20/81	✓	002	35-48		3,077.70 ✓			CONSULTING
00566	02900	WILLIAM P. AYCOCK S	10/31/81	0522 ✓	002	35-43		5,857.19 ✓			CONSULTING
00566	34300	JAL WELDING & MACHI	11/04/81	811716 ✓	002	35-69		117.99 ✓			OTHER DRILL
00566	26250	HALLIBURTON	10/27/81	186546 ✓	002	36-36		54,563.34 ✓			STIMULATION
00566	04900	D. P. BONHAM TRANSF	11/16/81	143034 ✓	002	36-39		83.07 ✓			TRUCKING AN
00566	10380	CONTINENTAL-EMSCO C	11/20/81	1412855 ✓	002	36-39		737.86 ✓			TRUCKING AN
00566	00100	ABC RENTAL TOOL CO.	11/19/81	11-2252 ✓	002	36-45		1,675.60 ✓			EQUIPMENT R
00566	19700	JACK FLETCHER	11/20/81		002	36-48		1,231.08 ✓			CONSULTING
00566	09500	CLARKE OIL WELL SER	10/30/81	09365 ✓	002	36-57		6,073.35			COMPLETION
00566	85500	WELEX	10/20/81	019575 ✓	002	36-66		7,948.80 ✓			OTHER COMPLE
00566	09500	CLARKE OIL WELL SER	10/30/81	09327	002	36-66		150.85 ✓			OTHER COMPLE
00566	09500	CLARKE OIL WELL SER	10/30/81	09326	002	36-66		642.22 ✓			OTHER COMPLE
00566	10380	CONTINENTAL-EMSCO C	10/30/81	1412763 ✓	002	45-04			5,552.21 ✓		SURFACE CASI
00566	10380	CONTINENTAL-EMSCO C	10/30/81	1412302 ✓	002	46-10			32,279.46 ✓		PRODUCTION C
00566	02300	AXELSON, INC.	10/31/81	784652 ✓	002	46-31			7,482.38 ✓		RODS
00566	02300	AXELSON, INC.	11/23/81	844982 ✓	002	46-31			366.55 ✓		RODS
00566	13400	DIXIE ELECTRIC, INC	11/12/81	52782 ✓	002	46-40			3,290.89 ✓		ENGINES AND
00566	35560	WELLHEAD INDUSTRIES	10/14/81	1138 ✓	002	46-46			78.00 ✓		OTHER EQUIPM
00566	30100	I S & S INCORPORATE	11/05/81	32953 ✓	002	46-52			1,597.96 ✓		MISCELLANEOU
00566	30100	I S & S INCORPORATE	11/05/81	32954 ✓	002	46-52			833.29 ✓		MISCELLANEOU
00566	43500	LOPPS WELDING SERVI	11/23/81	2818 ✓	002	47-37			14.75 ✓		PRODUCTION E
		****			WELL	TOTAL	10,336.89	149,226.01	51,495.49	.00	211,058.39
00567	****	LATE THOMAS #3									
00567	60900	PUMPING UNITS SERVI	11/05/81	811907	003	16-27	511.65				CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	11/02/81	811097	003	16-27	208.66				CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	11/02/81	811098	003	16-27	417.31				CONTRACT LAB
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-01	135.92				PUMPER
00567	00009	D. HARTMAN OIL OPER	11/30/81								

SOLD TO
2[illegible]-3
Doyle Hartman Oil Operators
Drawer K
Jal, New Mexico 88252

Page 1 of 1

EUNICE, NEW MEXICO

INVOICE Nº 19760

CUSTOMER ORDER NUMBER: NOR
SHIPPED BY: Harold Swaine
DATE SHIPPED OR DELIVERED: 10-[illegible]-81
LEASE, RIG #, WELL # OPERATOR: ~~Lete Thomas #2~~
SHIPPED OR DELIVERED FROM: Eunice N.M.
FOR: Same
SHIPPED VIA
CALLED FOR: ☒ PREPAID: ☐ COLLECT: ☐

SHIP TO

QUANTITY	DESCRIPTION (SIZE, NUMBER, ETC.)	KEY	LIST		SYM	DISC.	NET AMOUNT	
	2" X 8" C-300 Fiberglass Sleeve Couplings	N	4	25	ea.	N	25	50
2	C-20HT Ciba Adhesive Kits 6.8 OZ	N	10	25	ea.	N	20	50
40'	2" C-300 Ciba Linepipe (1JT.) Bell & Spigot	N	165	00	C'	N	66	00

MAILING ADDRESS FOR REMITTANCE ONLY:
Misco Supply Company, P.O. Box 299023, Houston, Texas 77299

TERMS

Unless otherwise specified, 2% discount will be allowed if settlement is made on or before the 20th day of calendar month following date of invoice, net 60 days. Second and materials, transportation charges, labor charges, and other cash items are not subject to discount and are payable on or before the 10th day of the calendar month following date of invoice. All settlements shall be subject to the approval of the Seller's credit department. Interest charged after due date at highest lawful rate. Place of payment is Wichita, Kansas. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF. This order is subject to strike, accidents and other causes beyond our control. These terms are not variable unless written and approved by an officer.

Terms: Net 30 days from invoice date.

NON TAXABLE ITEMS

FOR RESALE ☐ TAX EXEMPT ☐ SUB TOTAL		112 00
STATE TAX	3.5%	3 92
CITY TAX		
PARISH TAX		
TOTAL		115 92

MATERIAL RECEIVED BY: [illegible] Bell - Strand

CASH DISCOUNT KEY: N-NET 5-1% 1-1% IF KEY COLUMN BLANK - 2%
CASH DISCOUNT: $ 00

MISCO-UNITED SUPPLY, INC.
Subsidiary of MISCO INDUSTRIES, INC.
GENERAL OFFICE MISCO BLDG. - WICHITA, KANSAS 67202 - AC 316 26[illegible]

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
HAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 811094
DATE 11/02/81
WELL # 2
LEASE Nate Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4213 10/26/81:		
Installed belt guard, built fence around fiberglas flowline, cleaned around location, and picked up trash and rocks.		
Pusher	3 hrs. @ $13.10	$ 39.30
Roustabouts	6 hrs. @ $11.20	67.20
Truck & Tools	3 hrs. @ $14.90	44.70
	SUB TOTAL	$ 151.20
	3½ TAX	5.29
	TOTAL	$ 156.49

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer PB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 611096
DATE 11/02/81
WELL # 2
LEASE late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4218 10/29/81:		
Laid flowline, set separator block, installed back pressure valves, squared and levelled everything, and installed test meter.		
Pusher	8 hrs. @ $13.10	$ 104.80
Roustabouts	16 hrs. @ $11.20	179.20
Truck & Tools	8 hrs. @ $14.90	119.20
SUB TOTAL		$ 403.20
3½% TAX		14.11
TOTAL		$ 417.31

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED

P. O. Drawer 88 Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811093
DATE 11/02/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4211 10/25/81:		
Loaded and hauled post and wore to location and built fence around drilling pit, cleaned around new location, filled ditches and holes, picked up trash and rocks, and did general work around location.		
Pusher	10 hrs. @ $13.10	$ 131.00
Roustabouts	20 hrs. @ $11.20	224.00
Truck & Tools	10 hrs. @ $14.90	149.00
SUB TOTAL		$ 504.00
3½% TAX		17.64
TOTAL		$ 521.64

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 | P.O. BOX 356 | PHONE 505 393-3191 | RRC 27167

HOBBS, NEW MEXICO 88240

PAGE 1

Invoice No. 81-1894

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 11/05/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #2

Job Ordered By: HAROLD SWAIN

UNIT MFG & TYPE: LUFKIN C114D-143-64 SERIAL NO: F813715-430030

FURNISH LABOR, TOOLS & EQUIPMENT TO LOAD FDN., GO TO STORAGE YARD, LOAD UNIT, DELIVER TO LOCATION, SPREAD & LEVEL CALICHE, SET & LEVEL FDN., PARTIAL ASSEMBLY OF UNIT.

		HOURS	PRICE	EXTENSION
Foreman				
Workman	VIGIL, ARTURO	10	16.00	160.00
Workman	BRYANT, KIRK	10	13.00	130.00
Workman	BRADLEY, JOHN	10	13.00	130.00
Workman				
1-Ton Truck w/Tools	124 1 TON TRUCK WITH TOOLS	10	16.25	162.50
Truck	211 OVER 15-TON TANDEM	10	49.25	492.50
Other Charges				
	1 - PUMPING UNITS SERVICES, INC. PRECAST FDN. FOR 114D UNIT W/EM DRIVE (3' X 22)			545.00

CONTINUED ON PAGE 2

Time Started
Lunch
Time Finished
Date of Work 10/23/81
Work Ticket No.

JOB INCOMPLETE

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET. 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 P.O. BOX 356 PHONE 505 393-3191 RRC 27167

HOBBS, NEW MEXICO 88240

PAGE 2

Invoice No. 81-1894

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 11/05/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #2

Job Ordered By: HAROLD SWAIN

UNIT MFG & TYPE: LUFKIN C114D-143-64 SERIAL NO: F813715-430030
FURNISH LABOR, TOOLS & EQUIPMENT TO GO TO LOCATION, COMPLETE ASSEMBLY OF UNIT, PREPARE UNIT FOR OPERATION.

		HOURS	PRICE	EXTENSION
Foreman				
Workman	VIGIL, ARTURO	7	16.00	112.00
Workman	JORDAN, MARTIN	7	13.00	91.00
Workman	SANCHEZ, ROBERTO	7	13.00	91.00
Workman	MENDOZA, ARMANDO	7	13.00	91.00
1-Ton Truck w/Tools	124 1 TON TRUCK WITH TOOLS	7	16.25	113.75
Truck	218 OVER 15-TON TANDEM	7	49.25	344.75
Other Charges				
	OUTSIDE SERVICES: WALLACH #3254			168.75
	18.00% FUEL SURCHARGE ON $1,113.50			$200.43

SUBTOTAL	$2,832.68
STATE SALES TAX	$99.14
TOTAL	$2,931.82

Time Started
Lunch
Time Finished
Date of Work 10/24/81
Work Ticket No.

JOB COMPLETE

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET, 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811095
DATE 11/02/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4217 10/28/81:		
Loaded and hauled rods, separator, pipe and connections to location, unloaded rods for pulling unit, built well-head and squared and levelled it, tightened tail bearings, installed separator connections, and cleaned around well.		
Pusher	11 hrs. @ $13.10	$ 144.10
Roustabouts	22 hrs. @ $11.20	246.40
Truck & Tools	11 hrs. @ $14.90	163.90
	SUB TOTAL	$ 554.40
	3½% TAX	19.40
	TOTAL	$ 573.80

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 P.O. BOX 356 PHONE 505 393-3191 RRC 27167

HOBBS, NEW MEXICO 88240

PAGE 1

Invoice No: 81-1906

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 11/05/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #2

Job Ordered By: HAROLD SWAIN

UNIT MFG & TYPE: LUFKIN C-114-143-64 SERIAL NO: F81370J-430030
FURNISH LABOR, TOOLS & EQUIPMENT TO LOAD 1 SET GUARD RAILS, DELIVER TO LOCATION & INSTALL, TIGHTEN ALL BOLTS, PREPARE UNIT FOR OPERATION.

		HOURS	PRICE	EXTENSION
Foreman				
Workman	VIGIL, ARTURO	2	16.00	32.00
Workman	BRYANT, KIRK	2	13.00	26.00
Workman				
Workman				
1-Ton Truck w/Tools	124 1 TON TRUCK WITH TOOLS	2	16.25	32.50
Truck				
Other Charges				
	8 - 7/16 X 1 1/2" BOLTS @ $18.65			149.20
	1 - SET OF PUMPING UNIT GUARD RAILS			372.00
	18.00% FUEL SURCHARGE ON $32.50			$5.85

SUBTOTAL	$617.55
STATE SALES TAX	$21.61
TOTAL	$639.16

Time Started
Lunch
Time Finished
Date of Work 11/02/81
Work Ticket No.

JOB COMPLETE

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET, 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

NEW MEXICO ELECTRIC SERVICE COMPANY

An Investor - Owned Public Utility
P.O. BOX 920 - - - 221 E. DUNNAM
HOBBS, NEW MEXICO 88240
505/393-5158

HARTMAN, DOYLE
PO BOX 10426
MIDLAND, TX 79702

LOCATION		
LATE THOMAS #2 S2 S17 T24S R37E		38
ACCOUNT NO.	METER NO.	RATE
36-5075-0	28396	501

ELECTRIC SERVICE ACCOUNT

ENERGY			
METER READINGS		MULTI-PLIER	TOTAL KWH
PRESENT	PREVIOUS		
25		10	255

KWH 2 PER CENT ADJUSTED

DEMAND		
READING	MULTIPLIER	TOTAL-KW
.45	10.00	5

ELECTRIC POWER is
Safe
Quiet
Clean
Reliable
Flexible
Convenient
Economical
Flameless

DETAIL OF BILLING

1092 KWH PROJECTED FOR 30 DAYS		
925 KWH @	2.000 CTS	18.50
267 KWH @	.800 CTS	2.14
ADJ FOR MINIMUM		1.36
ACTUAL BILLING FOR 7 DAYS		4.66
FUEL COST ADJ .036545¢/KWH		2.32
TAX		.49

Due and Payable upon Receipt

140-17-11

METER READ MO. - DAY	PAST DUE AFTER MO. - DAY - YR.	PLEASE RETURN PINK COPY WITH YOUR REMITTANCE	ACCT. NO. 36-5075-0	TOTAL AMT. DUE	14.47
11-04	11-20-81				

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A
INDUSTRIAL SPECIALTIES AND SUPPLY
P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO
	Harold	Late Thomas # 2		11-13-81	J 32834
SHIPPED VIA	**TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**	**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**	
Picked up	1% 10 DAYS - NET 30 DAYS	Jal N M	10-13-81	Green	

SOLD TO: Doyle Hartman
Box 10426
Midland. Tx 79702

SHIP TO: Same

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	1	2" X 12" Dresser Sleeve	43.29	Ea	Net	43.29
2	1	9 5/8 8Rd Bell Nipple 0042394	189.21	Ea	Net	189.21
3	1	2" Adj. ~~XXXXX~~ Gulfco Choke Valve	609.20	Ea	Net	609.20
4	1	7" O D 8 Rd. X Slip Jt. Bell Nipple	91.65	Ea	Net	91.65
5	~~X~~ 2	2" F S 3000 # ~~VXXXXX~~ #CS-790 Clayton Mark Ball Valve	158.00	Ea	Net	316.00
6	1	2 3/8 Eue 8 Rd. Seating Nipple	53.08	Ea	Net	53.08
7	2	2 3/8 Eue 8 rd. J 55 Tubing Nipple	15.50	Ea	-15	26.36
8	2	2" 2160 Wheatley Check Valves	387.00	Ea	-5	735.30
9	4	2" F S 3000 # Handle Bar Unions	50.30	Ea	-35	130.80
		~~XXXXX

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A
INDUSTRIAL SPECIALTIES AND SUPPLY
P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO.
	Billy	Late Thomas # 2		11-13-81	J 32955
SHIPPED VIA	**TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**	**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**	
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	10-28-81	Skaggs	

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	2	2 X 8 X H Nipples	13.90	Ea	-30	19.46
2	6	2 X 4 Ditto	6.60	Ea	-30	27.72
3	1	2 X 10 Ditto	16.20	Ea	-30	11.34
4	1	2 X 12 Ditto	18.50	Ea	-30	12.95
5	2	1/4 X A T Ditto	2.30	Ea	-30	3.22
6	4	1 X 3 Ditto	3.30	Ea	-30	9.24
7	1	1 X 6 Ditto	5.50	Ea	-30	3.85
8	1	1 X 12 Ditto	10.70	Ea	-30	7.49
9	1	2" 212 S O A Kimray Dump Valve	149.25	Ea	Net	149.25
10	147'	3" T & C Line Pipe	4.95	Ea	Net	727.65
		Returned				972.17
			Plus Sales Tax			34.03
		THANK YOU	TOTAL INVOICE			1006.20

Harold Swan

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984 ODESSA, ECTOR COUNTY, TEX.

6979

11/4/ 19 81

Pay [redacted] Dollars $ 498.00

To the Order of
Bill Grobe
Drawer G
Jal, New Mexico 88252

NOT NEGOTIABLE

[redacted]

DATE	DESCRIPTION	AMOUNT
11/4/81	Payment for powerline damages for the Late Thomas #2 in the amount of $498.00 (83 rods @ $6.00/rod).	$498.00

PHONE 505 394-3103
505 394-2415

HOBBS 505 393-7509

JOHNSTON CONSTRUCTION, INC.

GENERAL CONTRACTORS

P. O. BOX 837
EUNICE, NEW MEXICO 88231

SOLD TO Doyle Hartman Oil Operator

P. O. Box 10426 Midland, Texas 79702

OUR INVOICE NO. 81-2866

DATE 11-2-81

FIELD ORDER NO.	CONTRACT NO.	NET - NO DISCOUNT	CHARGE

LOCATION	DESCRIPTION	AMOUNT
UTE Thomas Lease # 2	Furnish labor and equipment to blade road, stockpile, load, haul & spread caliche on road, walk rock, and water graded road.	
10-20-81	A-1 Foreman 3 hrs. @ 11.50	34.50
10-26-81	B-2 ½ Ton Pickup w/tools 3 hrs. @ 10.00	30.00
10-29-81	B-5 6 cu. yd. Dump Truck w/driver	
10-30-81	17 hrs. @ 28.50	484.50
	B-6 12 cu. yd. Dump Truck w/driver	
	3 hrs. @ 41.50	124.50
	B-11 D-5 Caterpillar w/operator	
	8 hrs. @ 50.00	400.00
	B-14 Model 12 Caterpillar Motor Grader w/operator	
	13 hrs. @ 51.00	663.00
	B-18 Caterpillar Loader w/operator	
	4 hrs. @ 51.00	204.00
	B-20 Water Truck w/driver 6 hrs. @ 32.00	192.00
	390 yds. of Caliche @ 1.75 per yd.	682.50
	15% Caliche Royalty	102.38
	200 bbls. of Water @ 15¢ per bbl.	30.00
	15% Handling charge	4.50
		2,951.88
	N.M. Tax	103.32
		3,055.20

Thank You

Ticket Nos. 12375, 12561, 12570, 12533

140-35-01

1

STATEMENT OF ACCOUNT

KENA DRILLING OF TEXAS, INC.

PHONE (915) 362-2323 — 563-2086
P.O BOX 6725 ODESSA, TEXAS 79762

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

INVOICE NO. 6563-18
DATE 10-31-81
YOUR Thomas Late #2
Lea County, New Mexico

WE DEBIT YOUR ACCOUNT AS FOLLOWS: Daywork

DETAIL		Hours	
80-12			
10-13	Moving rig & rigging up, 12:00 noon - 7:00 p.m.	7	
10-14	Rigging up, mixing spud mud, drilling to 347', 7:00 a.m. - midnight	17	
10-15	Drilling to 428', circulate, pull out of hole, rig up casers, run casing, cement, wait on cement, nipple up, drilling to 513'	24	
10-16	Drilling to 1425'	24	
10-17	Drilling to 2293'	24	
10-18	Drilling to 2890'	24	
10-19	Drilling to 3234'	24	
10-20	Drilling to 3400', circulate, pull out of hole, rig up loggers, log	24	
10-21	Logging, trip in hole, circulate, lay down drill pipe & drill collars, rig up casers, run casing, cement, wait on cement, nipple down, cut casing	24	
10-22	Rig down, 8:00 a.m. - 4:00 p.m.	8	
		200	
	Daywork with crews, 200 hrs. at $5650/24 hrs.		$47,083.33
	Watchman, 10-13, 7:00 p.m. - 10-14, 7:00 a.m., 12 hrs. at $2650/24 hrs.		$ 1,325.00
	Extra labor, 10-14, 4 men, 8 hrs., 32 hrs. at $14.25/hr.		$ 456.00
	Watchman, 10-22, 12:00 midnight - 8:00 a.m., 8 hrs. at $2650/24 hrs.		$ 883.33
	Extra labor, 10-22, 4 men, 8 hrs., 32 hrs. at $14.25/hr.		$ 456.00
			$50,203.66
	3.50% New Mexico Tax		$ 1,757.13
			$51,960.79
	Invoice Total		$51,960.79

DESERT ENERGY EQUIPMENT, INC.

NEW / USED OILFIELD SUPPLIES

PLEASE REMIT TO: DESERT ENERGY EQUIPMENT, INC.
P. O. DRAWER 9005
ODESSA, TEXAS 79762

CUSTOMER COPY

INVOICE

NO. O- 14636

STORE NO. 1

P. O. DRAWER 9005 - 3325 W. LOOP 338
915/381-3321 & 563-3051
ODESSA, TEXAS 79762

STORE NO. 2

P. O. BOX 3345 - 520 W. PURDUE ST.
405/237-7920
ENID, OKLAHOMA 73701

SOLD TO

Doyle Hartman Oil Operator
815 Beech
Jal, NM 88252

SHIP TO

Filled By	Apr. By

DATE	DATE SHIPPED	CUST. ORD. NO.	ORDERED BY	INVOICE DATE	TERMS	Store Location
10-19-81	10-15-81	NOR		11-30-81	Net 30	Hobbs

CHARGE TO LEASE – WELL – RIG – LOCATION – PLANT	SHIPPED VIA	PREPAID ALLOWED	PREPAID CHARGED	COLLECT
L9TR Thomas #2	Hughes			

QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	B/O	UNIT PRICE	DISCOUNT	SALES AMOUNT
1	1	8-3/4" (086-157-2) J2,LL274 Journal Bearing Tricone Bit	A	1223.00	Net	1,223 00
		3.5% NM Tax				42 81
1	1	Lot Freight to Location	A	13.64	Net	13 64
		Confirming delivery of material on Hughes #86470, signed copy of D/T attached				
		see above		XXXXXXX		
				XXXXXXX		
				TOTAL		1,279 45

NET DUE PERIODS RUN FROM DATE OF INVOICE. INTEREST IS CHARGED AFTER DUE DATE AT HIGHEST RATE PERMITTED BY LAW UP TO A MAXIMUM OF 1½% PER MONTH. DUE AND PAYABLE IN ODESSA, TEXAS, ECTOR COUNTY. "GOODS NOT OF OUR MANUFACTURE ARE SOLD SUBJECT TO MANUFACTURER'S WARRANTY."

RECEIVED BY: _____

DESERT ENERGY EQUIPMENT, INC.
NEW & USED OILFIELD SUPPLIES

PLEASE REMIT TO: DESERT ENERGY EQUIPMENT, INC. P. O. DRAWER 9005 ODESSA, TEXAS 79762

CUSTOMER COPY

INVOICE

NO. O- 14662

STORE NO. 1
P. O. DRAWER 9005 - 3325 W. LOOP 33
915/381-3321 & 563-3051
ODESSA, TEXAS 79762

STORE NO. 2
P. O. BOX 3345 - 520 W. PURDUE ST.
405/237-7920
ENID, OKLAHOMA 73701

SOLD TO:
Doyle Hartman Oil Operator
815 Beech
Jal, NM 88210

SHIP TO:

Filled By	Apr. By

DATE	DATE SHIPPED	CUST. ORD. NO.	ORDERED BY	INVOICE DATE	TERMS	Store Location
10-22-81	10-14-81	NOR			Net 30	Hobbs

CHARGE TO LEASE - WELL - RIG - LOCATION - PLANT	SHIPPED VIA	PREPAID ALLOWED	PREPAID CHARGED	COLLECT
LATE Thomas #2	Smith			

QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	B O	UNIT PRICE	DISCOUNT	SALES AMOUNT
1	1	8-3/4" F4,(CH-6467) Insert Journal				
		XXX Bearing Bit	A	4063.00	Net	4,063 00
		3.5% NM Tax				142 21
1	1	Lot Freight to Location	A	11.03	Net	11 03
		Confirming delivery of material on				
		Smith #1111712, copy of D/T attached				
				XXXXXXXX		
				SALES TAX XXXXXXXX		
				TOTAL		4,216 24

NET DUE PERIODS RUN FROM DATE OF INVOICE. INTEREST IS CHARGED AFTER DUE DATE AT HIGHEST RATE PERMITTED BY LAW UP TO A MAXIMUM OF 1½% PER MONTH. DUE AND PAYABLE IN ODESSA, TEXAS, ECTOR COUNTY. "GOODS NOT OF OUR MANUFACTURE ARE SOLD SUBJECT TO MANUFACTURER'S WARRANTY."

RECEIVED BY: _____

DRILLING MUD, Inc.

2821 N.W. 50 • PHONE 943-8326

OKLAHOMA CITY, OKLAHOMA 73112

INVOICE

17095

TERMS: NET 30 DAYS
1½% FINANCE CHARGE

SOLD TO

Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Tx. 79701

INVOICE DATE 11-3-81

CUSTOMER ORDER NO.

WAREHOUSE LOCATION Hobbs

WELL NAME LATE Thomas Lake #2

NM

DATE	D.T. #	MATERIAL		TAX	DRAYAGE	TOTAL
10-14-81	53553	7122.75		252.93	103.69	7479.37
10-19-81	53565	1435.00		52.74	71.86	1559.60
10-22-81	53576	(2595.70)		(88.33)	71.86	(2612.17)
		$5962.05		$217.34	$247.41	$6426.80

[illegible] DISTRICT [illegible] BANK

7962

NOVEMBER 20 19 81

PAY [illegible] DOLLARS $9,438.35

TO THE ORDER OF

JACK FLETCHER
RT. #1, BOX 133C
MIDLAND, TEXAS 79701

19700

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[illegible] 000 633 78

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79703

VOUCHER - FORM WVC-3 V-2

DATE	DESCRIPTION		AMOUNT
11-20-81	WORK RESUME ATTACHED		$9,438.35
	Tate Thomas #3		
140-36-48	ALP 545.78		
	Tate Thomas #2		
140-35-48	TLP 10 Days	5077.99	
140-36-48	ALP 4 Days	1221.28	
	Mark Mabee		
1403648	TLP 9 Days	3220.19	
1403648	ALP 5 Days	1221.52	
	Linda Hardworth		
1403648	TLP 2 Days	376.95	
1403648	ALP 2 Days	376.95	
	Bates #3		
1403648	ALP	2051.18	

V-2

WILLIAM P. AYCOCK & ASSOCIATES, INC.
Petroleum Engineering Consultants
308 WALL TOWERS WEST
MIDLAND, TEXAS 79701
PHONE 915-683-5721

DATE OCTOBER 31, 1981

INVOICE № 0522

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

DESCRIPTION			
LATE THOMAS #2			
PROFESSIONAL SERVICES:			
Engineering	$4,012.50		
Technical	1,046.25	$5,058.75	
DIRECT CHARGES:			
Statistical Data	253.44		
Howard's Drafting	442.00		
Secretarial	85.00		
Telephone	18.00	798.44	
	TOTAL		$5,857.19

140-35-48

JAL WELDING & MACHINE WORKS, INC.

SHOP AND FIELD SERVICE

P. O. BOX 970 TELEPHONE 395-2220

JAL, NEW MEXICO 88252

To Doyle Hartman
500 North Main Box 10426
Midland, Texas 79702

DATE 11-4-81
INVOICE NO. 81-1716
FIELD TICKET NO. 21552
YOUR ORDER NO.
CONTRACT NO.
PURCHASED BY: B W Bike
TERMS: NET

LEASE	WELL NO.	LOCATION
Late Thomas	#2	Rig #18

DATE	DESCRIPTION OF SERVICE	HOURS	UNIT COST	TOTAL
10-21-81	Furnished welder and equipment to cut and to weld as directed to make cut.			
	Welder hours: C. Gregg	4	28.50	114.00
	Tax		3½%	3.99
				$117.99

THANKS

HALLIBURTON
A DIVISION OF HALLIBURTON COMPANY

P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 3 OF 3 PAGES

INVOICE NO. 186546

WELL NO. AND FARM: Late Thomas #2	COUNTY: Lea	STATE: N. Mex.	DATE: 10-27-81
CHARGE TO: Doyal Hartman	OWNER		DUNCAN USE ONLY
ADDRESS: 508 C & K Rt.	CONTRACTOR	LOCATION 1 Hobbs	CODE 20340
CITY, STATE, ZIP: Midland, Texas	SHIPPED VIA: Co. Tk.	LOCATION 2	CODE
	DELIVERED TO: Location	LOCATION 3	CODE
DOYLE HARTMAN 500 NORTH MAIN P O BOX 10426 MIDLAND, TX 79702	ORDER NO. 368530	BULK MATERIAL DELIVERY TICKET NO. B-98387	
	WELL TYPE		CODE
	TYPE AND PURPOSE OF JOB		

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 60 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF. OR PART NO.	COOP L	COOP D	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS.	UNITS 2 QTY.	UNITS 2 MEAS.	UNIT PRICE	AMOUNT
300-111		1	A	MILEAGE Equipment	7	ea	40	mi	2.10	588.00
301-085		1	A	Pump Service	4	ea			1053	4212.00
301 200		1	A	Blender Charge	12	Bpm	12	Cm		556.60
301-143		1	A	Prop. Pump Charge 2%	450	sks			.25	112.50
301-143		1	A	Prop. Pump Charge 1%	880	sks			.80	704.00
310-789		1	A	WG-6	1500	lbs			3.40	5100.00
311-762		1	A	Adomite Aqua	1500	lbs			1.90	3420.00
314-104		1	A	CW-1	300	lbs			1.25	375.00
314-153		1	A	KCL	63	sks	.15	t	50.00	995.00
310-364		1	A	G Bx-3	40	lbs			9.70	388.00
311-696		1	A	WAC-11	100	lbs			2.55	255.00
218-702		1	A	Lo Surf	30	gal			17.85	535.50
218-206		2	W	Howco Seals	6	Gal			15.00	900.00
		1	A	See Bulk Ticket #98387						11106.10
				See continuation						231.90
				SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.				
				SERVICE CHARGE		CU. FT.				
				TOTAL WEIGHT / LOADED MILES		TON MILES				

TAX REFERENCES: 800-029 — 1 — UM

SUB TOTAL	52719.20
TAX	1845.14
TAX	
TAX	
TOTAL	54563.34

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

x Larry A. Nanny
Customer or His Agent

Billie Daniel
Halliburton Operator

HALLIBURTON

A DIVISION OF HALLIBURTON COMPANY

FORM 1907-R1

TICKET CONTINUATION

INVOICE AND TICKET NO. 186546

PAGE ____ OF ____

PRICE REFERENCE	SECONDARY REF. OR PART NO.	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS	UNITS 2 QTY.	UNITS 2 MEAS	UNIT PRICE	AMOUNT
297-994		1	A	Pro Tex-911	110	gal			14.30	1573 00
218-784		1	A	PAmsperse	60	gal			11.50	690 00
218-781		1	A	Paracheck 140	40	gal			14.00	560 00
309-997		1	A	Liquid CO_2		TON				17342 50
309-998		1	A	CO_2 Booster	3	ea			626	1878 00
301-103		1	A	Prop Pump Charge 9/12	420	sks			1.85	777 00
510-578		1	B	mountain Mover						650 00

DATE: 10/27/81 | CUSTOMER ORDER NO.: | WELL NO. AND FARM: #2 Lete Thomas | COUNTY: Lea | STATE: NM

OWNER: Doyle Hartman | CONTRACTOR:

CHARGE TO: Doyle Hartman

MAILING ADDRESS: 508 C & K Petroleum

CITY & STATE: Midland, Texas

DELIVERED FROM: Hobbs, NM | CUST. 20340 | SERVICE TICKET NO. 186546

DELIVERED TO: Location

PREPARED BY: E. Furr

RECEIVED BY:

TRUCK NUMBER	PRICE REFERENCE	CUBIC FEET	BRAND AND TYPE	QUANTITY *	UNIT PRICE	AMOUNT
	510-107		20/40 Bulk Frac Sand	450	5.43	2443.50
	510-156		12/20 Bulk Frac Sand	880	4.85	4268.00
	510-180		8/16 Bulk Frac Sand	420	4.63	1944.60
			SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.	
			SERVICE CHARGE		CU. FT.	
	510-461		MILEAGE CHARGE 175000 TOTAL WEIGHT 40 LOADED MILES 3500 TON MILES	.70		2450.00
					TOTAL	11,106.10

NO. B 983877

*SACKS UNLESS OTHERWISE INDICATED

D. P. BONHAM TRANSFER, INC.

P.O. DRAWER-G BARTLESVILLE, OK 74003 918-336-7120

FREIGHT BILL NO. 24667

SHIPPER - ORIGIN	CONSIGNEE - DESTINATION	BILL DATE
AXELSON SHOP ODESSA TX	DOYLE HARTMAN JAL NM	11/16/81

MAIL TO	SHIPPER I. D. NUMBER	LOAD DATE
DOYLE HARTMAN	143034	10/30/81
	SPECIAL BILLING INSTRUCTIONS	TARIFF REF.
PO BOX 10426 MIDLAND TX 79702	838 64 MILES	200A

PIECES	DESCRIPTION	MILEAGE	WEIGHT	RATE	CHARGES
	MISC PER ATTACHED B/L	64	17340		
	RATED AS		24000	.880	211.20
	FUEL SURCHARGE------18.0%				38.02
	Late Thomas #2 " " #3 Husky Woolworth				

TOTAL CHARGES 249.22

ORDER OF INTERSTATE COMMERCE COMMISSION EFF. OCT. 1, 1937 REQUIRES PAYMENT OF FREIGHT CHARGES WITHIN 7 DAYS AFTER RECEIPT OF FRT. BILLS.

DUPLICATE-RETURN WITH REMITTANCE

CE FORM 20C
REV 5-81
PRINTED IN U.S.A.

Continental Emsco Company
an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION:	SELLING LOCATION:	DATE SHIPPED	INVOICE NO.	PART OF NO.
OK CITY LTV TUB SERVICES	MIDLAND SALES OFFICE	10-22-81	1412855	

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)	CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO	INVOICE DATE
NOR HARTMAN	X LATE THOMAS #2		11-20-81

SOLD TO:	SHIPPED TO	SHIPPED VIA	
DOYLE HARTMAN BOX 10426 MIDLAND TX 79702	SAME NEAR JAL, NEW MEXICO	COMMON CARRIER	50-F86

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See below)
	***	EFFECTIVE NOV 1, 1981, INTEREST WILL BE CHARGED AT	***			
	***	2.00% PER MONTH BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
		FREIGHT CHARGES PER JOHN B. BARBOUR TRUCKING COMPANY INVOICE #86-053			712.91	N
		NOTE CASING INVOICED ON COS #1412802				
		140-36-39				

		TAXES	
24.95	3.500% NM	DETAIL	TOTAL 24.95

DISCOUNT KEY			PROMPT PAYMENT DISCOUNT		
0 - [illegible]%	3 - 2% 10 DAYS	IF THE SPACE IN KEY COLUMN IS BLANK, TERMS ARE NET 20TH FOLLOWING	IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE	.00	INVOICE AMOUNT 737.86
1 - 1%	N - NET 20TH PROX.				

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

PHONE 505 394-3155 INVOICE CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556
EUNICE, NEW MEXICO 88231

Company: Doyle Hartman, Oil Operator

500 North Main

P.O. Box 10426

Lease Late Thomas # 2

Invoice No. 11-2252

Order No.

Date November 19, 1981

Date Received 10-23-81

Date Returned 10-29-81

Quantity	Description	Time	Rate	Amount
1	160-097-2000 7" OD 8R Female x 2" Type R Tubing Head Complete w/ 2" outlets	Sale Item		541.00
1	8 5/8 8R x 6" 600-900 Adapter	5 da mi	70.00	70.00
	Additional days	2 days	13.00 ea	26.00
1	R-45 Ring Gasket	Sale Item		16.04
1	BOP, 6" 600-900 Double w/ 2 3/8 Rams	5 da mi	400.00	400.00
	Additional days	2 days	40.00 ea	80.00
1	Transportation on BOP-Min Chg-ICC Rates-10--20 miles			60.90
1	500 Bbl Split Compartment Tank	5 da mi	225.00	225.00
1	500 Bbl Frac Test Tank	5 da mi	200.00	200.00
				1618.94
	3½% Tax		NM	56.66
				$1675.60

Will Split Oper
Batch 11-06

INVOICE 09365

Clarke Oil Well Servicing, Inc.

BOX 2310 PHONE 392-5531
HOBBS, NEW MEXICO 88240

October 30, 1981

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

Late Thomas # 2

84' Double Derrick Unit # 14 Depth: 3,300 Ft.

10-23-81 thru 10-28-81 - Ticket Nos. 07956 thru 07960

Furnish labor & equipment to service well during workover operations.

52	Hours	Unit & 4 Man Crew	@ 101.50 per hour	5,278.00
8½	Hours	Sand Line Charge	@ 8.00 per hour	68.00
3	Days	Tubing Tong Rental	@ 105.00	315.00
3	Days	Tubing Wiper Rental	@ 35.00	105.00
1	Day	Rod Stripper Rental	@ 33.00	33.00
4		2" Regal Swab Cups	@ 14.15	56.60
2		Oil Saver Rubbers	@ 8.60	17.20
				5,872.80
			3½% Tax	205.55
				6,078.35

Welex
A Halliburton Company
P.O. Box 42600 • Houston, Texas 77242 ~~77004~~

REMIT TO
P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

INVOICE & TICKET

No. WL 091575

WELL NO. AND FARM	COUNTY	STATE	DATE
Lois Thomas #2	Lea	N.M.	11-20-91
CHARGE TO	OWNER	CONTRACTOR	DUNCAN USE ONLY
Doyle Hartman	Same	Kenai	
ADDRESS	SALES DISTRICT	OPERATOR DISTRICT	DIST. CODE
500 N. Main P.O. Box 10426	Hobbs	Hobbs	73540
CITY, STATE, ZIP	PLACE OR FIELD	TRUCK NO.	WELL TYPE / CODE
Midland, Texas 79701	[illegible]	[illegible]	Gas / G

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

CUSTOMER ORDER NO.	CASING O.D. & TYPE	GUN SIZE

We certify that the Fair Labor Standards Act of 1938, as amended, has been complied with in the production of goods and/or with respect to services furnished covered by this invoice.

NUMBER OF SIDE UNDER CARRIERS USED

TERMS: NET. Payable by 20th of following month. Interest charged after 60 days from date of invoice.

R/A TOOL IDENTIFICATION: [illegible] 10,000 6/10 Dual

PERFORATING

PRICE REFERENCE	DESCRIPTION	NO. HOLES	DEPTH FROM	DEPTH TO	AMOUNT

PLUGS, PACKERS, AND OTHER

PRICE REFERENCE	MFG. TYPE	CASING SIZE	CASING WEIGHT	DEPTH	AMOUNT
7100.95	Full Bore (2-1/2 x 1)				120 00

SERVICE CHARGE

PRICE REFERENCE	RUN NO.	PREVIOUS INVOICE NO.	AMOUNT
7100.62	ONE		930 00

DEPTH AND OPERATIONS CHARGES

PRICE REFERENCE	DESCRIPTION	DEPTH FROM	DEPTH TO	NO. FEET	AMOUNT
7542.50	RU	Surf	3400	3400	1122 00
7542.51	RD	3400	Surf	3400	1088 00
7552.53	L/T	Surf	3400	3400	
7502.54	C/T	3400	Surf	3400	
7502.52	DSV	Surf	3400	3400	1432 00
7502.52	USV	3400	Surf	3400	812 00
7523.50	CF	Surf	3400	3400	1428 00
7523.52	CF	3400	Surf	3400	760 00
7523.53	L/T	Surf	3400	3400	
7523.54	C/T	3400	Surf	3400	
			UNITS	UNIT COST	
	CALCULATIONS				
	SWC				
	OTHER				

MISCELLANEOUS INFORMATION

TAX REFERENCES: 800029

SUB-TOTAL	7680 00
NM TAX	268 80
TAX	
TOTAL	7948 80

THE ABOVE JOB WAS SATISFACTORILY PERFORMED

Larry A. Newman
CUSTOMER OR HIS AGENT

A. L. Chavez II
WELEX OPERATOR

FORM W-7125 R-6

CE FORM 250
REV 5-81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION: ODESSA TX LTV TUB SERVICE

SELLING LOCATION: MIDLAND SALES OFFICE

DATE SHIPPED: 10-14-81

INVOICE NO. / PART OF NO.: 1912763

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)

CUSTOMER'S LOCATION CHARGE: A LATE THOMAS #2

ORDER ATTACHED TO INVOICE NO

INVOICE DATE: 10-30-81

SOLD TO:
DOYLE HARTMAN
BOX 10420
MIDLAND TX 79702

SHIPPED TO: SAME AS JAL NEW MEXICO

SHIPPED VIA: COMMON CARRIER — 96-E80

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION (THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE)	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
410.00	FT	9 5/8IN OD 36# SALT YELLOW BAND CASING				
		STOC R L 3 JTS	12.50	NET	5206.25	K
		LONG OUT CHARGES PER TUBULAR SERVICES			156.20	K
		01755				
		NO WARRANTY EXPRESSED OR IMPLIED				
		140-45-04				

157.78 3.500% AM

TAXES: DETAIL | TOTAL — 167.78

DISCOUNT KEY
0 - 1/2%
1 - 1%
3 - 2% 10 DAYS
N - NET 20TH PROX
IF THE SPACE IN KEY COLUMN IS BLANK TERMS ARE NET 20TH FOLLOWING

PROMPT PAYMENT DISCOUNT
IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE

INVOICE AMOUNT

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION: OK CITY LTV TUB SERVICES

SELLING LOCATION: MIDLAND SALES OFFICE

DATE SHIPPED: 10-22-81

INVOICE NO.: 1412602

PART OF NO.:

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.): NEW/HARTMAN

CUSTOMER'S LOCATION CHARGE: A CATE THOMAS #2

ORDER ATTACHED TO INVOICE NO:

INVOICE DATE: 10-30-81

SOLD TO:
DOYLE HARTMAN
BOX 10426
MIDLAND TX 79702

SHIPPED TO
SAME
NEAR JAL NEW MEXICO

SHIPPED VIA: COMMON CARRIER — 50-E66

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION (THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE)	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH OUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
3460.15	FT	TBR 6 5/8 23# ELK SPEC REJECT CASING STEC				
		R L 80 BTS	8.90	NET	30671.00	M
		LOAD OUT PER TUBULAR SERVICES 00-2006			310.00	N
		NO WARRANTY EITHER EXPRESSED OR IMPLIED				
		140-46-10				

1,091.50 5.250% GR — TAXES: DETAIL | TOTAL → 1,091.50

DISCOUNT KEY
- 2% 3 - 2% 10 DAYS
- 1% N - NET 20TH PROX

IF THE SPACE IN KEY COLUMN IS BLANK TERMS ARE NET 20TH FOLLOWING

PROMPT PAYMENT DISCOUNT — IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE: .00

INVOICE AMOUNT → 32,273.46

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

AXELSON

P.O. BOX 2427, LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
A Subsidiary of U.S. INDUSTRIES, INC.

INVOICE

No. 784652

DATE 10-31-81

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

IN ACCOUNT WITH

DOYLE HARTMAN
500 N. MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

DELIVER TO

SAME

YOUR ORDER NO.	REQ. NO.			10/29/81 (WILL CALL)	TERMS: NET 30 DAYS.	
CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08237	29	0	113 (104)	CONTR. TRUCK	LEA	NEW MEX.

ILLO	LEASE	WELL NO.	REF. ORDER NO.
	LATE THOMAS	2	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC. %	NET	ACCT'G USE
136	712-02559	3,400' 3/4" x 25' S/59 Sucker Rods with	206.50/cft		7,021.00	
136	67-040	3/4" F.H.AXITE C RGS.	.00		.00	
1	712-00287	3/4" x 2' Pony Rod			29.50	
1	712-00487	3/4" x 4' Pony Rod			33.25	
1	712-00687	3/4" x 6' Pony Rod			40.15	
1	712-00887	3/4" x 8' Pony Rod			46.05	
4	67-040	3/4" F.H.AX/Pony Rods	14.85		59.40	
					7229.35	
		3.5% NEW MEXICO TAX			253.03	34
					7,482.38	
340		TOTAL			7482.38	

SIZE & TYPE PUMP

PUMP NO.

CONDITION OF PUMP

STDG. VALVES — Cage ____ Seats ____ Balls ____

TRAV. VALVES — Cage ____ Seats ____ Balls ____

Hold Down ____ Rod Guide ____
Pull Rod Tube ____ Adaptors ____
Plunger ____ BBL ____

Remarks

RECEIVED BY

STOCK FROM ODESSA 104 (RODS)

BY M. Henderson

PRINTED IN U.S.A.
FORM 812938 (OLD FORM 16-24)

AXELSON

P.O. BOX 2427, LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
USI A Subsidiary of U.S. INDUSTRIES, INC.

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

INVOICE

No. 844982

DATE 11-20-81

IN ACCOUNT WITH

Doyle Hartman
P. O. Box 10426
Midland, Texas 79701

DELIVER TO

Same
Jal, NM

YOUR ORDER NO.	REQ. NO.	DATE SHIPPED	TERMS: NET 30 DAYS.
		11-20-81	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08230	39	0	113	Co. Car	Lea	NM

FIELD	LEASE	WELL NO.	REP. ORDER NO.
	Late Thomas	2	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC. %	NET	ACCT'G USE
1	67-040	3/4" FOD Axite cplg.			14.85	
1	712-00287	3/4" x 2' pony rod			29.50	
1	319228	1½" 2 bolt P.R. clamp			181.00	
1	NN	1¼" x 1½" x 8' liner			128.80	821-60
					354.15	
		3.5% NM Sales Tax			12.40	341
		TOTAL			366.55	

SIZE & TYPE PUMP

PUMP NO.

CONDITION OF PUMP

STDG. VALVES — Cage ____ Seats ____ Balls ____

TRAV. VALVES — Cage ____ Seats ____ Balls ____

Hold Down ____ Rod Guide ____
Pull Rod Tube ____ Adaptors ____
Plunger ____ BBL ____

Remarks

10-28-81

RECEIVED BY

Harold Swain

STOCK FROM 113 Kermit

BY Joyce Holamon

PRINTED IN U.S.A.
FORM 812933 (OLD FORM 11-2A)

1

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman Oil Comp[illegible]
500 North Main Box 10[illegible]
Midland, Tx 79702

LEASE Late Thomas

WELL NO. #2

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- Telephone 393-4466 - 393-2498
HOBBS, NEW MEXICO 88240

INVOICE 52782

DATE 11/12/81
P. O. NO.
ORD. BY Swain
JOB NO. #19

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION		LEA	AMOUNT
	Labor and material used to install new 20 HP service:			
1	Electrician	3 hrs	14.80	44.40
1	Electrician	4 hrs.	22.20	88.80
1	Apprentice Electrician	3 hrs	12.10	36.30
1	Apprentice Electrician	4 hrs	18.15	72.60
1	Pickup Truck	7 hrs	10.50	73.50
1	Ditcher	3 hrs	23.00	69.00
			Labor:	384.60
	Material:			
180	1" Conduit		123.88/C	222.98
1	1" Entrance Cap		5.00	5.00
½#	16 P Nails		1.00/#	.50
2	#6 Copper Connectors		1.33	2.66
18#	#6 Bare Copper Wire		2.53/#	45.54
½#	Staples		1.00/#	.50
2	1" Pipe Straps		.14	.28
1	1 X 2 RE Bushings		3.50	3.50
1	1 X 1¼" RE Bushings		1.50	1.50
4	1 X 1½" RE Washers		.38	1.52
2	1 X 1½" RE Washers		.32	.64
1	5/8 X 10" Machine Bolts		1.57	1.57
1	½" Lag Screws		1.25	1.25
2	3/8" Lag Screws		.77	1.54
1	1 X 4" Nipples		1.03	1.03
8	1" Locknuts		.30	2.40
4	1" Bushings		.43	1.72
1	LB37 Condulet with cover and gasket		8.10	8.10
2	2½" Square Washer		.27	.54
2	1 X 2" RE Washers		.51	1.02
1	2" Ground Clamp		3.21	3.21
2	1" Sealtite Flex Connectors		3.98	7.96
6'	1" Sealtite Flex Conduit		234.60/C	14.08
6	Motor Lead Screws 10/32 X ½" Brass with Nuts		.32	1.92
1	Roll Plastic Tape		2.25	2.25
1	20 HP, Motor, 1200 RPM, 286T Frame, Serial Number 1 5102 LR88318 6 20		917.00	917.00
1	Size Two Control with arrester, percentage timer, overloads		693.00	693.00
3	FH-52 Heaters		3.96	11.88
3	35 Amp 600 Volt, fusetrons		5.32	15.96
1	7½ KVAR Capacitors		213.00	213.00
00	#6 THW Stranded Wire		268.17/M	160.90
60	#16TFF Stranded Wire		69.88/M	4.19
1	6" 3C Sheave		71.00-39%	43.31

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman Oil Comp
500 North Main Box 10420
Midland, TX 79702

LEASE Late Thomas

WELL NO. #2

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- Telephone 393-4466 · 393-2498
HOBBS, NEW MEXICO 88240

INVOICE 52782

DATE 11/12/81

P. O. NO.

ORD. BY Swain

JOB NO. #19

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION		LEA	AMOUNT
3	C 225 Belts	79.32-50%	118.98	
4	½" X 2½" Motor Mount Bolts	2.10	8.40	
1	10' Wood Stub Pole	19.00	19.00	
1	HQ5 Meter Base	52.34	52.34	
1	60 Amp 600 Volt, RT Safety Switch with 1" Hub	179.79	179.79	
3	E6 Stakons	.78	2.34	
2	RB148F Stakons	.24	.48	
2	"Y" Type Wire Nuts	.11	.22	
1	SF 1 7/8" Hub	19.00-39%	11.59	
12	½" Round Washers	.09	1.08	
10	½" Round Washers	.06	.60	
		Material:		2,787.27
		Sub Total:		3,171.87
		3½% NM Tax:		111.02
		NM Permit		8.00
		TOTAL:		$3,290.89

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

WELLHEAD INDUSTRIES CORP.

P.O. BOX 907 - PHONE (915) 367-0221
ODESSA, TEXAS 79760

INVOICE

№ 1138

INVOICE DATE 10-14-81

SALES ORDER NO.
Verbal

SOLD TO
Foyle Barbean
5[illegible] C & K Petroleum Building
Midland, Texas 79702

SHIP TO

CUST. DATE	CUST. ORDER NO.	SHIPPED FROM F.O.B.	TERMS
10-13-81	Verbal	Our Location	

LEASE OR LOCATION	WELL NAME/NUMBER	ORDERED BY	DELIVERY TICKET NO.
			12467[illegible]52

SHIPPED VIA	DATE SHIPPED	
Our Pickup	10-13-81	Workbridge Ranch

ITEM #	QTY	PART NO	DESCRIPTION	PRICE	EXTENSION
	4		Sales 4" [illegible] 3/8" Eye Forged Pad & Pin Std	45.00 Each	450.00
			Sales Tax		12.00
					462.00
			We Did only 10 Feds.		
			5		
		140-46-4½			
			LATE THOMAS #3		
			LATE THOMAS #(2)		
			Hosey [illegible] #1		
			DAVIS #3		
			SHELL STATE #5		
			J. M. Justis #10		

REMIT TO:
P. O. BOX 907
ODESSA, TEXAS 79760

COPY

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)	INVOICE DATE	INVOICE NO.
	Billy	Late Thomas # 2	11-5-81	J 32953

SHIPPED VIA	TERMS (NO DISCOUNT ON FREIGHT, TAX OR LABOR)	F.O.B. POINT	DELIVERY DATE	SALESMAN
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	10-28-81	Skaggs

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	1	[illegible]				
2	1	2" Adj. Guloo Choke Valve	609.20	Ea	Net	609.20
3	4	2" F S Tees	45.15	Ea	-35	117.40
4	2	2" F S 90 Ells	32.70	Ea	-35	42.52
5	3	1" W K M Ball Valves #B136-C S-03-2500 W P	52.00	Ea	-10	140.40
6	2	1" F S Tees	12.55	Ea	-35	16.32
7	3	2" F S 90 Ells	32.70	Ea	-35	63.78
8	1	1" Baird Safety Valve	150.00	Ea	Net	150.00
9	1	1/4 Fairbanks Gate Valve	23.40	Ea	Net	23.40
10	4	2" Fig.142 Rockwell Plug Valves	81.00	Ea	-20	259.20
11	1	3" Ditto	138.00	Ea	-20	110.40
12	1	3" Std. Tee	16.14	Ea	-30	11.30
						1543.92
			Plus sales tax			54.04
		THANK YOU	TOTAL INVOICE			1597.96

Harold Swain

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX.

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO.
	Billy	Late Thomas # 2		11-5-81	J 32954
SHIPPED VIA	**TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**	**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**	
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	10-28-81	Skaggs	

SOLD TO: Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO:

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	7	3" Std. 90 Ells	14.50	Ea	-30	71.05
2	2	2 X 1 F S Bushings	12.00	Ea	-35	15.60
3	8	3 X 6 Std. Nipples	6.75	Ea	-30	37.80
4	4	3 X 8 Ditto	8.30	Ea	-30	23.24
5	2	3 X 10 Ditto	9.60	Ea	-30	13.44
6	2	3 X 12 Ditto	10.80	Ea	-30	15.12
7	10	3 X 6 Ditto	6.75	Ea	-30	47.30
8	4	3" Fig.100 Hammer Bar Unions	61.50	Ea	-5	233.70
9	6	2" Ditto	26.50	Ea	-5	151.08
10	2	3 X 2 XH Swages	38.38	Ea	-10	69.08
11	2	2 3/8 Rue 8 Rd. X 2" 11 1/2 V X 6" Changeover	45.80	Ea	-15	77.86
12	8	2 X 6 X H Nipples	8.90	Ea	-30	49.84
						805.11
			Plus sales Tax			28.18
		THANK YOU!	TOTAL INVOCIE			833.29

Harold Lucia

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX.

Merle Lopp, Owner & Operator

Jal, New Mexico Oct. 23 19 31

LOPP'S WELDING SERVICE

BOX 14 4th & KANSAS PHONE 395-2223
SHOP & FIELD 24 HOUR SERVICE
— FULLY INSURED —
JAL, NEW MEXICO 88252

INVOICE

Sold To Doyle Hartman
Amerada Hess & K Petroleum Bldg.
Address Midland, Texas 79701

Code No.

Order No.

Lease Blake Thomas Well 2 Rig

DATE	DESCRIPTION	Hours	Rate	Amount
10/23/31	Oil Kat #32813 welder and unit to go to Loco Mud anchor.	1/2	23.50	11.25
			tax	.50
				11.75

DOYLE HARTMAN OIL OPERATOR — JOINT INTEREST RECAP — 12/31/81 — PAGE 1

LEASE NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL	
00566	****	LATE THOMAS #2										
00566	01000	NEW MEXICO ELECTRIC	12/03/81	P650750	✓	002 17-11	42.56					
00566	19900	FLOYDS PUMPING & RO	12/01/81	811176	✓	002 17-27	260.82	✓				FUEL AND POW
00566	19900	FLOYDS PUMPING & RO	12/01/81	811177	✓	002 17-27	221.07	✓				CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811178	✓	002 17-27	260.82	✓				CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811179	✓	002 17-27	440.03	✓				CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811180	✓	002 17-27	323.96	✓				CONTRACT LAB
00566	48100	MIDLAND SAMPLE CUT	11/30/81	6466		002 35-46						CONTRACT LAB
00566	13500	DONNIE'S WELDING	12/04/81	3362		002 35-69		11.34	✓			CONSULTING F
00566	10680	CONTINENTAL-EMSCO C	10/30/81	2521785		002 46-31		115.92	✓			OTHER DRILLI
00566	50100	I S & S INCORPORATE	12/02/81	33086		002 46-52			202.81	✓		RODS
00566	02300	AXELSON, INC.	12/09/81	834499		002 47-37			590.38	✓		MISCELLANEOU
									1,016.38	✓		PRODUCTION E
			****		WELL TOTAL		1,549.31	127.26	2,415.57	.00	4,092.14	
00567	****	LATE THOMAS #3										
00567	13500	DONNIE'S WELDING	12/04/81	3361		003 15-27	115.92					CONTRACT LAB
00567	01000	NEW MEXICO ELECTRIC	12/03/81	P650800		003 17-11	35.52					FUEL AND POW
00567	19900	FLOYDS PUMPING & RO	12/01/81	811180		003 17-27	260.82					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811181		003 17-27	222.32					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811182		003 17-27	221.07					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811183		003 17-27	156.42					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811184		003 17-27	323.96					CONTRACT LAB
00567	53200	REACTION CHEMICAL E	11/30/81	8966		003 17-31	54.68					CHEMICALS &
			****		WELL TOTAL		1,390.79	.00	.00	.00	1,390.79	
			***		COMPANY TOTAL		2,940.10	127.26	2,415.57	.00	5,482.93	

NEW MEXICO ELECTRIC SERVICE COMPANY

An Investor - Owned Public Utility
P.O. BOX 920 - - - 221 E. DUNNAM
HOBBS, NEW MEXICO 88240
505/393-5156

HARTMAN, CODY L
PO BOX 10426
MIDLAND, TX 79702

LOCATION		
EAT OF MAS #2		
ACCOUNT NO.	METER NO.	RATE
[illegible]	28294	201

ENERGY			
METER READINGS		MULTIPLIER	TOTAL KWH
PRESENT	PREVIOUS		
54	29	10	602

ELECTRIC SERVICE ACCOUNT

KWH 2 PER CENT ADJUSTED

DEMAND		
READING	MULTIPLIER	TOTAL KW
.20	10.00	2

ELECTRIC POWER is

Safe
Quiet
Clean
Reliable
Flexible
Convenient
Economical
Flameless

DETAIL OF BILLING

602 KWH @	2.000 CTS	12.04
ADJ FOR MINIMUM	7.96	[illegible]
FUEL COST ADJ .0350 0/KWH		21.12
TAX		1.44

Due and Payable upon Receipt

140-17-11

METER READ
MO. - DAY
12-03

PAST DUE AFTER
MO. - DAY - YR.
12-25-81

PLEASE RETURN PINK COPY WITH YOUR REMITTANCE

ACCT. NO.
86-[illegible]75-0

TOTAL AMT. DUE 42.56

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811176
DATE 12/01/81
WELL # 2 & 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4580 11/02/81:		
Made trip to wells to pick up trash on locations, in surrounding pasture and in the pits area; raked under lines and around surface equipment, and did general maintenance on units.		
Pusher	10 hrs. @ $13.10	$ 131.00
Roustabouts	20 hrs. @ $11.20	224.00
Truck & Tools	10 hrs. @ $14.90	149.00
	SUB TOTAL	$ 504.00
	3½% TAX	17.64
	TOTAL	$ 521.64

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 811177
DATE 12/01/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4347 11/05/81:		
Primed and painted wellheads, lines and separator.		
Pusher	5 hrs. @ $13.10	$ 65.50
Roustabouts	5 hrs. @ $11.20	56.00
Paint Gun	4 hrs. @ $ 4.40	17.60
Truck & Tools	5 hrs. @ $14.90	74.50
SUB TOTAL		$ 213.60
3½% TAX		7.47
TOTAL		$ 221.07

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED
P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811178
DATE 12/01/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4462 11/10/81:		
Made pad for water tank, cut and threaded pipe for water line, and connected line from separator to water tank.		
Pusher	5 hrs. @ $13.10	$ 65.50
Roustabouts	10 hrs. @ $11.20	112.00
Truck & Tools	5 hrs. @ $14.90	74.50
SUB TOTAL		$ 252.00
3½% TAX		8.82
TOTAL		$ 260.82

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED
P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 811179
DATE 12/01/81
WELL # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4464 11/11/81:		
Primed and painted water line, spread frac sand around water tank and wellhead, and hauled rods and tubing to yard.		
Pusher	8 hrs. @ $13.10	$ 104.80
Roustabouts	16 hrs. @ $11.20	179.20
Paint Gun	5 hrs. @ $ 4.40	22.00
Truck & Tools	8 hrs. @ $14.90	119.20
SUB TOTAL		$ 425.20
3½% TAX		14.88
TOTAL		$ 440.08

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811184
DATE 12/01/81
WELL # # 2
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4504 11/14/81:		
Hualed extra casing to yard.		
Pusher	5 hrs. @ $13.10	$ 65.50
Roustabouts	15 hrs. @ $11.20	168.00
Truck & Tools/Floyd's Pickup	5 hrs. @ $15.90	79.50
SUB TOTAL		$ 313.00
3½% TAX		10.96
TOTAL		$ 323.96

INVOICE

MIDLAND SAMPLE CUT

PHONE 682-5811 P. O. BOX 1921
MIDLAND, TEXAS 79702

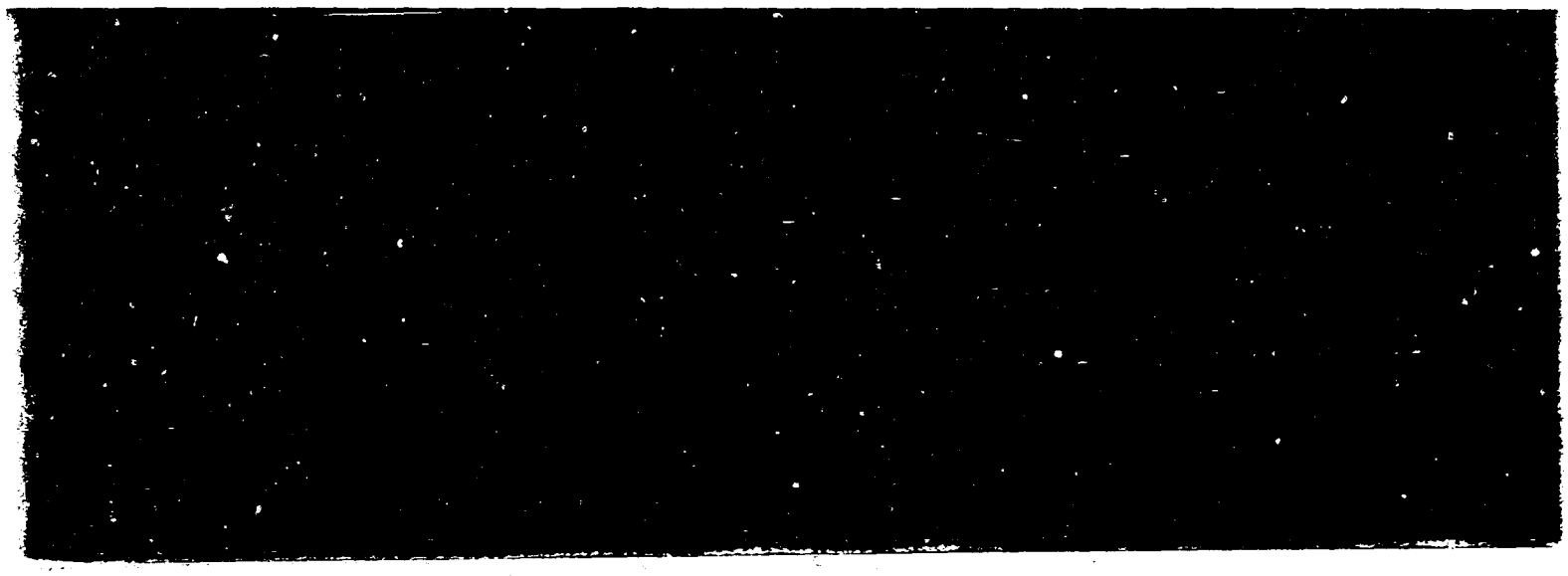
№ 6466

To: DOYLE HARTMEN
500 N. MAIN
MIDLAND, TX 79701

DATE NOVEMBER 30, 1981

DATE	DESCRIPTION	AMOUNT
	Dues for Month of _____	
	Sample Cut Service Charge:	
	63 Samples @ 18 ¢ each.	$ 11.34*
	#2 LATE THOMAS (LEA, NM) 63 SPLS.	

Terms: Net amount due and payable in thirty days.



DONNIE'S WELDING

P. O. Box 163 PHONE 505 395-3392
JAL, NEW MEXICO 88252

COMPANY Joyle Hartman
508 C & K Petroleum Bldg.
Midland, Tx 79701

INVOICE No. 3362

DATE 12-4-81

ORDER No.

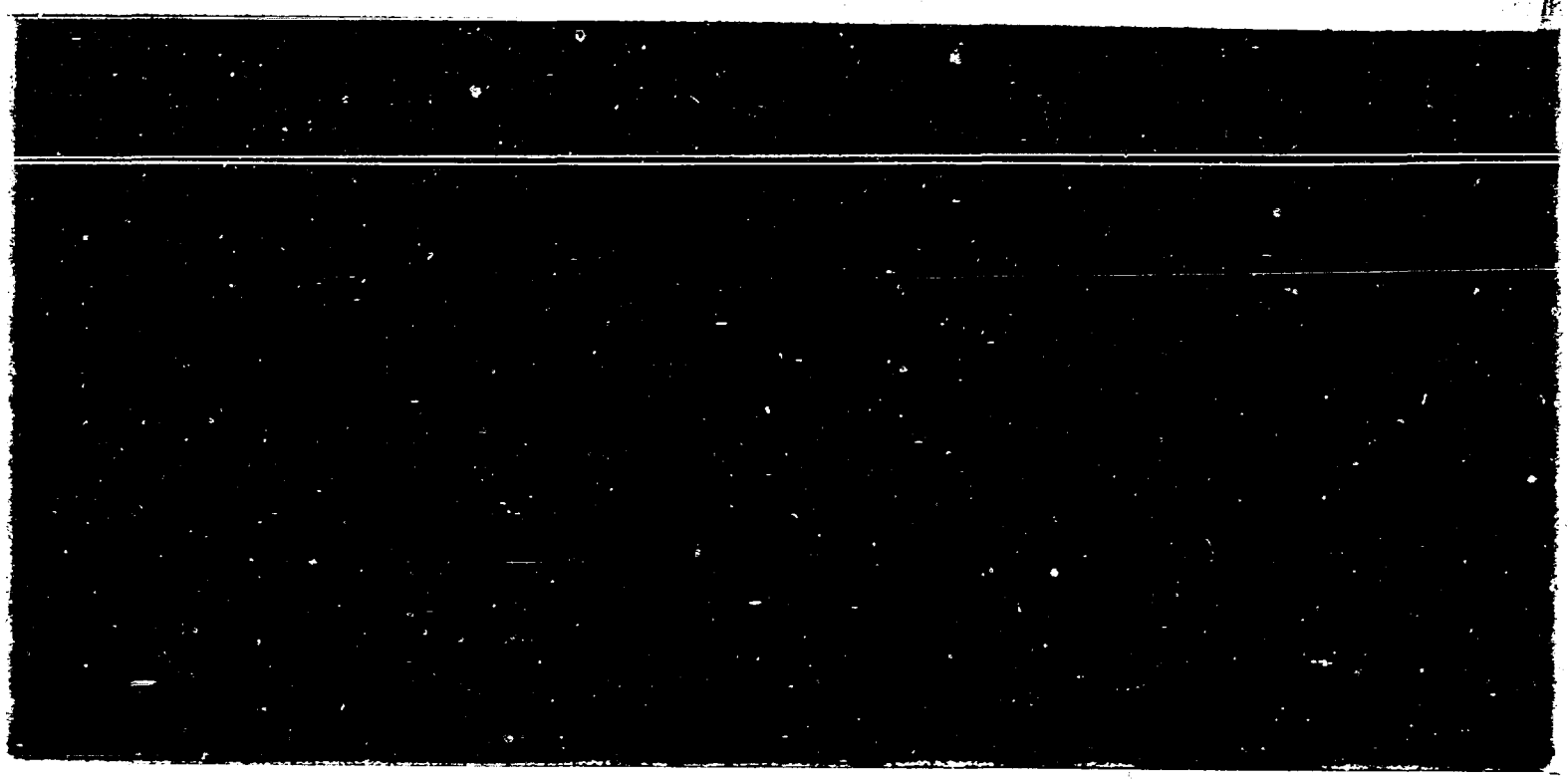
Lease-Late Thomas Well # 2 Kenai Rig # 18

10-22-81 Tkt. # 1819

Welder & equipment to cut off cattle guard.

Welder & Rig	4 Hrs. @	$28.00 Per Hr.	$ 112.00
		TAX 3½%	3.92
		TOTAL INVOICE	$ 115.92

110- 35-69



CE FORM 280
REV 5 81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION:	SELLING LOCATION:	DATE SHIPPED	INVOICE [illegible]
KERMIT TEXAS	KERMIT TEXAS	10 28 81	2521765
CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)	CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO.	INVOICE DA[illegible]
HAROLD SWAIN %AXELSON	X LATE THOMAS #2	SHIPPED VIA	10 30 81
SOLD TO: DOYLE HARTMAN BOX 10426 MIDLAND TX 79702	SHIPPED TO SAME	CALLED FOR	753-020 [illegible]

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	[illegible]
	***	EFFECTIVE APR. 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH, BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT THE HIGHEST RATE PERMITTED.	***			
	***	**********	***			
1	EA	33-300-C516 H-F POLISH ROD	88.15	NET	88.15	N
1	EA	BDPM-LB00 HERC STG BOX W/LUB UPPER GLAND TYPE DPSB LESS BASE W/1-1/4 SOFT PKG	105.00	NET	105.00	N
		140-46-31				

1.93 CITY TAX 7.73 TEXAS TAX TAXES DETAIL TOTAL 9.66

DISCOUNT KEY
0 - ½% 3 - 2% 10 DAYS
1 - 1% N - NET 20TH PROX.
IF THE SPACE IN KEY COLUMN IS BLANK TERMS ARE NET 20TH FOLLOWING

PROMPT PAYMENT DISCOUNT
IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE .00

INVOICE AMOUNT 202.81

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

DBA

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO.
	Norman	Late Thomas # 2		12-2-81	J 33086
SHIPPED VIA	**TERMS. (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**		**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**
Picked Up	1% 10 DAYS - NET 30 DAYS		Jal	11-10-81	Green

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	63'	3" T & C Line Pipe	4.95	Ft	Net	311.85
2	3	3" K P 110 Guston Bacon Cplg.	21.75	Ea	-10 -25	44.04
3	1	3 X 6 Grov & Thrd. Nipple	13.90	Ea	-10 -25	9.38
4	2	3" Grov & Grov Butterfly Valves	105.00	Ea	Net	210.00
5	1	1/2 X 1/4 F S Bushing	1.45	Ea	-35	.94
						576.21
			Plus Sales Tax			20.17
		Thank You	Total Invoice			596.38

Harold Swain

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS, ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX.

AXELSON

P.O. BOX 2427, LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
USI A Subsidiary of U.S. INDUSTRIES, INC.

INVOICE

No. 834499

DATE 10/27/81

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

IN ACCOUNT WITH	DELIVER TO
Doyle Hartman P. O. Box 10426 Midland, Texas 79701	Same Jal, NM

YOUR ORDER NO.	REQ. NO.	DATE SHIPPED	TERMS: NET 30 DAYS.
		10/27/81	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
(3327)	NM	(0)	113	Co. Car	Lea	NM

FIELD	LEASE	WELL NO.	REF. ORDER NO.
	Late Thomas	2	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC.	NET	ACCT'G USE
		To build new Axelson pump:				
		2-3/8" x 1-1/4" x 12' x 13'				
		ARHAC, C.P. brass barrel,				
		4' Axite plunger, SV,				
		AX/TC ball & seat, 3/4" pin,				
		1" GAC, Stroke 93			1561.72	
		3.5% NM Sales Tax			54.66	341
		TOTAL			1616.38	

SIZE & TYPE PUMP

PUMP NO. ADH-47

STDG. VALVES	TRAV. VALVES	CONDITION OF PUMP	
Cage	Cage	Hold Down	Rod Guide
Seats	Seats	Pull Rod Tube	Adaptors
Balls	Balls	Plunger	BBL

Remarks 10-27-81

RECEIVED BY Harold Swain

STOCK FROM 113 District

BY

PRINTED IN U.S.A.
FORM 811034 (OLD FORM 16-2A)

DETAIL WELL COST

LEASE NO. 100567 APPR. NO. _____

LEASE NAME Late Thomas WELL NO. #3 W. I. _____

COUNTY Lea STATE New Mexico FIELD _____

LOCATION: 1980 FSL & 2080 FEL (J) Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost _____ Feet @ _____ Per Foot		
2. Day Work	$ 67,582.91	
3. Coring Service _____ Well Surveys _____		
4. Testing		
5. Fuel _____ Water _____	7,211.49	
6. Mud _____ Mud Logging _____	8,604.18	
7. Cementing Service _____ Cement _____ Floats _____	21,967.13	
8. Company Labor _____ Contract Labor _____	1,516.71	
9. Digging Pits _____ Filling Pits _____	800.00	
10. Roads & Bridges _____ Dredging & Grading _____	12,638.06	
11. Acidizing _____ Fracturing _____ Perforating _____	56,941.28	
12. Plugging Bits & Reamers	9,977.03	
13. Trucking Cost	1,639.25	
14. Devolopment Superintendence _____ days @ $_____/day	7,285.53	
15. Rental Equipment	14,076.45	
16. Swabbing and Testing	12,725.82	
17. Other Costs Sur. Damages-4,141.00 Rig Move-8,712.09	12,853.09	
Other Completion Cost & Miscellaneous	19,803.11	
Legal & Regulatory	20,817.65	
Total Intangibles	$ 276,439.69	

WELL EQUIPMENT:								
18. Casing	430	Ft. of	9 5/8"	@	13.414	Per Ft.		
	3,853	Ft. of	7"	@	9.340	Per Ft.		
		Ft. of		@		Per Ft.	$ 41,753.56	
19. Tubing	3,409	Ft. of	2 3/8"	@	4.055	Per Ft.	13,824.48	
20. Casing Head								
21. Xmas Tree or Pumping Connections							1,793.08	
22. Pumping Unit							15,573.50	
23. Engine							10,163.64	
24. Sucker Rods							7,482.38	
25. Pump								
26. Tank Battery							5,386.75	
27. Separator or Dehydration Equip.							2,643.31	
28. Metering Equipment								
29. Flow Lines								
30. Other							8,223.72	
Total Tangibles							$ 106,842.42	
TOTAL COST OF WELL							$ 383.282.11	

REMARKS: _____

Originated by _____ Title _____ Date _____

Approved _____ Title _____ Date _____

00557	****	LATE THOMAS #3								
00557	50900	PUMPING UNITS SERVI	10/14/81	811815	003	16-27	2,771.09			CONTRACT LAB
00557	19900	FLOYDS PUMPING & RO	10/01/81	810991	003	16-27	521.64			CONTRACT LAB
00557	19900	FLOYDS PUMPING & RO	10/26/81	811014	003	16-27	678.13			CONTRACT LAB
00557	19900	FLOYDS PUMPING & RO	10/01/81	810980	003	16-27	152.29			CONTRACT LAB
00557	13500	DONNIE'S WELDING	10/05/81	3206	003	16-27	115.92			CONTRACT LAB
00557	00309	D. HARTMAN OIL OPER	10/31/81		003	17-51	20,307.99			LEGAL AND RE
00557	42560	LEWIS CASING CREWS	10/20/81	11610	002	35-45		1,042.00		EQUIPMENT RE
00557	86000	JOHN WEST ENGINEERI	9/13/81	881008	003	35-01		207.00		ROADS AND LO
00567	57900	PERMIAN RATHOLE DRI	10/31/81	12604	003	35-01		1,173.00		ROADS AND LO
00557	57900	PERMIAN RATHOLE DRI	9/21/81	12631	003	35-01		1,259.00		ROADS AND LO
00567	35800	JOHNSTON CONSTRUCTI	10/31/81	812388	003	35-01		9,999.06		ROADS AND LO
00557	25375	BILL GROSE	10/09/81		003	35-02		297.00		SURFACE DAMA
00567	25375	BILL GROSE	10/12/81		003	35-02		1,000.00		SURFACE DAMA
00557	25375	BILL GROSE	10/31/81		003	35-02		2,844.00		SURFACE DAMA
00557	05400	BRITT TRUCKING CO.I	10/31/81	981157	003	35-04		8,712.09		RIG MOVE
00567	05400	BRITT TRUCKING CO.I	10/17/81	1081141*	003	35-04	SHOULD BE #2.	13,986.12		RIG MOVE
00567	38920	KENAI DRILLING OF T	9/29/81	6529-18	003	35-09		67,582.91		DRY WORK COS
00557	38920	KENAI DRILLING OF T	9/30/81	6533-18	003	35-12		262.50		BITS AND REA
00557	88100	XL TRANSPORTATION C	10/02/81	61571	003	35-18		322.67		WATER
00567	88100	XL TRANSPORTATION C	10/02/81	61572	003	35-18		256.16		WATER
00567	88100	XL TRANSPORTATION C	10/31/81	61507	003	35-18		695.54		WATER
00567	88100	XL TRANSPORTATION C	10/31/81	61508	003	35-18		3,657.88		WATER
00567	14500	DRILLING MUD, INC.	10/21/81	16853	003	35-21		8,604.18		MUD AND CHEM
00567	26250	HALLIBURTON	10/31/81	186466	003	35-24		3,089.33		CEMENTING SE
00567	02410	ATLAS TRUCK LINE,IN	10/07/81	175465A	003	35-39		122.23		TRUCKING AND
00567	02410	ATLAS TRUCK LINE,IN	10/31/81	175400	003	35-39		276.12		TRUCKING AND
00567	00309	D. HARTMAN OIL OPER	10/31/81		003	35-42		1,516.71		DRILLING OVE
00557	42560	LEWIS CASING CREWS	9/30/81	11481	003	35-45		4,127.14		EQUIPMENT RE
00567	42560	LEWIS CASING CREWS	10/31/81	11526	003	35-45		1,042.00		EQUIPMENT RE
00557	07300	EAGLE FISHING AND R	10/31/81	14186	003	35-45		62.40		EQUIPMENT RE
00567	01220	WILLIAM L. ADAM, CO	10/30/81	STMT	003	35-48		200.00		CONSULTING F
00567	19700	JACK FLETCHER	10/05/81		003	35-48		3,240.24		CONSULTING F
00557	44700	MISCO UNITED SUPPLY	10/22/81	19089	003	35-51		169.60		MISCELLANEOU
00567	38200	K & L EQUIPMENT COM	10/31/81	4870	003	35-60		800.00		PIT LINER
00567	88100	XL TRANSPORTATION C	10/30/81	61923	003	36-18		2,279.24		WATER
00557	26250	HALLIBURTON	9/22/81	163667	003	36-24		18,877.80		CEMENTING SE
00567	26250	HALLIBURTON	10/01/81	33315	003	36-36		7,040.05		STIMULATION
00567	26250	HALLIBURTON	10/05/81	186539	003	36-36		49,901.23		STIMULATION
00567	02410	ATLAS TRUCK LINE,IN	10/02/81	175465	003	36-39		861.63		TRUCKING AND
00567	18300	E L FARMER & CO.	9/30/81	12631	003	36-39		165.20		TRUCKING AND
00567	00100	ABC RENTAL TOOL CO.	10/16/81	10-2022	003	36-45		4,661.85		EQUIPMENT RE
00567	42560	LEWIS CASING CREWS	10/31/81	11480	003	36-45		1,432.00		EQUIPMENT RE
00567	00100	ABC RENTAL TOOL CO.	10/06/81	10-1903	003	36-45		574.53		EQUIPMENT RE
00567	00100	ABC RENTAL TOOL CO.	10/14/81	10-1995	003	36-45		1,134.53		EQUIPMENT RE
00567	19700	JACK FLETCHER	10/05/81		003	36-48		1,890.18		CONSULTING F

LEASE NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL
00567	67700	SCOTT LUMBER & SUPP	10/06/81	27193	003	36-51		51.24			MISCELLANEOU
00567	09500	CLARKE OIL WELL SER	10/21/81	9197	003	36-57		12,725.82			COMPLETION U
00567	33000	J & L AIRFOAM CORP.	10/31/81	1044	003	36-66		2,308.08			OTHER COMPLE
00567	01520	APACHE SERVICES, IN	10/05/81	2232	003	36-66		2,250.80			OTHER COMPLE
00567	34300	JAL WELDING & MACHI	10/19/81	811652	003	36-66		117.99			OTHER COMPLE
00567	34050	J & J OILFIELD SERV	10/12/81	617	003	36-66		186.30			OTHER COMPLE
00567	41100	JOHN KUYKENDALL	10/05/81	10-1002	003	36-66		1,890.34			OTHER COMPLE
00567	07200	CRC WIRELINE, INC.	9/30/81	46745	003	36-66		3,701.47			OTHER COMPLE
00567	55400	PACKER SALES & RENT	10/12/81	16854	003	36-66		314.54			OTHER COMPLE
00567	09900	CLARKE OIL WELL SER	10/19/81	9160	003	36-66		449.10			OTHER COMPLE
00567	35500	WELEX	9/21/81	91564	003	36-66		7,780.35			OTHER COMPLE
00567	10380	CONTINENTAL-EMSCO C	9/29/81	1349393	003	45-04			5,766.19		SURFACE CASI
00567	50600	PETROLEUM ENERGY	10/31/81	41975	003	45-19			1,094.16		WELL HEAD EQ
00567	10380	CONTINENTAL-EMSCO C	9/30/81	1349950	003	46-10			4,030.50		PRODUCTION C
00567	10880	CONTINENTAL-EMSCO C	9/28/81	2057278	003	46-10			436.34		PRODUCTION C
00567	00009	D. HARTMAN OIL OPER	10/31/81	81103001	003	46-13			13,824.48		TUBING
00567	02300	AXELSON, INC.	10/19/81	834350	003	46-19			696.92		WELLHEAD EQU
00567	71900	SUBSEA FIBERGLASS,	10/27/81	08639-3033	003	46-22			2,093.25		TANKS
00567	00009	D. HARTMAN OIL OPER	10/31/81	81110202	003	46-34			15,573.50		PUMPING UNIT
00567	13400	DIXIE ELECTRIC, INC	10/13/81	52514	003	46-40			3,086.95		ENGINES AND
00567	13400	DIXIE ELECTRIC, INC	10/13/81	52513	003	46-40			7,076.69		ENGINES AND
00567	23250	G E C, INC.	10/06/81	3676	003	46-43			2,643.31		SEPARATION E
00567	28000	4666S ANCHOR & ROAD	10/01/81	10-3	003	46-46			501.81		OTHER EQUIPM
00567	00045	A-1 SIGN ENGRAVERS	10/31/81	1059	003	46-46			40.12		OTHER EQUIPM
00567	30100	I S & S INCORPORATE	10/19/81	32765	003	46-52			1,454.74		MISCELLANEOU
00567	30100	I S & S INCORPORATE	10/19/81	32792	003	46-52			1,439.00		MISCELLANEOU
00567	30100	I S & S INCORPORATE	10/09/81	32672	003	46-52			88.89		MISCELLANEOU
00567	30100	I S & S INCORPORATE	10/19/81	32791	003	46-52			877.75		MISCELLANEOU
00567	30100	I S & S INCORPORATE	10/19/81	32702	003	46-52			2,153.30		MISCELLANEOU
			****	WELL TOTAL			24,557.06	257,641.65	63,479.90	.00	345,678.61
00570	****	SHELL STATE #5									
00570	19900	FLOYDS PUMPING & RO	10/26/81	811012	005	15-27	469.48				CONTRACT LAB
00570	19900	FLOYDS PUMPING & RO	10/26/81	811011	005	15-27	104.33				CONTRACT LAB
00570	00009	D. HARTMAN OIL OPER	10/31/81		005	17-61	3,635.00				LEGAL AND RE
00570	42560	LEWIS CASING CREWS	10/07/81	11449	001	35-45		1,037.00			EQUIPMENT RE
00570	57900	PERMIAN RATHOLE DRI	10/31/81	12648	005	35-01		1,330.00			ROADS AND LO

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 | P.O. BOX 356 | PHONE 505 393-3191 | RRC 27167

HOBBS, NEW MEXICO 88240

Invoice No. 81-1815

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 10/14/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #3

Job Ordered By: HAROLD SWAIN

UIT MFG & TYPE: AMERICAN 57-90-54 SERIAL NO: T9F54-2-5525
URNISH LABOR, TOOLS & EQUIPMENT TO GO TO LOCATION, SPREAD & LEVEL
ALICHE, SET & LEVEL FDN., ASSEMBLE UNIT.

		HOURS	PRICE	EXTENSION
oreman	TARIN, REY	10	16.00	160.00
Workman	FRANCO, ISMAEL	10	13.00	130.00
Workman	HINOJOSA, ROLANDO	10	13.00	130.00
Workman				
orkman				
-Ton Truck w/Tools	122 1 TON TRUCK WITH TOOLS	10	16.25	162.50
Truck	220 OVER 15 TON TANDEM	10	49.25	492.50
ther Charges				
	5 - 1 1/4" X 19" BOLTS @ $13.45			67.25
	14 - TIEDOWN MATERIAL @ $7.80			109.20
	18.00% FUEL SURCHARGE ON $1,113.50			$200.43

SUBTOTAL	$2,677.38
STATE SALES TAX	$93.71
TOTAL	$2,771.09

JOB COMPLETE

Time Started
Lunch
Time Finished 10/08/81
Date of Work
Work Ticket No.

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET, 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 P.O. BOX 356 PHONE 505 393-3191 RRC 27157

HOBBS, NEW MEXICO 88240

PAGE 1

Invoice No. 81-1815

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 10/14/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #3

Job Ordered By: HAROLD SWAIN

UNIT MFG & TYPE: AMERICAN 57-90-54 SERIAL NO: T9F54-2-5525

FURNISH LABOR, TOOLS & EQUIPMENT TO LOAD FDN., DELIVER TO LOCATION, GO TO STORAGE YARD, LOAD UNIT, DELIVER TO LOCATION & UNLOAD.

		HOURS	PRICE	EXTENSION
Foreman	TARIN, REY	7	16.00	112.00
Workman	FRANCO, ISMAEL	7	13.00	91.00
Workman	TOVAR, JESSE	7	13.00	91.00
Workman				
Workman				
1-Ton Truck w/Tools	122 1 TON TRUCK WITH TOOLS	7	16.25	113.75
Truck	215 OVER 15-TON TANDEM	7	49.25	344.75
Other Charges				
	1 - PUMPING UNITS SERVICES, INC. PRECAST FDN. FOR AMERICAN 57 W/EM DRIVE(44 X 20)			473.00

CONTINUED ON PAGE 2

Time Started
Lunch
Time Finished
Date of Work 10/05/81
Work Ticket No.

JOB INCOMPLETE

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET, 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

...d's Pumping & Roustabo... Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer 7[illegible] Phone (505) 395-3031

JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 810991
DATE 10/06/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4264 09/25/81:		
Loaded and hauled fencing material from yard to location and fenced drilling pit, loaded and hauled tubing to yard, and cleaned location.		
Pusher	10 hrs. @ $13.10	$ 131.00
Roustabouts	20 hrs. @ $11.20	224.00
Truck & Tools	10 hrs. @ $14.90	149.00
SUB TOTAL		$ 504.00
3½% TAX		17.64
TOTAL		$ 521.64

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED
P. O. Drawer FB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10h26
Midland, Texas 79702

INVOICE # 811011h
DATE 10/26/81
WELL # 3
LEASE late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #h3h1 10/08/81:		
Loaded and hauled string of rods, pipe, connections, separator to location, unloaded rods for pulling unit, built wellhead and squared and levelled connections on it, installed connections on separator, balanced weights on unit, and cleaned and did general work on location.		
Pusher	13 hrs. @ $13.10	$ 170.30
Roustabouts	26 hrs. @ $11.20	291.20
Truck & Tools	13 hrs. @ $1h.90	193.70
SUB TOTAL		$ 655.20
3½% TAX		22.93
TOTAL		$ 678.13

/d's Pumping & Roustabo[illegible]ervice

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer: FB Phone [illegible]5) 395-3031

JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10h26
Midland, Texas 79702

INVOICE # 810980
DATE 10/01/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4261 09/23/81:		
Loaded and hauled tubing from yard to well and unloaded it at well for drilling rig.		
Pusher	h hrs. @ $13.10	$ 52.40
Roustabouts	h hrs. @ $11.20	44.80
Truck & Tools	h hrs. @ $14.90	59.60
	SUB TOTAL	$ 156.80
	3½% TAX	5.49
	TOTAL	$ 162.29

DONNIE'S WELDING

P. O. Box 163 PHONE 505 395-3392
JAL, NEW MEXICO 88252

COMPANY Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Tx 79701

INVOICE No. 3206

DATE 10-5-81

ORDER No.

Lease-Thmias Well # 3 Kenai Rig # 18

9-24-81 Tkt. # 1727

Cut off casing, welded plate on casing

Welder & Rig	4 Hrs. @ $28.00 Per Hr.		$ 112.00
	TAX 3½%		3.92
	TOTAL INVOICE		$ 115.92

140-16-27

INVOICE

LEWIS CASING CREW

INSTALLATION OF CASING IN OIL WELLS

Phone: 366-8077 - 319 W. 50th St.
ODESSA, TEXAS 79762

Order No. _____

Signed By Jack Fletcher

TO Doyle Hartman
Box 10426
Midland, Texas 79701

Date Oct. 20, 1981

Job Ticket No. 11610 10-15

Lease Thomas Late

Rig No. Kenai 18

Well No. 2

Run 428 Feet - 9 5/8" Casing @ 2 man minimum	$ 375.00
Lay Down 8 - 8" Drill Collars @ 4.00 each	32.00
Hours on Job - 4½ hours @ 30.00 per hr.	135.00
Mileage - 150 miles round trip @ 1.00 per mile	150.00
Tools: 9 5/8 Side Door Elevators	100.00
200 Ton Baash Ross w/slips	250.00
	$ 1,042.00

INVOICE

PLEASE REMIT ALL CORRESPONDENCE
PLEASE REFER TO INVOICE NUMBER

NO. [illegible]

AREA 505
393-3942

JOHN WEST ENGINEERING COMPANY

AREA 505
393-3117

412 North Dal Paso
Hobbs, New Mexico 88240

PAGE: 1

SOLD TO

DOYLE HARTMAN
500 C & K PETRO. BLDG.
MIDLAND, TX 79701

DATE 07/10/81

DATE	DESCRIPTION	AMOUNT
AUG. 4, '81	SAME LOCATION THOMAS NO. 2 & 3.	
	SAME - THOMAS	
	3 MAN CREW 10 HRS. @ $37.50 P/H	375.00
	LDH 1 DAY @ $25 P/D	25.00
	SUBTOTAL:	400.00
	TAX:	14.00
	140-35-01 TOTAL:	414.00
	*** THANK YOU ***	

INVOICE

FULLY INSURED

Permian Rat Hole Drilling, Inc.

Rat Hole •
Foundation •
Air Drilling Tools •

P.O. BOX 6624, ODESSA, TEXAS 79762 - 915-366-7707
NET: 30 DAYS - ODESSA, TEXAS

INVOICE NUMBER	12604
P.O. NO.	
DATE	9/11/81
RIG NO.	KENAI 18
LEASE	THOMAS
WELL NO.	6

TO: DOYLE HARTMAN
312 C & K PETROLEUM BLDG., SUITE 503
MIDLAND, TEXAS 79701

DESCRIPTION	FOOTAGE	PRICE	AMOUNT
DRILLED: 12-1/4" DIAMETER SURFACE HOLE	40	10.00	400.00
RAT HOLE	30	10.00	300.00
MOUSE HOLE	20	10.00	200.00
MILEAGE	156	1.75	273.00
#7			$1,173.00

INVOICE

FULLY INSURED

Permian Rat Hole Drilling, Inc.

Rat Hole •
Foundation •
Air Drilling Tools •

P.O. BOX 6624, ODESSA, TEXAS 79762 - 915-366-7707
NET: 30 DAYS - ODESSA, TEXAS

INVOICE NUMBER 12631
P.O. NO.
DATE 9/21/81
RIG NO. KENAI 18
LEASE BRANTLY CON
WELL NO. 1

TO: DOYLE HARTMAN
312 C & K PETROLEUM BLDG., SUITE 508
MIDLAND, TEXAS 79701

DESCRIPTION	FOOTAGE	PRICE	AMOUNT
DRILLED: 12-1/4" DIAMETER SURFACE HOLE	40	10.00	400.00
RAT HOLE	35	10.00	350.00
MOUSE HOLE	25	10.00	250.00
MILEAGE	148	1.75	259.00
#7			$1,259.00

P. O. BOX 837

PHONE 394-3103
394-2415
393-7509

JOHNSTON CONSTRUCTION, INC.

GENERAL CONTRACTORS

EUNICE, NEW MEXICO 88231

SOLD TO: Doyle Partain Oil Operator

P. O. Box 1626 Midland, Texas 79702

OUR INVOICE NO. 81-2388

DATE 9-14-81

FIELD ORDER NO.	CONTRACT NO.	NET - NO DISCOUNT	CHARGE

LOCATION	DESCRIPTION	AMOUNT
Texas #3	Furnish labor, equipment and material to stockpile caliche, level road & location, water location, build & set cellar, stockpile, log, haul, & spread caliche for road & location, dig drilling pits & water & grade road & location for total price of.....	$9,660.93
	3.5% N.M. Tax	338.13
		$9,999.06
	Thank You	
	140-35-01	

[illegible]
MIDLAND, TEXAS 79702

THE [illegible] BANK
[illegible]

6920

10/9/ 19 81

PAY [illegible] DOLLARS $297.00

TO THE ORDER OF
Bill Grobe
Drawer G
Jal, New Mexico 88252

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[illegible]

[illegible], OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM V/VC-3 V-2

DATE	DESCRIPTION	AMOUNT
10/9/81	Additional 3300' road damages for right-of-way on the Late Thomas #3. 198 Rods @ 1.50 per rod per year. The rods are over estimated and we will have Harold Swain get in touch with you for proper measurement of the rods.	$297.00

V-2

140-35-02

DOYLE HARTMAN, OIL OPERATOR
P. O. BOX 10426 88 311
MIDLAND, TEXAS 79702

THE FIRST NATIONAL BANK
MIDLAND, TEXAS 79702

6939

88-388
1163

October 12 1981

REGISTERED ONE THOUSAND DOLLARS 00 CTS

PAY _____ DOLLARS $ 1,000.00

TO THE ORDER OF
Bill Grobe
Drawer G
Jal, New Mexico 88252

DOYLE HARTMAN, OIL OPERATOR

⑈006939⑈ ⑆116303882⑆ 070 633 7⑈

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE - FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
10/12/81	Additional and Final Right of Way payment for Late Thomas #3 Lease.	$1,000.00
	140-35-02	

V-2

MIDLAND, TEXAS 79702

August 31, 1981

PAY [redacted] ..... DOLLARS $ 1200.00

TO THE ORDER OF

Bill Grobe
Drawer G
Jal, New Mexico 88252

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[redacted]

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DETACH - FORM WVC-3 V-3

PAID	DESCRIPTION		AMOUNT
8/31/81	Late-Thomas #3	Damages for location	$1200.00

V-3

140-35-02

[illegible] TEXAS, [illegible] OPERATOR
[illegible]
MIDLAND, TEXAS 79702

THE FIRST [illegible] BANK
MIDLAND, TEXAS

6093

September 8,10 81

Pay [illegible] DOLLARS $1644.00

TO THE ORDER OF

Bill Grobe
Drawer G
Jal, New Mexico 88252

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

⑈006093⑈ ⑆111303882⑆ 070 633 78⑈

[illegible], OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM V/VG-3 V-2

DATE	DESCRIPTION	AMOUNT
9/8/81	Late-Thomas Well #3 Damages:	
	Road 320 Rods $1.50/rod	$480.00
	Power Line	1164.00
	Total	$1644.00

140-35-02

PERMITS NO:
ICC - MC96355
RRC - 8013
NM 478-1

Britt Trucking Co., Inc.

OIL FIELD TRUCKING
HEAVY MACHINERY HAULING
TO AND FROM ALL POINTS IN TEXAS
"From a Tandem to a Jeep"

TELEPHONES
872-3353 & 872-3454
MAIL ADDRESS
DRAWER 707
LAMESA, TEXAS 79331

Doyle Hartman
Suite 504, C&K Petroleum Bldg.
Midland, Texas 79701

FROM	TO
Kenai Rig #18 City of Jal #1 Jal, New Mexico	Kenai Rig #18 Lake Thomas #3 8 miles north, Jal, New Mexico

DATE	INVOICE NO.	WAYBILL NO.	ORDER NO.
9/19/81	981-157	6786 & 6787	

DATE OF WORK	SERVICE RENDERED	HOURS OR WEIGHT	RATE	AMOUNT
9/14/81	Set out and move Kenai Rig #18, 8-7" & 24-6" drill collars and 150 joints 4" drill pipe; unload and rig up as directed.			
	SET OUT & LOAD:			
	#154 - 30 ton 9:30-11:30AM	2	50.75	101.50
	# 33 - 0/15 ton 9:30-11:30AM	2	49.25	98.50
	#104 - 0/15 ton 9:30AM-12:30PM	3	49.25	147.75
	#130 - 0/10 ton 10-12AM	2	40.25	80.50
	#134 - 0/10 ton 9:30AM-12:30PM	3	40.25	120.75
	#149 - 0/10 ton 10-12AM	2	40.25	80.50
	TARIFF: MICC 30-F, 10/0 MILES			
	Machinery - ship. wt.	304,430#	.44	1,339.49
	Machinery - ship. wt. - permit loads	311,170#	.57	1,773.67
	Pipe - ship. wt.	70,800#	.39	276.12
	60/50 MILES			
	Ramp & bolsters-Odessa to old location	14,000#	.99	138.60
	70/60 MILES			
	Ramp & bolsters-New location to Odessa	14,000#	1.06	148.40
	UNLOAD & RIG UP:			
	#154 - 30 ton 12-2PM	2	50.75	101.50
	# 33 - 0/15 ton 12-3PM	3	49.25	147.75
	#104 - 0/15 ton 1-3PM	2	49.25	98.50
	#114 - 0/15 ton 1-4PM	3	49.25	147.75
	#130 - 0/10 ton 1-4PM	3	40.25	120.75
	#134 - 0/10 ton 12:30-2:30PM	2	40.25	80.50
	#149 - 0/10 ton 12:30-2:30PM	2	40.25	80.50

CONTINUED ON NEXT PAGE

PERMITS NO:
~~ICC~~ MC96355
RRC - 8013
NM 478-1

Britt Trucking Co., Inc.

OIL FIELD TRUCKING
HEAVY MACHINERY HAULING
TO AND FROM ALL POINTS IN TEXAS
"From a Tandem to a Jeep"

TELEPHONES
872-3353 & 872-3454
MAIL ADDRESS
DRAWER 707
LAMESA, TEXAS 79331

Doyle Hartman
Suite 504, C&K Petroleum Bldg.
Midland, Texas 79701

FROM	TO
Kenai Rig #18 City of Jal #1 Jal, New Mexico	Kenai Rig #18 Lake Thomas #3 8 miles north, Jal, New Mexico

DATE	INVOICE NO.	WAYBILL NO.	ORDER NO.
9/19/81	981-157	6786 & 6787	

DATE OF WORK	SERVICE RENDERED	HOURS OR WEIGHT	RATE	AMOUNT
	KENAI RIG #18 MOVE CONTINUED:			
9/14/81	FORKLIFT-20,001#: No. 4 8AM-4PM " " No. 6 8AM-2PM	14	50.25	703.50
	SUPERVISION: J. D. Price 8AM-4PM " J. B. Price 8AM-2PM	14	18.50	259.00
	Fuel Surcharge 18% of $6,045.53			1,088.20
	New Mexico Permits	7	15.00	105.00
	Helper time - supplement attached	115	10.25	1,178.75
		SUB TOTAL		8,417.48
		3.5% NEW MEX TAX		294.61
		TOTAL		$8,712.09



This Invoice Payable At Lamesa, Texas - Net

Subject To Credit Regulations Of Regulatory Commission

STATEMENT OF ACCOUNT

KENA. DRILLING OF TEXAS, INC.

PHONE (915) 362-2323 — 563-2086
P.O. BOX 6725 ODESSA, TEXAS 79762

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

INVOICE NO. 6529-18
DATE 9-29-81
YOUR Thomas Late #3
Lea County, New Mexico

WE DEBIT YOUR ACCOUNT AS FOLLOWS: Daywork

DETAIL	Hours	
80-12		
9-14 Rig up and ready to spud, 12:00 noon until 10:00 p.m.	10	
9-15 Waiting on mud, mixing spud mud, drilling to 426', run casing, cement	24	
9-16 Cement, waiting on cement, nipple up, drilling to 756'	24	
9-17 Drilling to 1560'	24	
9-18 Drilling to 2415'	24	
9-19 Drilling to 2900'	24	
9-20 Drilling to 3153', loss circulation, mix 37 sacks of mud	24	
9-21 Waiting on mud & LCM, mixing mud & LCM, drilling to 3300', rig up loggers, logging	24	
9-22 Logging, wait on orders, run casing, cement	24	
9-23 Logging, run temp. survey, waiting on orders, hunting hole in casing, run free point, rig up to run 30 tubing & packer	24	
9-24 Run tubing & packer in hole, rig down tubing equipment, rig up for casing, run 7" casing, cement	24	
9-25 Cut off 7" casing, remove BOP's, lay down kelly, rig released, 3:00 a.m., rigging down until 9:00 p.m.	21	
	271	
Daywork with crews, 271 hrs. at $5650/24 hrs.		$63,797.92
Rig on stand-by, 9:00 p.m., 9-25, until 8:00 a.m., 9-26, 11 hrs. at $2650/24 hrs.		$ 1,214.58
Extra labor, 9-14, 4 hrs. 5 men, 20 hrs. at $14.25/hr.		$ 285.00
		$65,297.50
3.50% New Mexico Tax		$ 2,285.41
		$67,582.91

STATEMENT OF ACCOUNT

KENAI DRILLING OF TEXAS, INC.

PHONE (915) 362-2323 — 563-2086
P.O. BOX 6725 ODESSA, TEXAS 79762

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

INVOICE NO. 6533-18
DATE 9-30-81
YOUR Thomas Late #3
Lea County, New Mexico

WE DEBIT YOUR ACCOUNT AS FOLLOWS: Third Party

DETAIL		
3-22		
o bill your account per Parana, Inc. invoice #254, dated 9-15-81		$262.50
	Invoice Total	$262.50

...E 395-2010 — DAY OR NIGHT ...W MEXICO 88252

ORDER NO.

OUR TICKET NO. 14804
14845
14846

DOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TX 79701

FROM CITY WATER STATION, JAL, LEA CO., NM

TO THOMAS #3, 8 MI N JAL, LEA CO., NM

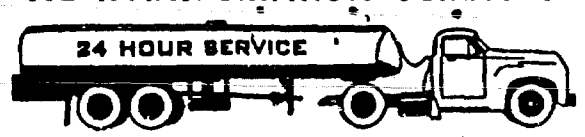
TRUCK NO.	BBL OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
56	150	9-22-81 HAULED 150 BBLS FRESH WATER	8			46¢	$ 69.00
70	150	9-24-81 HAULED 300 BBLS FRESH WATER	8			46¢	138.00
		450 BBLS WATER @15¢ PER BBL					37.26
			18%	FUEL SURCHARGE			67.50
		140-35-18					
		TOTAL FREIGHT AND SERVICE					$ 311.76
		N. M. SALES TAX					10.91
		TOTAL INVOICE					$ 322.67

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61572
DATE 10-2-81
YOUR ORDER NO.
OUR TICKET NO. 14657

CHARGE TO:

DOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TX 79701

FROM SALADO BRINE STATION, JAL, LEA CO., NM
LEASE

TO THOMAS #3, 8 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
74	150	9-21-81 HAULED 150 BBLS BRINE	8			54¢	$ 81.00
		STANDBY			2 1/2	33.70	84.25
			18% FUEL SURCHARGE				29.75
		150 BBLS BRINE @35¢ PER BBL					52.50
		140 - 35 - 18					
		TOTAL FREIGHT AND SERVICE					$ 247.50
		N. M. SALES TAX					8.66
		TOTAL INVOICE					$ 256.16

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A -- JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

PERMIT NO.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

INVOICE NO. 61507
DATE 9-25-81
YOUR ORDER NO.
OUR TICKET NO. 14312
16986
16987
14294
14295
14483
14401

CHARGE TO:

LOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TEXAS 79701

FROM CITY WATER STATION, JAL, LEA CO., NM

TO THOMAS #3, S MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
63	150	9-14-81 HAULED 150 BBLS FRESH WATER	8			46¢	$ 69.00
75	150	9-14-81 HAULED 300 BBLS FRESH WATER	8			46¢	138.00
61	140	9-15-81 HAULED 280 BBLS FRESH WATER	8			46¢	128.80
61	140	9-16-81 HAULED 140 BBLS FRESH WATER	8			46¢	64.40
73	150	9-19-81 HAULED 100 BBLS FRESH WATER	8			46¢	46.00
			18%	FUEL SURCHARGE			80.32
		970 BBLS WATER @ 15¢ PER BBL					145.50

TOTAL FREIGHT AND SERVICE	$ 672.02
N. M. SALES TAX	23.52
TOTAL INVOICE	$ 695.54

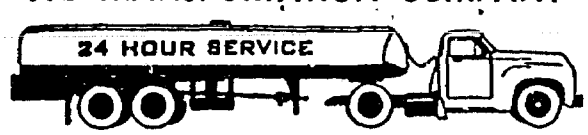
140-35-18

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

PERMIT No.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 61508
DATE 9-25-81
YOUR ORDER NO.
OUR TICKET NO. 16911

14658 16502 14288
14321 14296
14322 14410
16727 14411
16729 14412
16730 14413
14651 14414
14398 14476
14356 14477
14654 16409
~~14655 16510~~

CHARGE TO:

DOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TEXAS 79701

FROM: SALADO BRINE STATION, JAL, LEA CO., NM

TO: THOMAS #3, 9 MI N JAL, LEA CO., NM

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED	MILES	WEIGHT	HOURS	BBL. OR HR. RATE	AMOUNT
61	140	9-14-81 HAULED 140 BBLS BRINE	8			54¢	$ 75.60
73	150	9-14-81 HAULED 150 BBLS BRINE	8			54¢	81.00
61	140	9-15-81 HAULED 140 BBLS BRINE	8			54¢	75.60
65	150	9-15-81 HAULED 750 BBLS BRINE	8			54¢	405.00
62	150	9-17-81 HAULED 750 BBLS BRINE	8			54¢	405.00
63	150	9-17-81 HAULED 300 BBLS BRINE	8			54¢	162.00
65	150	9-18-81 HAULED 450 BBLS BRINE	8			54¢	243.00
71	150	9-18-81 HAULED 150 BBLS BRINE	8			54¢	81.00
73	150	9-18-81 HAULED 150 BBLS BRINE	8			54¢	81.00
59	150	9-20-81 HAULED 150 BBLS BRINE	8			54¢	81.00
75	150	9-20-81 HAULED 450 BBLS BRINE	8			54¢	243.00
			10%	FUEL SURCHARGE			347.98
		3580 BBLS BRINE @ 35¢ PER BBL					1253.00
		TOTAL FREIGHT AND SERVICE					$ ~~3534.18~~
		N. M. SALES TAX					~~123.70~~
		TOTAL INVOICE					$ 3657.88

140-35-18

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

DRILLING MUD, Inc.

2821 N.W. 50 • PHONE 943-8326

OKLAHOMA CITY, OKLAHOMA 73112

INVOICE

16853

TERMS: NET 30 DAYS
1½% FINANCE CHARGE

SOLD TO

Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Tx. 79701

INVOICE DATE 10-21-81

CUSTOMER ORDER NO.

WAREHOUSE LOCATION Hobbs

WELL NAME Lake Thomas #3

NM

DATE	D.T. #	MATERIAL		TAX	DRAYAGE	TOTAL
9-15-81	53476	6374.25		226.05	84.25	6684.55
9-20-81	53484	3162.50		113.06	67.73	3343.29
9-26-81	53500	(1443.25)		(48.14)	67.73	(1423.66)
		$8093.50		$290.97	$219.71	$8604.18

HALLIBURTON SERVICES
A DIVISION OF HALLIBURTON COMPANY

P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE OF 2 PAGES

INVOICE NO. 186466

WELL NO. AND FARM: Cate Thomas #4 | COUNTY: Lea | STATE: New Mexico | DATE: 9-15-81

CHARGE TO: Doyle Hartman
ADDRESS: 312 C&K Pet Bldg
CITY, STATE, ZIP: Midland Tx

OWNER: Same
CONTRACTOR: Kenai
SHIPPED VIA: Co Vehicle
DELIVERED TO: Location
ORDER NO.: 368530

DUNCAN USE ONLY
LOCATION 1: Hobbs | CODE: 20340
LOCATION 2: | CODE:
LOCATION 3: | CODE:
BULK MATERIAL DELIVERY TICKET NO: B-987812

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

WELL TYPE: | CODE:

TYPE AND PURPOSE OF JOB: CMT 9 5/8 CSG

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 60 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF. OR PART NO	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY	UNITS 1 MEAS	UNITS 2 QTY.	UNITS 2 MEAS	UNIT PRICE	AMOUNT
001-117		1	C	MILEAGE	31	mi			2.10	65 10
017-000		1	C	11" QTR Plu	31	mi	2	ea	.80	49 60
001-016		1	C	Pump Chg	454	FT				427 93
030-015		1	C	Rubber Plug 9 5/8	1	ea				80 00
40	610-910-43	1	S	CENTRALIZERS	3	ea			63.00	189 00
24A	815-1955	1	S	INSERT	1	ea				175 00
10A	825-221	1	S	Guide Shoe	1	ea				231 00
250	890-10803	1	S	WELD A	1	lb				11 00
		1	R	SEE BULK TICKET # B987812						1756 34
				SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.				
				SERVICE CHARGE		CU. FT.				
				TOTAL WEIGHT / LOADED MILES		TON MILES				

TAX REFERENCES: 800027 | 1 | NM

SUB TOTAL	2984 86
TAX	104 47
TAX	
TAX	
TOTAL	3089 33

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

x Jack Hatcher
Customer or His Agent

Louis Urso
Halliburton Operator

ATLAS TRUCK LINE, Inc.

P.O. Box 9848
15015 EAST FREEWAY
HOUSTON, TEXAS 77015

PHONE
1-713-452-4211

Oilfield Hauling

USSS. EI. NO. C75-0326539

Strong For Service

Customer Number	Invoice Date	Your Order No.	Tariff No.	Item No.	Invoice No.
6945-00	10-7-81		220F		175465-A

DATE BILL OF LADING 9-21-81

TERMINALS LOCATED IN

HOUSTON, TEX.
LONE STAR, TEX.
MIDLAND-ODESSA, TEX.
VAN BUREN, ARK.

TO: Doyle Hartman
508 C&K Petroleum Building
Midland, Texas 79701

ORIGIN: Continental Emsco
%Tall City Pipe
1605 Cloverdale Road
Midland, Texas

DESTINATION: Doyle Hartman
%Lake Thomas #3
Jal, New Mexico + 8 Miles

MAIL PAYMENT TO:

ATLAS TRUCK LINE, INC.
P.O. BOX 84117
DALLAS, TEXAS 75284

COMMODITY OR SERVICE RENDERED	WGT. OR HRS.	DISTANCE	RATE	AMOUNT
Work on location as directed:				
5 Jts. 8 5/8" moved to different location from Lake Thomas #3				
20 Jts. 4½" moved at location				
1-10 Ton Truck	3hours		34.50	$103.50
Fuel Surcharge	103.50		18%	18.63
				$122.23

SPECIALISTS IN PIPE PROBLEMS

Operating up-to-date pipe storage facilities in conjunction with an efficient delivery of material to your destination.

NOTICE:

UNITED STATES GOVERNMENT INTERSTATE COMMERCE COMMISSION LAW REQUIRES PAYMENT OF INTERSTATE SHIPMENTS WITHIN 7 DAYS OF DATE BILLED. PENALTY UNDER FEDERAL REGULATIONS 49--CFR--1322.

ATLAS TRUCK LINE, Inc.

P.O. X 9848
15015 EAST FREEWAY
HOUSTON, TEXAS 77015

PHONE
1-713-452-4211

Oilfield Hauling

USSS. EI. NO. C75-0326539

Strong For Service

Customer Number	Invoice Date	Your Order No.	Tariff No.	Item No.	Invoice No.
6945-00	9-16-81		220F	1120	175400

DATE BILL OF LADING 9-14-81

TERMINALS LOCATED IN

HOUSTON, TEX.
LONE STAR, TEX.
MIDLAND-ODESSA, TEX.
VAN BUREN, ARK.

TO: Doyle Hartman
508 C&K Petroleum Building
Midland, Texas 79701

ORIGIN: Continental Emsco Company
Z.L.T.V.
Odessa, Texas

DESTINATION: Doyle Hartman
Late Thomas #3
Jal, New Mexico + 12 Miles

MAIL PAYMENT TO:

ATLAS TRUCK LINE, INC.
P.O. BOX 84117
DALLAS, TEXAS 75284

COMMODITY OR SERVICE RENDERED	WGT. OR HRS.	DISTANCE	RATE	AMOUNT
11 Jts. 400' 9 5/8 36# Limited Service ST&S		75		
Calculated Weight	14,400			
Exclusive use as	30,000		.78	$234.00
Fuel Surcharge	234.00		18%	42.12
				$276.12
Trk. No. 18476				

SPECIALISTS IN PIPE PROBLEMS

Operating up-to-date pipe storage facilities in conjunction with an efficient delivery of material to your destination.

NOTICE:

UNITED STATES GOVERNMENT INTERSTATE COMMERCE COMMISSION LAW REQUIRES PAYMENT OF INTERSTATE SHIPMENTS WITHIN 7 DAYS OF DATE BILLED. PENALTY UNDER FEDERAL REGULATIONS 49-CFR-1322.

INVOICE

LEWIS CASING CREWS

INSTALLATION OF CASING IN OIL WELLS

Phone: 366-8077 - 319 W. 50th St.
ODESSA, TEXAS 79762

Order No. _____

Signed By _____

TO Doyle Hartman
Box 10426
Midland, Texas 79702

Date 9-30-81

Job Ticket No. 11481 9-23

Lease Thomas-Late

Rig No. 18

Well No. 3

Run 960' of 2 3/8" casing at 4 man minimum	450.00
Pull 960" 2 3/8" tubing at .135 ¢ per ft	129.60
Pulled 2511' of 7" casing at minimum	750.00
32 hours on job at 60.00 per hour	1920.00
140 mile round trip at 1.00 per mile	140.00
Run 2511' 7" casing at .14 per ft	351.54
Tools: Baash Ross Spider	225.00
7" 8rd by 8 5/8" 8rd Swage	16.00
8" CM flange thd 8 5/8" 8rd	45.00
Elevators	100.00
	4127.14

INVOICE

LEWIS CASING CREWS

INSTALLATION OF CASING IN OIL WELLS

Phone: 366-8077 - 319 W. 50th St.
ODESSA, TEXAS 79762

Order No. _____

Signed By Jack Fletcher

TO Doyle ~~XXX~~ Hartman
Box 10426
Midland, Tx 79702

Date Sept. 22, 1981

Job Ticket No. 11526 9-15

Lease Thomas

Rig No. Kenai 18

Well No. 3

Run 426 Feet - 9 5/8" Casing @ 2 man min.	$	375.00
Lay Down 8 Drill Collars @ 4.00 ea		32.00
Hours on Job - 4½ Hours @ 30.00 per hr.		135.00
Mileage - 150 miles round trip @ 1.00 per mile		150.00
Tools: Baash Ross Spider w/9 5/8 slips		250.00
9 5/8 ~~XX~~ Side Door Elevators		100.00
	$	1,042.00

PHONE
(915)
381-3061

EAGLE FISHING AND RENTAL TOOLS, INC.

ODESSA, TEXAS
79760

14186

RENTAL & FISHING TOOLS — REVERSE UNITS

P. O. BOX 3684 • 5597 W. 42ND

Date Delivered 9-14-81

Company

Lease Thomas

Well # Rig # Kenai #18

Ordered By

Purchase Order #

Delivered By

Terms: Net 30 Days

Doyl Hartman
P.O. Box 10426
Midland, Texas 79701

DESCRIPTION	Date Returned	Days Charged	Min. Rental Days	Min. Rental Amount	Each Add'l. Day	AMOUNT
1 - 10" 600/900 Larkin "Big 92" 9 5/8" Flange 11 3/4" 8 Rd. St. Thd.	9-24-81	MIN.	5	60.00	12.00	60.00
1-R-53 Steel Ring Gasket	N/C	Sale				~~48.00~~ 60.00
	1%	Sales	Tax			2.40
						62.40

ABOVE TOOLS ARE FOR RENTAL PURPOSES ONLY UNLESS WE OTHERWISE SPECIFY. Accrued rental charges cannot be applied against the purchase price of tools out on rental or lost tools.

We do not guarantee any rental tool in any respect and party renting same assumes all responsibility while tool is in his possession.

I, the undersigned, do hereby certify that I have full authority to obtain the above listed tools and/or supplies, and to have same charged as above.

I certify that I have examined the tools and found them in good serviceable condition and accept them with the understanding that:

1. Rental will be charged for the entire number of days away from shop.
2. Charge will be made for any damage or for the loss of any parts.

RECEIVED BY

WILLIAM L. ADAM

CONSULTING GEOLOGIST

Telephone 915/683-3363
Residence 682-8439

111 Club Drive
Midland, Texas

0220

RE: Doyle Hartman

INVOICE NO. ___

DATE 10/4/81

DATE	PROFESSIONAL SERVICES ACTIVITY	DAYS	FEE	AUTO MILES	AUTO AMOUNT	EXPENSES HOTEL	EXPENSES MEALS	MISCELLANEOUS ITEM	MISCELLANEOUS AMOUNT	TOTAL
9/16/81	Spl Exam Flagplot	1	$200.00		(Hartman #3 Bates)					
9/23/81	"	1	$200.00		(Hartman #3 Thomas)					
TOTALS			$400.00							

TOTAL EXPENSES $400.00

RESPECTFULLY SUBMITTED

William L. Adam

WILLIAM L. ADAM

MIDLAND, TEXAS 79703

6999

10/5/10 81

PAY [illegible] DOLLARS $12,161.00

TO THE ORDER OF Jack Fletcher
Rt. 1, Box 133C
Midland, Texas 79701

[illegible] DOLLAR FEDERAL OIL OPERATORS

NOT NEGOTIABLE

[illegible] 070 033 7#

[illegible] OIL OPERATOR
MIDLAND, TEXAS 79703

DELUXE - FORM W/CB-3 V-2

DATE	DESCRIPTION	AMOUNT
10/5/81	**Professional Services thru October 4, 1981**	$12,161.00
	Bates #3 SIP (3 days) 345.83 100-21-48	
	SIP (5 days) 1662.60 100-21-48	
	Lola Shannon #3 SIP (10 days) 3240.24 100-21-45	
	SIP (2 days) 1849.18 100-21-48	
	Lucky Woodward #1 SIP - 1711.15 100-21-45	

SOLD TO

29-385972-4
Doyle Hartman
Box 10426
Midland Texas 79702

Page ... of

INVOICE DATE
OCT 22 1901
EUNICE, NEW MEXICO

INVOICE No 19089

CUSTOMER ORDER NUMBER	ORDERED BY	DATE SHIPPED OR DELIVERED
	Fletcher	9/15/01

LEASE, RIG #, WELL #, OPERATOR: Late Thomas #3

SHIP TO

SHIPPED OR DELIVERED FROM: Eunice NM

FOB

SHIPPED VIA

CALLED FOR [X] PREPAID [ ] COLLECT [ ]

QUANTITY	DESCRIPTION (SIZE, NUMBER, ETC.)	KEY	LIST	SYM	DISC.	NET AMOUNT
1	9-5/8" OD 8RD J-55 Smls Long Casing Coupling	N	163.86	ea	N	163 86

TERMS

Unless otherwise specified 3% discount will be allowed if cash payment is made on or before the 20th day of calendar month following date of invoice, net 60 days. Second class materials, transportation charges, labor charges, and other cash items are not subject to discount and are payable on or before the 10th day of the calendar month following date of invoice. All settlements shall be subject to the approval of the Seller's credit department. Interest charged after due date at highest lawful rate. Place of payment is Wichita, Kansas. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF. This order is subject to strike, accidents and other causes beyond our control. These terms are not variable unless written and authorized by an officer.

MAILING ADDRESS FOR REMITTANCE ONLY:
Misco Supply Company, P.O. Box 299023, Houston, Texas 77299

NON TAXABLE ITEMS

FOR RESALE [ ]	TAX EXEMPT [ ]	SUB TOTAL	163 86
		STATE TAX 3.5	5 74
		CITY TAX	
		PARISH TAX	

MATERIAL RECEIVED BY

CASH DISCOUNT KEY
N-NET 0-1% 1-1%
IF KEY COLUMN BLANK - 2%

CASH DISCOUNT $ 00

TOTAL 169 6

MISCO-UNITED SUPPLY, INC.
A Subsidiary of MISCO INDUSTRIES, INC.
GENERAL OFFICE MISCO BLDG. - WICHITA, KANSAS 67201 - AC 316 265-6641

Net 30 Days

INVOICE

K & L EQUIPMENT CO.

OIL FIELD SPECIALTIES

BOX 1966 • PH 381-0500
ODESSA, TEXAS 79760

INVOICE TO

DOYLE HARTMAN
SUITE 312
C & K PETROLEUM BLDG.
MIDLAND, TX 79701

USE TAX PAID

INVOICE NO	DATE OF INVOICE	TICKET NO	LEASE NAME & NO	PURCHASE ORDER NO
4870	9-14-81	6578	THOMAS # 3	

Fabricate & install plastic liner for reserve pit

with 6 ML plastic

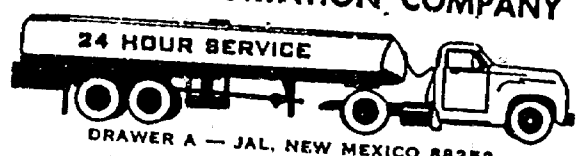
100' x 100' = 10,000 sq. ft. @ .08 $ 800.00

THANK YOU

PERMIT No.
N.M.S.C.C. 675
R.R.C. 6144
I.C.C. 95287

FREIGHT BILL

XL TRANSPORTATION COMPANY



DRAWER A — JAL, NEW MEXICO 88252
PHONE 395-2010 — DAY OR NIGHT

INVOICE NO. 1
DATE 10-30-8
YOUR ORDER NO.
OUR TICKET NO. 1

CHARGE TO:

DOYLE HARTMAN
P.O. BOX 10426
MIDLAND, TEXAS 79701

FROM CITY WATER STATION, JAL, LEA CO., NM TO LEE TIGHES #3, 8 MI N JAL, LEA CO., N

TRUCK NO.	BBL. OR TON CAP.	DESCRIPTION OF MATERIAL HAULED OR SERVICES RENDERED		MILES	WEIGHT	HOURS	BBL. OR HR. RATE
56	150	9-29-81	HAULED 150 BBLS FRESH WATER	8			46¢
67	150	10-1-81	HAULED 150 BBLS FRESH WATER	8			46¢
			STAND BY			2	33.70
62	150	10-3-81	HAULED 150 BBLS FRESH WATER	8			46¢
65	150	10-3-81	HAULED 450 BBLS FRESH WATER	8			46¢
74	150	10-3-81	HAULED 300 BBLS FRESH WATER	8			46¢
73	150	10-6-81	HAULED 150 BBLS FRESH WATER	8			46¢
			STAND BY			4	33.70
60	150	10-7-81	HAULED 150 BBLS FRESH WATER	8			46¢
			STAND BY			7	33.70
			1500 BBLS WATER @ 15¢ PER BBL	18%	FUEL SURCHARGE		
			38 SACKS KCL @ 17.00 PER SACK				

140 - 36 - 18

TOTAL FREIGHT AND SERVICE
N. M. SALES TAX
TOTAL INVOICE $

S.C.C. AND I.C.C. REGULATIONS REQUIRE PAYMENT OF FREIGHT BILL WITHIN 7 DAYS AFTER PRESENTATION.

HALLIBURTON
A DIVISION OF HALLIBURTON COMPANY

REMIT TO
P.O. BOX 84737,
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE OF 3 PAGES

INVOICE NO. 163667

WELL NO. AND FARM: #2 Late Thomas | COUNTY: Lea | STATE: N.M. | DATE: 9-22-81

CHARGE TO: Doyle Hartman
ADDRESS: 312 C&K Petroleum Bldg.
CITY, STATE, ZIP: Midland, Texas

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

OWNER: Same
CONTRACTOR: Key #91
SHIPPED VIA: C.V. Hill
DELIVERED TO: Location
ORDER NO:

DUNCAN USE ONLY
LOCATION 1 Hobbs CODE 20346
LOCATION 2 CODE
LOCATION 3 CODE
BULK MATERIAL DELIVERY TICKET NO B-987866

WELL TYPE: CODE:

TYPE AND PURPOSE OF JOB: Cement 7" Long String (Top Stage)

TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 60 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF OR PART NO	CODE C	CODE D	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS	UNITS 2 QTY.	UNITS 2 MEAS	UNIT PRICE	AMOUNT
001-117		1	C	MILEAGE (Pump Trk)		Mi	1	ea	2.10	77.70
019-000		1	C	Data Processing		Stg	2	ea	.80	59.20
007-013	001-016	1	C	Pump Chg (1st stage)	3300	ft	1	ea		908.40
007-161		1	C	Pump Chg (2nd stage)			1	ea		660.00
011-205		1	C	Pressure Test Casing	2500	ft				615.00
011-205		1	C	Hard Water pipe						590.20
011-234		1	C	Tam Chg (Heavy)	13	ea			7.50	285.00
		1	B	See Bulk Ticket (Attached) #B987866						5522.82
				See Continuation sheet (Attached)						9271.30
				SERVICE CHARGE ON MATERIALS RETURNED		CU FT				
				SERVICE CHARGE		CU FT				
				TOTAL WEIGHT LOADED MILES		TON MILES				

TAX REFERENCES: 00029 / CNM

SUB TOTAL 18239.42
TAX 638.38
TAX
TAX
TOTAL 18877.80

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

x Jack Fletcher
Customer or His Agent

Preston
Halliburton Operator

APPROVED Dee Vaughn
Dist. Dist. Manager

HALLIBURTON

TICKET CONTINUATION

INVOICE AND TICKET NO. 163667

PRICE REFERENCE	SECONDARY REF OR PART NO.	CODE 1	CODE 2	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS	UNITS 2 QTY.	UNITS 2 MEAS	UNIT PRICE	AMOUNT
65	807.6126	1	S	Ez Lok clamp	1	ea				9.10
40	807.91018	1	S	Centralizer	8	ea			119.00	392.00
71	813.10551	1	S	M. S. Connector	1	ea				3292.00
71	813.16551	1	S	F. F. Plug Set	1	ea				N/C
4A	820.413	1	S	Float Collar	1	ea				315.00
5A	846.512	1	S	Float Shoe	1	ea				261.00
350	890.10502	1	S	WELD-A	1	ea				11.00
019-000		1	C	Delivery chg.	1	ea	37 mi		.80	29.60
100-113		1	T	mileage	37	mi			.80	29.60
116-156		1	T	operator time	5	hr				260.00
109-017		1	T	Pumping chg.	933	FT				1010.00
71	813.10551	1	S	M.S. Connector	1	ea				3292.00
4A	820.413	1	S	Float Collar	1	ea				315.00
019-000		1	C	Cement Displ. Unit	1					55.00

SUB TOTAL 9271.30

INSTRUCTIONS — IF CONTINUATION SHEET IS USED, SKIP LAST LINE BEFORE "SERVICE CHARGE ON MATERIALS RETURNED" ON NUMBERED TICKET. COMPLETE CONTINUATION SHEET AND SUB-TOTAL. ENTER SUB-TOTAL ON LINE SKIPPED WITH DESCRIPTION OF "CONTINUATION SHEET ATTACHED".

ALL SERVICE CHARGES, TAXES, SIGNATURES AND TOTALS WILL BE ON THE NUMBERED TICKET WHICH WILL BE PAGE 1.

DATE 9/2/81 | LEASE AND WELL NO. #1 Lois Wilson | COUNTY Lea | STATE NM

OWNER Doyle Hartman | CONTRACTOR Zenci | DELIVERED FROM Hobbs, NM | CODE 20340 | SERVICE TICKET NO. 163667

CHARGE TO Doyle Hartman | DELIVERED TO Location

MAILING ADDRESS 312 C & K Petroleum Building | PREPARED BY E. Furr

CITY & STATE Midland, Texas | RECEIVED BY

TRUCK NUMBER	PRICE REFERENCE	CUBIC FEET	BRAND AND TYPE	QUANTITY #	UNIT PRICE	AMOUNT
			200 cu.ft. 1-1 Poz consisting of:			
	504-050		Class C Cement	100	5.39	539.00
	506-105		Poz Mix A	100	2.53	253.00
	506-121		3 sks. Gel mix 2% p/s W/200 sx ALLOWED			N/C
	509-968		Salt mix 9# p/s W/200 sx	1800#	.046	82.80
	508-291		Gilsonite mix 5# p/s W/200 sx	1000#	.29	290.00
	507-210		Flocele mix 1/4# p/s w/200 sx	50#	.93	46.50
	504-050		Class C Cement	400	5.39	2156.00
	507-210		Flocele mix 1/4# p/s W/350 sx	88#	.93	81.84
	500-959		Econolite mix 3% p/s W/350 sx	10	75.00	750.00
			SERVICE CHARGE ON MATERIALS RETURNED	CU. FT.		
	500-207		SERVICE CHARGE	646 CU. FT.	.95	613.70
	500-306		MILEAGE CHARGE — 52686 TOTAL WEIGHT — 37 LOADED MILES — 1085.69 TON MILES		.70	759.98
					TOTAL	5572.82

NO. B 987866

*SACKS UNLESS OTHERWISE INDICATED

HALLIBURTON
A DIVISION OF HALLIBURTON COMPANY

REMIT TO
P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 1 OF ____ PAGES

INVOICE NO. 033315

WELL NO. AND FARM: 3 Late Thomas	COUNTY: Lea	STATE: New Mexico	DATE: 12-1-81
CHARGE TO: Doyle Hartman	OWNER: Same	DUNCAN USE ONLY	
ADDRESS: 508 C-K PETROLEUM	CONTRACTOR: Clark Wilson	LOCATION 1: Hobbs	CODE
CITY, STATE, ZIP: MIDLAND, TX	SHIPPED VIA: Cabot	LOCATION 2	CODE
DUNCAN USE ONLY: DOYLE HARTMAN 500 NORTH MAIN P O BOX 10426 MIDLAND, TX 79702	DELIVERED TO: 368530 Section	LOCATION 3	CODE
	ORDER NO.	QUICK MATERIAL DELIVERY TICKET NO: B-	
	WELL TYPE: Oil Development		CODE: D
TERMS: NET DUE BY THE 20TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 30 DAYS FROM DATE OF INVOICE	TYPE AND PURPOSE OF JOB: Run 7" N.U. & Treat Tight Hole		

PRICE REFERENCE	SECONDARY REF OR PART NO	COUNTRY CODE L	D	DESCRIPTION	UNITS 1 QTY	UNITS 1 MEAS	UNITS 2 QTY	UNITS 2 MEAS	UNIT PRICE	AMOUNT
100-115		1	T	MILEAGE	111	mile			.80	32 80
104-017		1	T	7" S.I.P.S.	1	EA				1010 00
112-011		1	T	5 day Rental	1	ea				125 00
112-230		1	T	Pulling Charge	1	ea				2 00
100-115		1	T	mileage	41	mile			.80	32 8
200-006		1	A	mileage	2	eA	41	mi	2.10	172 20
220-004		1	A	Mileage	1	eA	41	mi	.80	32 80
200-024		1	A	Pump Service	4	HR			472.	472 00
208-009	201-004	1	A	MCA Acid 15%	4500	gal			.98	4410 00
210-006		1	A	HAI-50	4½	gal			23.75	102 37
313-129		1	A	RCN 1.3	30	eA			1.40	42 00
307-306		1	A	MANUAL Injector	1	eA			110.	110 00
				SERVICE CHARGE ON MATERIALS RETURNED		CU FT				
				SERVICE CHARGE		CU FT				
				TOTAL WEIGHT / LOADED MILES		TON MILES				

WAS JOB SATISFACTORILY COMPLETED?	TAX REFERENCES	SUB TOTAL	6801 92
WAS OPERATION OF EQUIPMENT SATISFACTORY?	800-029 / NM	TAX	238 00
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?		TAX	
x Jack Fletcher	K. Jones	TOTAL	7040 05
Customer or His Agent	Halliburton Operator		

THANK YOU!

HALLIBURTON
A DIVISION OF HALLIBURTON COMPANY

P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

PAGE 3 PAGES NO.

INVOICE NO. 186539

WELL NO. AND FARM: Late Thomas #3 | COUNTY: Lea | STATE: N.Mex. | DATE: 10-5-81

CHARGE TO: Doyle Hartman
ADDRESS: 500 N.L.K. Petroleum
CITY, STATE, ZIP: Midland Texas

OWNER: Same
CONTRACTOR:
SHIPPED VIA: Co. Truck
DELIVERED TO: Location
ORDER NO:

DUNCAN USE ONLY
LOCATION 1 CODE
LOCATION 2 CODE
LOCATION 3 CODE
BULK MATERIAL DELIVERY TICKET NO. B-983856

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

FP

WELL TYPE: CODE:
TYPE AND PURPOSE OF JOB:

TERMS: NET DUE BY THE 25TH OF FOLLOWING MONTH. INTEREST CHARGED AFTER 60 DAYS FROM DATE OF INVOICE

PRICE REFERENCE	SECONDARY REF OR PART NO.	CODE L	CODE D	DESCRIPTION	UNITS 1 QTY.	UNITS 1 MEAS.	UNITS 2 QTY.	UNITS 2 MEAS.	UNIT PRICE	AMOUNT
[illegible]		1	A	MILEAGE Equipment	8	ea	40	mi	2.10	672 00
301-002		1	A	Pump Charge	4	ea		hr	1053	4212 00
[illegible]		1	A	Blender Charge	10	bpm	10	Cu		500 00
[illegible]		1	B	[illegible]	1500	lbs			3.40	5100 00
311-016		1	B	Premium Gel	1800	lbs			1.90	3420 00
[illegible]		1	B	CW-1	300	lbs			1.15	345 00
310-364		1	B	Gel-3	45	lbs			7.70	436 50
[illegible]		1	B	[illegible]	63	sks			16.00	1008 00
311-576		1	B	[illegible]-21	100	lbs			[illegible]	255 00
218-154		1	A	Propane	55	gal			11.50	632 50
218-181		1	B	Buffer A-140	4	gal			14.00	56 00
218-702		1	A	Losurf	3	gal			17.85	53 55
218-264		1	A	[illegible]	16	gal			15.00	240 00
		1	C	Ticket # B983856						19133 80
				SERVICE CHARGE ON MATERIALS RETURNED		CU. FT.				1913 34
				SERVICE CHARGE		CU FT.				
				TOTAL WEIGHT / LOADED MILES		TON MILES				

140-36-34

TAX REFERENCES: 5000129 1 NM

SUB TOTAL 46013 72
TAX 1677 48
TAX
TAX
TOTAL 19791 20

WAS JOB SATISFACTORILY COMPLETED?
WAS OPERATION OF EQUIPMENT SATISFACTORY?
WAS PERFORMANCE OF PERSONNEL SATISFACTORY?

X Harold Swain
Customer or His Agent

Bruce Damron
Halliburton Operator

OCT 29 1981

APPROVED J.D. Zurbuchen
Asst. Division Manager

ORIGINAL

12

1

ATLAS TRUCK LINE, Inc.

P.O. BOX 9848
15015 EAST FREEWAY
HOUSTON, TEXAS 77015

PHONE
1-713-452-4211

Oilfield Hauling

USSS. EI. NO. C75-0326539

Strong For Service

Customer Number	Invoice Date	Your Order No.	Tariff No.	Item No.	Invoice No.
6945-00	10-2-81		220F	1120	175465

DATE BILL OF LADING 9-21-81

TO: Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

TERMINALS LOCATED IN
HOUSTON, TEX.
LONE STAR, TEX.
MIDLAND-ODESSA, TEX.
VAN BUREN, ARK.

ORIGIN: Continental Emsco
%Tall City Pipe
1605 Clover Dale Road
Midland, Texas

DESTINATION: Doyle Hartman
%Lake Thomas #3
Jal, New Mexico + 8 Miles

MAIL PAYMENT TO:
ATLAS TRUCK LINE, INC.
P.O. BOX 84117
DALLAS, TEXAS 75284

COMMODITY OR SERVICE RENDERED	WGT. OR HRS.	DISTANCE	RATE	AMOUNT
78 Jts. 3400' 7" 26# Reject Casying 3359.5'		71		
Stop to Partially load at Tubular Service, Odessa, Texas				
3 Jts. 7" 26# STC Reject Smls Csg Short Joints				
Scale Weight	86,960		.78	$678.29
Fuel SurCharge	678.29		18%	122.09
2 Stops to partial load				61.25
				$861.63
Trk. No. 18477,18453				

SPECIALISTS IN PIPE PROBLEMS

Operating up-to-date pipe storage facilities in conjunction with an efficient delivery of material to your destination.

NOTICE:

UNITED STATES GOVERNMENT INTERSTATE COMMERCE COMMISSION LAW REQUIRES PAYMENT OF INTERSTATE SHIPMENTS WITHIN 7 DAYS OF DATE BILLED. PENALTY UNDER FEDERAL REGULATIONS 49–CFR–1322.

PHONE (915) 332-1496

RM

Ed Farmer & Co
ODESSA, TEXAS

FREIGHT BILL
OR
INVOICE TO: DOYLE HARTMAN
508 C & K BLDG
MIDLAND, TEXAS 79701

PAYABLE AT P.O. BOX 3512, ODESSA, TEXAS 79760 SUBJECT TO CREDIT REGULATIONS OF REGULATORY COMMISSIONS

DATE	INVOICE NO.	DISTRICT	ORDER NO.
9-30-81	0-12631	ODESSA, TEXAS	

FROM	TO
CONTINENTAL EMSCO L T V TUBULAR YARD ODESSA, TEXAS	DOYLE HARTMAN THOMAS #3 6.3 MILES NORTH OF JAL, N.M. ON HWY 18 &3/4 MILES EAST.

DATE WORK PERFORMED	SERVICES RENDERED		Hours or Weight	RATE	AMOUNT
9/24/81					
HAUL 10 JTS OF 7" 26# K55 LT&C CASING					
(72 MILES)					
80/70 MILES		SCLAE WT	12,820#		
		AS MIN	14,000#	1.00	140.00
FUEL SURCHARGE (18% OF 140.00)					25.20
					165.20

ELF TARIFF FARJ 2[illegible]
W/B 5009
B/L 094205

All work performed in accordance with contract agreement with you and all Federal and State Unemployment Compensation Insurance accruing will be paid by us

PHONE 505 394-3155 INVOICE CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556
EUNICE, NEW MEXICO 88231

Company: Doyle Hartman, Oil Operator
500 North Main
P.O. Box 10426
Midland, Texas 79702

Lease Late Thomas # 3

Invoice No. 10-2022
Order No.
Date October 16, 1981
Date Received 9-29-81
Date Returned 10-8-81

Quantity	Description	Time	Rate	Amount
1	8 5/8 SR x 6" 600-900 Adapter	5 da mi	55.00	55.00
	Additional days	5 days	11.00	55.00
1	R-45 Ring Gasket	Sale Item		16.04
1	BOP, 6" 600-900 Double w/ 2 3/8 Rams	5 da mi	370.00	370.00
	Additional days	5 days	37.00	185.00
1	Labor for Operator	1 da mi	175.00	175.00
	Additional days	2 days	175.00 ea	350.00
1	6" 600-900 High Pressure Packoff Head	3 da mi	100.00	100.00
1	JU High Pressure Packoff Rubber	Sale Item		82.00
1	2 7/8 IF Box x 2 3/8 EUE Pin Sub	3 da mi	20.00	20.00
1	Hydraulic Unit w/ power Swivel, Pit, Pump	1 da mi	400.00	400.00
	Additional days	1 day	400.00	400.00
1	Transportation on Unit-Min Chg-ICC Rates-10--20 miles			100.00
1	Transportation on Pit-Min Chg-ICC Rates-10--20 miles			81.20
1	Transportation on BOP-	38 miles	.45 mi	17.10
1	2 3/8 EUE Box x 3½ IF Pin Sub	3 da mi	25.00	25.00
4	4 3/4 OD Drill Collars	3 da mi	80.00 ea	320.00
1	3½ IF Box x 3½ Reg Box Sub	3 da mi	25.00	25.00
1	6 1/8 Bit # 10202	Sale Item		693.16
2	Drill Collar Lift Subs	Per Job	20.00 ea	40.00
1	BRT Drill Collar Safety Clamp	3 da mi	75.00	75.00
1	Drill Collar Spider and Slips	3 da mi	75.00	75.00
1	500 Bbl Frac Test Tank	5 da mi	200.00	200.00
	Additional days	1 day	23.00 ea	23.00
1	500 Bbl Split Compartment Tank	5 day mi	225.00	225.00
	Additional days	1 day	26.00 ea	26.00
1	Bowl # R-5	Sale Item		69.60
1	2 3/8 Slips # R-7	Sale Item		114.00
1	Bottom Plate HW # 5-R-4	Sale Item		13.40

PHONE 505 394-3155 INVOICE CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556
EUNICE, NEW MEXICO 88231

Company: Doyle Hartman
500 North Main
P.O. Box 10426
Midland, Texas 79702

Lease Lato Thomas # 3

Invoice No. 10-2022
Order No.
Date October 16, 1981
Date Received 9-29-81
Date Returned 10-8-81

Quantity	Description	Time	Rate	Amount
;	2 3/8 Top Plates R-2	Sale Item		42.70
1	2 3/8IW Rubber # R-3	Sale Item		47.00
1	Magnaflux charge on 14 Tool Joints @ $6.00 each			84.00
				4,504.20
	3½% Tax		RM	157.65
				$4,661.85

INVOICE

LEWIS CASING CREWS

INSTALLATION OF CASING IN OIL WELLS

Phone: 366-8077 - 319 W. 50th St.
ODESSA, TEXAS 79762

Order No. _____

Signed By Jack Fletcher

TO Doyle Hartman
Box 10426
Midland, Texas 79702

Date Sept. 23, 1981

Job Ticket No. 11480 9-22

Lease Thomas

Rig No. Kenai 18

Well No. 3

Run 3300 Feet - 7" Casing @ 4 man min.	$	500.00
Lay Down 3300 Feet - 4" Drill Pipe @ .04		132.00
Hours on Job - 6 hours @ 60.00 per hr.		360.00
Mileage - 140 miles round trip @ 1.00 per mile		140.00
Tools: YC Elevator w/slips		200.00
Rotary Slips		100.00
	$	1,432.00

PHONE 505 394-3155 INVOICE CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556
EUNICE, NEW MEXICO 98231

Company: Doyle Hartman, Oil Operator
500 North Main
P.O. Box 10426
Midland, Texas 79702
Lease Late Thomas # 3

Invoice No. 10-1908
Order No.
Date October 6, 1981
Date Received 9-25-81
Date Returned 9-25-81

Quantity	Description	Time	Rate	Amount
1	160-092-00500 7" OD 8R Female x 2" EUE 3R MR Tubing Head w/ 2 outlets	Sale Item		479.00
1	160-001-7000 7" OD 8R Slip Joint x 7" Bell Nipple	Sale Item		76.10
				555.10
	3½% Tax		NM	19.43
				$574.53

PHONE 505 394-3155

INVOICE

CARLSBAD HIGHWAY

ABC RENTAL TOOL CO.

P. O. BOX 556
EUNICE, NEW MEXICO 88231

Company: Doyle Hartman, Oil Operator

500 North Main Box 10426

Midland, Texas 79702

Lease Late Thomas # 3

Invoice No. 10-1995

Order No.

Date October 14, 1981

Date Received 10-7-81

Date Returned 10-8-81

Quantity	Description	Time	Rate	Amount
1	2 3/8 EUE Box x 2 3/8 IF Pin Sub	3 da mi	20.00	20.00
2	3½ OD Drill Collars	3 da mi	70.00 ea	140.00
1	2 3/8 IF Box x 3½ Reg Box Sub	3 da mi	25.00	25.00
1	6 1/8 Bit # 19018	Sale Item		693.16
1	Drill Collar Lift Sub	Per Job	20.00 ea	20.00
1	BRT Drill Collar Safety Clamp	3 da mi	75.00	75.00
1	Drill Collar Spider and Slips	3 da mi	75.00	75.00
1	Magnaflux chg on 8 Tool Joints @ 6.00 each			48.00
				1096.16
	3½ % Tax		NM	38.37
				$1,134.53

SCOTT LUMBER SUPPLY
BOX 1077
EUNICE N.M. 88231
(505) 394 3050

INVOICE

INVOICE NO. 27193

SOLD TO

Doyle Hartman Oil Operator

SHIPPED TO

Lake Thomas # 2 & 3

DATE	ORDER NO.	SALESMAN	TERMS	SHIPPED VIA	PPD.	COLL.
10/6/81						

QUANTITY	DESCRIPTION	PRICE	AMOUNT
90	6 X 8 X 16 Cinder Blocks	1.10	99.00
	Tax		3.47
			102.47

FORM NO. PX1031-3
AVAILABLE FROM BUSINESS ENVELOPE MANUFACTURERS, INC. • PEARL RIVER, N.Y. • BRONX, N.Y. • CLINTON, TENN. • ANAHEIM, CALIF.

LOT 31598
PRINTED IN U.S.A.

INVOICE 09197

Clark Oil Well Servicing, Inc.

BOX 2310 PHONE 392-5531
HOBBS, NEW MEXICO 88240
October 21, 1981

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

Kate Thomas # 23

96' Double Derrick Unit # 9 Depth: 3,000 Ft.

9-27-81 thru 10-8-81 - Ticket Nos. 06204 thru 06210, 06212, 06214

Furnish labor & equipment to service well during completion operations.

108½	Hours	Unit & 4 Man Crew	@ 94.75 per hour	10,280.37
61	Hours	Sand Line Charge	@ 6.50 per hour	396.50
7	Days	Tubing Tong Rental	@ 95.00	665.00
7	Days	Tubing Wiper Rental	@ 30.00	210.00
1	Day	Rod Stripper Rental	@ 30.00	30.00
3	Days	Swab Hose Rental	@ 20.00	60.00
		4½" Tong Heads	- 3 Day Minimum	40.00
20		2" Regal Swab Cups	@ 14.15	283.00
16		Oil Saver Rubbers	@ 8.60	137.60
		Replacement Charge:		
1		2" Swab Hose	@ 193.01	193.01
				12,295.48
			3½% Tax	430.34
				12,725.82

J AIRFOAM CORP
& DRILLING, WORKOVER, COMPLETION
P. O. BOX 2110
L ANDREWS, TEXAS 79714
915-523-7713

VC 3800

No. 1044

Date 10/12/81

Invoice To:

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

Ticket No. 235

Location Late Thomas #15 3

Ordered By Harold Swann

TERMS: Net due upon Receipt

DESCRIPTION	Days Chg'd	Minimum Rental Days	Minimum Rental Amount	Each Add'l Day	Amount
1 Foam Circulation Unit Complete	1				700.00
1 Power Swivel Unit Complete	1				500.00
5 Gallons Surfacants @ 8.00 Per Gal.					280.00
1 2 3/8 EUE String Check Valve	1				55.00
8 Hours Fuel Charge, 2 Engines @ 4.88 Each Per Day					78.08
1 6" 600/900 J U Stripper Head	1				60.00
Transportation to location for unit					135.00
Operator @ 200.00 Per Day	1				200.00
Service Engineer @ 200.00 Per Day	1				200.00
1 2 3/8 J U Stripper Rubber					80.00
			TOTAL		2308.08

140-36-66

APACHE SERVICES, Inc.

BOX 3347 PHONE 381-4051
ODESSA, TEXAS 79760

DATE October 5, 19 81 INVOICE NO. 2232
FIELD INVOICE NO. 2206
CUSTOMER'S ORDER NO.
ORDERED BY Jack Fletcher
SERVICE ENG. Tom Howard
LEASE AND WELL NO.
Late Thomas #3

Doyle Hartman
P.O. Box 10426
Midland, Texas 79701

Gammaray Neutron Logging Service	
Depth charge from surface to greatest depth recorded at 3255' at .16 per foot	$ 520.80
Logging charge per foot of section logged from 3255' to 2500' - Minimum Charge	300.00
Selective Fire Jet Perforating Service	
Perforated 7" casing from 2953' to 3117', one shot per foot, total of 20 holes	
First 10 shots between 3001' to 4000' (10 shot minimum)	1,180.00
Next 10 shots between 2001' to 3000' at 25.00 per shot	250.00
TOTAL	$ 2,250.80

140-36-66

Thank You!

JAL WELDING & MACHINE WORKS, INC.

SHOP AND FIELD SERVICE

P. O. BOX 970 TELEPHONE 395-2220

JAL, NEW MEXICO 88252

To Doyle Hartman
500 North Main
P O Box 10426
Midland, Texas 79702

DATE 10-19-81
INVOICE NO. 81-1652
FIELD TICKET NO. 21170
YOUR ORDER NO.
CONTRACT NO.
PURCHASED BY: Harold Swain
TERMS: NET

LEASE Late M Thomas #3 | WELL NO. | LOCATION

DATE	DESCRIPTION OF SERVICE	HOURS	UNIT COST	TOTAL
9-29-81	Furnished welder and equipment to weld on 7" bell nipple.			
	Welder hours: J. O'Rear	4	28.50	114.00
	Tax		3½%	3.99
				$117.99

THANKS

INVOICE

PHONE 505 395-3016

J & J OILFIELD SERVICE

P. O. DRAWER R
JAL, NEW MEXICO 88252

Invoice No. 617

Date 10-12-81

Doyle Hartman

Contract No.

Code No.

Lease Lake Thomas

Well No. 3

DATE	TICKET NO.	SERVICES RENDERED	HOURS	RATE	AMOUNT
10-8-81	352	75 bbls. hot oil unit. Loaded 20 bbls. fresh water, mixed 1 sack 100 lbs. KCL for 2%. Drove to location, rigged up and loaded tubing.	3	52.50	157.50
		20 bbls. fresh water		.20	4.00
		1 - KCL		18.50	18.50
					180.00
		Tax			6.30
		Total			$186.30

INVOICE NO. B10-1002

JOHN KUYKENDALL WIRELINE SERVICE CO., INC.

P. O. BOX 7438 PHONE 337-5241
ODESSA, TEXAS 79760

SOLD TO: Doyle Hartman
Box 10426
Midland, Texas 79702

DATE: 10-5-81

YOUR ORDER NO.

SHIP TO: Lea Co. New Mexico (Jal)
Late - Thomas #3

YOUR REG. NO.

SHIPPED VIA #51

PER OUR NO 15341

9-23-81	(1) Ran Freepoint in 7" casing: Free at 2650' - Stuck at 2670'	855.00
9-24-81	(2) Ran string shot in 7" casing. Backed-off at 2508'	967.50
		$1,822.50
	New Mexico State Tax -	68.34
		$1,890.84

We hereby certify that to the best of our knowledge and belief the items covered by this invoice have been produced in conformity with the applicable provisions of the Federal Fair Labor Standards act of 1938.

DUPLICATE
INVOICE

CRC WIRELINE, INC.

An Operation of CRUTCHER RESOURCES CORPORATION

Remit To P. O. Box 2187 — Grand Prairie, Texas 75051

TO

DOYLE HARTMAN

500 W. MAIN
MIDLAND , TX 79702

For Inquiries Write or Call
P. O. Box 2187
Grand Prairie, Texas 75051
Phone (817) 469-1514

INVOICE NO	PLEASE DISREGARD THIS INFORMATION							SERVICE DATE MO.	DAY	YR.
46745	38835	0513	1	30	1	10				

INVOICE DATE DAY	YR.	OUR RECEIPT NO	SERVICES FROM OUR STATION AT	OUR ENGINEER	SIGNED FOR YOU BY
30	81	51660	HOBBS	KEISE/SNEED	FLETCHER

FOR SERVICING WELL NAME	COUNTY	STATE	YOUR ORDER NO
ATE/THOMAS NO 3	LEA	NEWMEXICO	

UNITS	CODE	DEPTH AND DESCRIPTION	UNIT PRICE	AMOUNT
3271	030011	TEMPERATURE LOG DEPTH CHARGE	.15	490.65
3271	030012	TEMPERATURE LOG LOGGING CHARGE	.15	490.65
1	030252	RADIOACTIVE PUMP IN TRACER	1650.00	1650.00
3	030258	ADDITIONAL HOURS PER HOUR	90.00	270.00
1	002010	TYPE A PRESSURE CONTROL EQUIPMENT	675.00	675.00
1	0513	NEW MEXICO 3.5% SALES TAX	125.17	125.17
		PAY THIS AMOUNT		3701.47

Packer

SALES & RENTAL OF HOBBS, INC.

PHONE 505 392-6300 P. O. BOX 2581
HOBBS, NEW MEXICO 88240

CHARGE TO: Doyle Hartman
508 C & K Building
Midland, Texas 79701

DATE 10-12-81
INVOICE NO. 16854
ORDER NO.
TICKET NO. 16854

LEASE & WELL NO. Late Tomas #3

RENT ON:

1	2 3/8" Hydrostatic Tubing Bailer	567.00
1	Serviceman & Mileage Charge to Run Bailer(10-6-81)	220.00
		787.00
	3½% New Mexico State Tax	27.54
		814.54

TERMS: NET, 30 DAYS

INVOICE 09160

Clarke Oil Well Servicing, Inc.

BOX 2310 PHONE 392-5531
HOBBS, NEW MEXICO 88240
October 19, 1981

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

Tate Thomas # 3

75 Bbl Hot Oil Unit # 37

10-8-81 - Ticket No. 30628

Furnish labor & equipment to circulate well with K. C. L. water.

5½	Hours	75 Bbl Hot Oil Unit @ 49.50 per hour		272.25
750	Bbls	K. C. L.		161.66
				433.91
			3½% Tax	15.19
				449.10

Welex
A Halliburton Company
P.O. Box 42800 • Houston, Texas 77042 ~~77074~~

REMIT TO
P.O. BOX 84737
DALLAS, TEXAS 75284
DIRECT ANY CORRESPONDENCE TO
P.O. DRAWER 1431
DUNCAN, OKLAHOMA 73536

INVOICE & TICKET

No. WL 091564

WELL NO. AND FARM	COUNTY	STATE	DATE
Lois Thomas #3	Lea	New Mexico	9-21-81
CHARGE TO	OWNER	CONTRACTOR	DUNCAN USE ONLY
Doyle Hartman	Same	Kenai	
ADDRESS	SALES DISTRICT	OPERATOR DISTRICT	DIST. CODE
500 N. Main	Hobbs	Hobbs	2330
CITY STATE ZIP	PLACE ON FIELD / TRUCK NO	WELL TYPE	CODE
Midland, Texas 79701	Jalmat / 249	New	OD

DUNCAN USE ONLY

DOYLE HARTMAN
500 NORTH MAIN
P O BOX 10426
MIDLAND, TX 79702

368530

CUSTOMER ORDER NO.

CASING O.D. & TYPE | GUN SIZE

We certify that the Fair Labor Standards Act of 1938, as amended, has been complied with in the production of goods and/or with respect to services furnished covered by this invoice.

NUMBER OF SIDEWINDER CENTRALIZERS USED

TERMS: NET. Payable by 20th of following month. Interest charged after 60 days from date of invoice.

R/A TOOL IDENTIFICATION 2554 Hyd, 2554 UR 1278 Hyd, 0249 GR

PERFORATING

PRICE REFERENCE	DESCRIPTION	NO HOLES	DEPTH FROM	DEPTH TO	AMOUNT

PLUGS, PACKERS, AND OTHER

PRICE REFERENCE	MFG TYPE	CASING SIZE	CASING WEIGHT	DEPTH	AMOUNT
7100.45	Tool Trk (2 Runs)				120 00

SERVICE CHARGE

PRICE REFERENCE	RUN NO	PREVIOUS INVOICE NO	AMOUNT
7602	ONE		930 00

DEPTH AND OPERATIONS CHARGES

PRICE REFERENCE	DESCRIPTION	DEPTH FROM	DEPTH TO	NO FEET	AMOUNT
2502.50	DSN	Surf	3295	3295	1582 90
2502.52	DSN	3295	3450	Min	863 60
2502.53	G/R	Surf	3295	3295	
2502.54	G/R	3295	Surf	3295	
2542.50	OD	Surf	3295	3295	1088 75
2542.52	OD	3295	Surf	3295	988 50
2523.50	GF	Surf	3295	3295	1383 70
2523.52	GF	3295	3450	Min	760 00
2502.53	G/R	Surf	3295	3295	
2523.54	GR	3295	3450	Min	

	UNITS	UNIT COST		
CALCULATIONS				
SWC				
OTHER				

MISCELLANEOUS INFORMATION

THE ABOVE JOB WAS SATISFACTORILY PERFORMED

Doyle Hartman
CUSTOMER OR HIS AGENT

TAX REFERENCES

800037 nm

C.A. Campbell
WELEX OPERATOR

SUB-TOTAL	7517 25
TAX	263 10
TAX	
TOTAL	7780 35

FORM W-7125 R-8

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION:	SELLING LOCATION:	DATE SHIPPED	INVOICE NO.	PART OF NO.
ODESSA TX LTV TUB SERVICE	MIDLAND SALES OFFICE	09-15-81	1349893	

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)		CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO	INVOICE DATE
NDR	X	LATE THOMAS #3		09-29-81

SOLD TO:	SHIPPED TO	SHIPPED VIA	
DOYLE HARTMAN BOX 10426 MIDLAND TX 79702	SAME JAL NEW MEXICO	COMMON CARRIER	50-C16

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
429.50	FT	9 5/8IN L.D. 36# YELLOW BAND CASING STC				
		R-3 II J55	12.50	NET	5368.75	N
		LOAD OUT PER TUBULAR SERVICES OT-1669			131.00	N
		NO WARRANTY EXPRESSED OR IMPLIED				
		140-45-04				

						TAXES		
53.69	1.000% CITY	214.75	4.000% TX	⇦	DETAIL	TOTAL	⇨	268.44

KEY		PROMPT PAYMENT DISCOUNT			
3 - 2% 10 DAYS N - NET 20TH PROX	IF THE SPACE IN KEY COLUMN IS BLANK, TERMS ARE NET 20TH FOLLOWING	IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE	.00	INVOICE AMOUNT ⇨	5,768.19

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

55 76 20 s/c 07 SR 10

INVOICE

Petroleum Energy Equipment Corporation

NEW & USED OILFIELD PIPE & SUPPLIES

1514 PRAETORIAN BLDG. DALLAS, TEXAS 75201

PHONE 742-5760

INVOICE NUMBER 041975

PEEC

SOLD TO
Doyle Hartman
P. O. Box 10426
Midland, Texas 79701

SHIPPED TO
Doyle Hartman
Same
Jal, NM
Lea Thomas #3

CUST'S. ORDER NO.	OUR ORDER NO.	INVOICE DATE	TERMS	SHIPPED VIA	DATE SHIPPED	SOLD BY
	00-1206	9-22-81	Net 20 Days	PEEC Truck	9-14-81	1712

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Hinderliter MS4 9 5/8 X 7"		940 00
1	2 X 6 XH Nipple		5 25
1	2" KF 2500 PSI Ball		90 70
1	2" XH Bull Plug		18 66
1	Drilling Flange	N/C	
	~~Invoice~~ total		1054 61
	3.75 % NM Tax		39 55
	Invoice Total		1094 16
	D/T Attached		

140-45-19

Thank You

CE FORM 780
REV. 5-81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION:	SELLING LOCATION:	DATE SHIPPED	INVOICE NO.	PART OF NO.
ODESSA TX LTV TUB SERVICE	MIDLAND SALES OFFICE	09-24-81	1349950	

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)		CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO	INVOICE DATE
NOR NERMER	X	LATE THOMAS 3		09-30-81

SOLD TO:	SHIPPED TO	SHIPPED VIA	
DOYLE HARTMAN BOX 10426 MIDLAND TX 79702	SAME	CALLED FOR	50-042

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
421.30	FT	7IN OD 26# ERW REJECT CASING LT&C R-3 10 JTS	8.90	NET	3838.57	N
		NOTE LOAD OUT CHARGES TO FOLLOW				
		NO WARRANTY EXPRESSED OR IMPLIED				
		140-46-10				

TAXES					
38.39	1.000% CITY	153.54	4.000% TX	DETAIL	TOTAL
					191.93

SCOUNT KEY		PROMPT PAYMENT DISCOUNT		
2%	3 - 2% 10 DAYS	IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE	.00	INVOICE AMOUNT 4,030.50
1%	N - NET 20TH PROX			

IF THE SPACE IN KEY COLUMN IS BLANK TERMS ARE NET 20TH FOLLOWING

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284

TE FORM 260
REV. 5-81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION:	SELLING LOCATION:	DATE SHIPPED	INVOICE NO.	PART OF NO
ODESSA TEXAS	ODESSA TEXAS	09 24 81	2057278	

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)	CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO.	INVOICE DATE
ARMER	X ENCMAC 3		
SOLD TO:	SHIPPED TO	SHIPPED VIA	09 28 81
DOYLE HARTMAN BOX 10426 MIDLAND TX 79702	SAME * LTV TUBULAR SERVICE	COMPANY VEHICLE	780-020

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR. 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH, BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT THE HIGHEST RATE PERMITTED.	***			
	***	**********	***			
6.000	LA	7 IN 8RD K-55 LONG THREAD CASING COUPLING *E*	69.26	NET	* 415.56	N
		140-46-10				

		TAXES DETAIL	TAXES TOTAL	
4.16 CITY TAX	16.62 TEXAS TAX			20.78

DISCOUNT KEY		PROMPT PAYMENT DISCOUNT		
0 - 1%	3 - 2% 10 DAYS	IF THE SPACE IN KEY COLUMN IS BLANK, TERMS ARE NET 20TH FOLLOWING	IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE	.00
1 - 1%	N - NET 20TH PROX		INVOICE AMOUNT	436.34

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

No. 811030-01

(NAME OF COMPANY)

TRANSFERRED **FIELD TRANSFER** DATE Oct 30, 1981

TO LATE THOMAS #3 (TO BE USED FOR)

FROM WARE HOUSE (WAS USED FOR)

QUANTITY	JOINTS	MATERIAL (Write separate line for each item)	CONDITION	UNIT PRICE	AMOUNT
3404.00	113	TBG 2 3/8 4.70 J-55 EUE R-2	NEW		12722 39
		STORAGE HANDLING			1102 09
		Join 1102.09			
		A/R Co = 64.84375 = 714.164			
		Harlan Co = 35.15625 = 387.45			
		140-46-13			13,824 48

MATERIAL RECEIVED BY (FOREMAN OR SUPT.)

MATERIAL DELIVERED BY (FOREMAN OR SUPT.) Larry A. Nemm

PRINTED IN U.S.A.

227 BOX 800 TULSA OK 74101

This form must be used for the transfer of any material moved from a lease, plant or other property of the company to a different location. Each foreman must carry his number in consecutive order.

AXELSON

P.O. BOX 2427, LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
A Subsidiary of U.S. INDUSTRIES, INC.

INVOICE

No. 834350

DATE 10-19-81

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

IN ACCOUNT WITH

Doyle Hartman
P. O. Box 10426
MIdland, Texas 79701

DELIVER TO

Same
Jal, NM

YOUR ORDER NO.	REQ. NO.	DATE SHIPPED	TERMS: NET 30 DAYS.
		10-16-81	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08237	89	o	113	Co. Car	Lea	NM

FIELD	LEASE	WELL NO.	REP. ORDER NO.
	Late Thomas	3	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC.	NET	ACCT'G USE
1	300033-3516000	1¼" x 22' polished rod with 3/4" pin			121.00	
1	712-00287	3/4" x 2' pony rod			29.50	
1	327553-006	1" x 6" str. nipple			21.90	
1	319228	1¼" 2 bolt P.R. clamp			181.00	
1	NN	1¼" x 1½" x 7' liner			104.30	
1	NN	2-3/8" EUE 8rd x 2-3/8" EUE 8rd x 2" 11½ tee			35.70	821-603
1	NN	2-3/8" EUE 8rd. x 1½" D.P. stuffing box			179.95	
					673.35	
		3.5% NM Sales Tax			23.57	341
		TOTAL			696.92	

SIZE & TYPE PUMP

PUMP NO.

CONDITION OF PUMP

STDG. VALVES		TRAV. VALVES			
Cage		Cage	Hold Down		Rod Guide
Seats		Seats	Pull Rod Tube		Adaptors
Balls		Balls	Plunger		BBL

Remarks 10-8-81

RECEIVED BY Harold Swain

STOCK FROM 113 Kermit

BY Joyce Holamon

PRINTED IN U.S.A.
FORM 31203A (LUFKIN FORM 16-2A)

SURBER'S FIBERGLASS, I
P. O. Box 1864
ODESSA, TEXAS 79760
Phone 333-1756

Invoice

08639-303

Sold To
Doyle Hartman
508 C & K Building
Midland, Texas 79701

Date Oct. 27, 1981

Shipped To
Late Thomas Well #3

Your Order No.	Our Order No.	Salesman	
Harold Swain			
Date Shipped	**Shipped VIA**	**F. O. B.**	**Terms**
10-27-81	Our Truck		Net 30 Days

Quantity Ordered	Quantity Shipped	Stock Number Description	Price	Per	Amount
1		210 Bbl. Fiberglass Tank w/ 3" Fitting			$ 2,550 00
1		3" Fitting			15 00
					$ 2,565 00
		Tax			128 25
		Total			$ 2,693 25
		140-4½-22			
		DISCOUNT OF $ 35.65 IF PAID BY 11-7-81.			

1½% Per month interest will be included on bills over 30 days past due.

All accounts are due and payable; Odessa, Ector County, Texas

Buyer

(NAME OF COMPANY)

No. 811102-2

TRANSFERRED **FIELD TRANSFER** DATE Nov 2, 1981

TO LATE THOMAS #3 FROM WAREHOUSE

TO BE USED FOR / WAS USED FOR

QUANTITY	JOINTS	MATERIAL (Write separate line for each item)	CONDITION	UNIT PRICE	AMOUNT
1	EA	AMERICAN 57-90-54	NEW		15,298 50
		STORAGE AND HANDLING			275 00
					15,573 50
		Jain 275.00			
		G/C 2 64.84375 - 178.32			
		Hartman & - 35.1025 - 96.68			
		140-46-34			
					15,573 50

MATERIAL RECEIVED BY (FOREMAN OR SUPT.)

MATERIAL DELIVERED BY (FOREMAN OR SUPT.) Larry A. Norman

KrasTech 227 BOX 800 TULSA OK 74101

This form must be used for the transfer of any material moved from a lease, plant or other property of the company to a different location. Each foreman must carry his number in consecutive order.

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO: Doyle Hartman
500 N. Main Box 10426
Midland, Texas 79702

LEASE: Late Thomas

WELL NO.: 3

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 · Telephone 393-4466 · 393-2498
HOBBS, NEW MEXICO 88240

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

INVOICE № 52514

DATE: 10/13/81
P. O. NO.:
ORD. BY: Swain
JOB NO.: 891

	DESCRIPTION		Lea	AMOUNT
	Labor and material used to install new service:			
1	Electrician	8 hrs.	12.80	102.40
1	Electrician	4 hrs.	19.20	76.80
1	Helper	8 hrs.	10.50	84.00
1	Helper	4 hrs.	15.75	63.00
1	Pickup Truck	12 hrs.	9.50	114.00
1	Ditcher	3 hrs.	21.00	63.00
			Labor:	503.20
	Material:			
160'	1" Conduit		123.88/C	198.21
1	1" Entrance Cap		5.00	5.00
½#	16 P Nails		1.00/#	.50
3	#6 Copper Connectors		1.33	3.99
19#	#6 Bare Copper Wire		2.53/#	48.07
½#	Staples		1.00/#	.50
3	1" Pipe Straps		.14	.42
1	1" x 2" R.E. Bushings		3.50	3.50
2	1" x 1 1/2" R.E. Washers		.38	.76
1	5/8" x 10" Machine Bolt		1.57	1.57
1	1/2" Lag Screws		1.25	1.25
2	3/8" Lag Screws		.77	1.54
1	1" x 4" Nipples		1.03	1.03
8	1" Locknuts		.30	2.40
4	1" Bushings		.43	1.72
1	LB37 Condulet w/cover & gasket		8.10	8.10
1	2 1/4" Square Washer		.27	.27
1	2" Ground Clamp		3.21	3221
2	1" Sealtite Flex Connectors		3.98	7.96
5'	1" Sealtite Flex Conduit		234.60/C	11.73
6	Motor Lead Screws 10/32 x 1/2 w/Nuts		.32	1.92
1	Roll Plastic Tape		2.25	2.25
1	15 H.P. General Electric Motor 1200 RPM Ser.#ET-7		729.00	729.00
1	Size 2 Control w/arrester, guardistor, percentage timer & overloads		693.00	693.00
3	30 amp 600 volt Fusetrons		3.10	9.30
3pr.	30-60 Fuse Adapters #663		3.27	9.81
1	5 KVAR Capacitors		188.00	188.00
550'	#6 THW (str.) Wire		268.17/M	147.49
80'	#16 TFF (str.) Wire		65.70/M	5.26
1	6" x 3C Sheave		71.00-39%	43.31
2	C210 Belts		74.80-50%	74.80
1	10' Wood Stub Pole		19.00	19.00

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman
500 N. Main Box 10426
Midland, Texas 79702

LEASE Late Thomas

WELL NO 3

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- Telephone 393-4466 · 393-2498
HOBBS, NEW MEXICO 88240

INVOICE 52514

DATE 10/13/81

P. O. NO.

ORD. BY Swain

JOB NO. 891

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION		Less	AMOUNT
1	HQ-5 Meter Base	52.34	52.34	
1	60 amp 600 volt R.T. Safety Switch w/Hub 1"	179.79	179.79	
3	E6 Stakons	.78	2.34	
2	RB14-8F Stakons	.24	.48	
2	Y Scotchlocks	.11	.22	
1	1 7/8" SF Hub	19.00-39%	11.59	
		Material:		2471.63
		Sub Total:		2974.63
		3⅛ N.M. Tax:		104.12
		N.M. Permit:		8.00
		Total:		$3086.95

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman
500 N. Main Box 10426
Midland, Texas 79702

LEASE Late Thomas

WELL NO. 3

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- TELEPHONE 393-4466 - 393-2498
HOBBS, NEW MEXICO 88240

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

INVOICE № 52513

DATE 10/13/81
P. O. NO.
ORD. BY Swain
JOB NO. 1136

	DESCRIPTION			Lea	AMOUNT
	Labor and material used to build pole line and transformer bank:				
1	Digger Operator	8 hrs.	11.80	94.40	
1	Foreman	15 hrs.	16.00	240.00	
1	Foreman	2 hrs.	24.00	48.00	
1	Lineman	30 hrs.	12.80	384.00	
1	Lineman	4 hrs.	19.20	76.80	
1	Truck Driver	15 hrs.	10.80	162.00	
1	Truck Driver	2 hrs.	16.20	32.40	
1	Helper	7 hrs.	10.50	73.50	
1	Helper	2 hrs.	15.75	31.50	
1	Digger Truck	8 hrs.	36.80	294.40	
1	Pole Truck	17 hrs.	17.80	302.60	
1	Pickup Truck	17 hrs.	9.50	161.50	
			Labor:		1901.10
	Material:				
9	35' Class 5 Poles		136.10	1224.90	
1	35' Class 4 Poles		152.50	152.50	
14	8' Crossarms		19.90	278.60	
29	28" Flat Braces		2.44	70.76	
28	3/8" Carriage Bolts		.46	12.88	
28	3/8" MF Locknuts		.29	8.12	
15	1/2" Lag Screws		1.25	18.75	
33	Steel Pins		3.91	129.03	
33	Pin Type Insulators-Small		1.94	64.02	
6	301 DE Clamp		5.81	34.86	
12	4" Disc Insulators		7.83	93.96	
10	5/8" x 12" Machine Bolt		1.73	17.30	
1	5/8" x 14" Machine Bolt		1.84	1.84	
11	5/8" MF Locknuts		.35	3.85	
6	5/8" x 18" D A Bolt		3.01	18.06	
6	5/8" Eye Nut		2.12	12.72	
43	2 1/4" Square Washers		.27	11.61	
2	5/8" x 10" T E A Bolt		4.32	8.64	
2	Patent Anchors		8.32	16.64	
2	5/8" x 7' Anchor Rod Twin Eye		7.60	15.20	
2	506 Insulators		2.43	4.86	
2	3-Bolt Clamp		3.80	7.60	
6	3/8" Preformed Guy Grip		3.33	19.98	
100'	3/8" Guy Wire		221.00/M	22.10	
2	3/8" Guy Clip		.45	.90	
3	#6 Copper Connector		1.33	3.99	
5#	#6 Bare Copper Wire		2.53/#	12.65	
35'	#2 5 KV Cable		977.90/M	34.23	

OILFIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

Remit to 1609 West 10th St., Odessa, Texas 79763

SOLD TO Doyle Hartman
500 N. Main Box 10426
Midland, Texas 79702

LEASE Late Thomas

WELL NO. 3

DIXIE ELECTRIC INC. HOBBS

P. O. Box 819 -:- TELEPHONE 393-4466 - 393-2498
HOBBS, NEW MEXICO 88240

INVOICE 52513

DATE 10/13/81
P. O. NO.
ORD. BY Swain
JOB NO. 1136

PLEASE PAY BY INVOICE — TERMS: NET 30 DAYS

	DESCRIPTION	Lea	AMOUNT
½#	Staples	1.00/# .50	
4½#	Tie Wire	1.73/# 7.79	
27	#4 Armor Rods	2.09 56.43	
3	508-82 Squeezon Connectors	.86 2.58	
6	#4 Preformed Deadend Grips	1.10 6.60	
608#	#4/6/1 ACSR Wire	162.68/CWT 989.09	
1	#4 Preformed Sleeves	2.66 2.66	
1	5/8" x 8' Ground Rod w/Clamp	14.97 14.97	
3	15 KV Cutouts	55.00 165.00	
3	9 KV Arresters	30.93 92.79	
3	3 Amp Primary Fuses	2.39 7.17	
3	Hot Line Clamps Small	5.09 15.27	
3	10 KVA Transformers Ser.#N198180YMSB #N194047YMSB, #N202521YATB	396.00 1188.00	
1	Transformer Cluster Bracket 6M3-6	68.28 68.28	
3	Squeezon Stirrup 36104-1B	6.20 18.60	
		Material:	4936.28
		Sub Total:	6837.38
		3½% N.M. Tax:	239.31
		Total:	$7076.69

OIL FIELD ELECTRICAL CONSTRUCTION AND MAINTENANCE
24 HOUR TROUBLE SHOOTING SERVICE

INVOICE

G E C, INC.

GAS EQUIPMENT CONSULTANTS, INC.

P. O. BOX 7001
MIDLAND, TEXAS 79703

October 6, 1981

Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Texas

Ship To: Same-Jal, New Mexico
Destination/Lease: Late Thomas Well #3
Ship Via: Kelley Welding
F.O.B.: Jal, New Mexico
Terms: Net-20

INVOICE NUMBER 3676

1 24" O.D. x 5' Vertical 188# TP Standard Construction 2-Phase Separator with:

(A) Trunnion Assembly & Linkage

(B) 2" Mechanical Dump Valve

(C) Pressure Gauge

(D) Gauge Cocks w/Glass

(E) Pre-Cast Block

(F) Primed & Painted

	$ 2,355.00
Plus 3 3/4 New Mexico Tax	88.31
	2,443.31
F.O.B. Jal, New Mex. Frt.	200.00
	$ 2,643.31

Thank You.

140-446-4433

1

Please Remit To:
P. O. Box 861
Hobbs, New Mexico 88240

Hobbs Anchor & Road Boring Service, Inc.

Phone 393-5718

P. O. BOX 661 HOBBS, NEW MEXICO 88240

Invoice No. 10-3

Ordered By Jack Fletcher

P. O. No.

Field Ticket No. 7865

Date Invoiced 10-1-81

SOLD TO
Doyle Hartman
508 C & K Pet. Bldg.
Midland, Texas 79701

Lease or Location Late Thomas # 3

Well No.

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
9-28-81				
	Furnished Labor, Material and Equipment to Install:			
	4- 1½" x 7' 4" Four Wing TUBECO Anchors w/Plastic Coated Rods Sale @ $276.28			
	Setting Charge			113.56
	76 miles @ $1.25 per mile			95.00
				$484.84
	3.5% N. M. St. Tax			16.97
				$501.81

TERMS: Net — 30 Days. 1½% per month interest charged on past due accounts.

INVOICE

A-1 SIGN ENGRAVERS

P. O. Box 2641
MIDLAND, TEXAS 79702
915-682-4503

INVOICE NO. 10 - 59
DATE 10-8-81
TERMS: Net 30 Days

TO: DOYLE HARTMAN
P. O. BOX 10426
MIDLAND, TEXAS 79702

LEASE NAME	ENTRANCE SIGN	WELL SIGN	TANK BATTERY SIGN	FRAME		TOTAL
2' X 3' Engraved Sign with 5½' Frame 1½" Angle Iron				1 Warehouse		$ 60.00
HUSKY-WOOLWORTH WELL NO. 1		19.80		18.00		$ 37.80
LATE-THOMAS WELL NO. 3		19.80		18.00		$ 37.80
BATES WELL NO. 3		19.80		18.00		$ 37.80
W. H. KING WELL NO. 3		19.80		18.00		$ 37.80
TERRA-CARLSON B FEDERAL WELL NO. 1		19.80		18.00		$ 37.80
STATE UTP WELL NO. 2		19.80		18.00		$ 37.80
ETZ WELL NO. 4		19.80		18.00		$ 37.80
					Sub-total	$324.60
					5% Sales Tax	16.23
					TOTAL	$340.83
						60.00
						280.83
140-46-46						
Charge to each well		40.12				
Charge to warehouse		40.00				

Thank You!

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO.
	Billy	Late Thomas # 3		10-19-81	J 32765
SHIPPED VIA	**TERMS (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**		**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**
Picked Up	1% 10 DAYS - NET 30 DAYS		Jal	10-6-81	Green

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex.79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	8	2 X 4 X H Nipples	6.60	Ea	-30	36.96
2	14	2 X 6 Ditto	8.90	Ea	-30	87.22
3	6	1 X 4 Ditto	5.50	Ea	-30	23.10
4	1	1 X 10 Ditto	9.30	Ea	-30	6.51
5	1	2" Gulfco Adj. Choke Valve	579.00	Ea	Net	579.00
6	3	2" 3000# F S Handle Bar Unions	50.30	Ea	-35	98.10
7	1	3" Fig.142 Rockwell Plug Valve	138.00	Ea	-20	110.40
8	3	2" Ditto	81.00	Ea	-20	194.40
9	1	1"Baird Back Pressure Belief Regulator#7100-1-G H P 125	140.25	Ea	Net	140.25
10	1	2 X 1 F S Bushing	12.00	Ea	-35	7.80
11	12	3" 90 Std.Ells	14.50	Ea	-30	121.80
						1405.54
			Plus Sales tax			49.20
		THANK YOU	TOTAL INVOICE			1454.74

Harold Swan

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984 ODESSA, ECTOR COUNTY, TEX.

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

DBA

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO
	Billy	Late Thomas # 3		10-19-81	J 32792
SHIPPED VIA	**TERMS (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**		**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**
Picked Up	1% 10 DAYS - NET 30 DAYS		Jal	10-8-81	Skaggs

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	$ PRICE	UNIT	DISCOUNT	TOTAL
1	2	2 X 10 X H Nipples	16.20	Ea	-30	22.68
2	2	2 X 12 Ditto	18.50	Ea	-30	25.90
3	6	2" Fig.100 Hammer Bar Unions	26.50	Ea	-5	151.08
4	5	3" Ditto	61.50	Ea	-5	292.15
5	1	2" F S Tee	45.15	Ea	-35	29.35
6	1	2"F S 90 Ell	32.70	Ea	-35	21.26
7	2	1" F S Tees	12.55	Ea	-35	16.32
8	126'	3" T & C Line Pipe	4.95	Ea	Net	623.70
9	42'	3" Ditto	4.95	Ft	Net	208.90
		Harold Swan				
						1390.34
			Plus Sales tax			48.66
		THANK YOU	TOTAL INVOICE			1439.00

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA ECTOR COUNTY, TEX.

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO
	Jack	Late Thomas # 3		10-9-81	J 32672
SHIPPED VIA	**TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**	**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**	
Picked up	1% 10 DAYS - NET 30 DAYS	Jal N M	9-24-81	Green	

SOLD TO
Doyle Hartman
Box 10426
Midland, Tx. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
	200	Sand Samp Bags	16.50	Ea	Net	33.00
2	4	2 3/8 Eue 8rd J-55 Tubing Cplg.	15.55	Ea	-15	52.88
						85.88
			Plus Sales Tax			3.01
		Harold Swain				
		THANK YOU	TOAL INVOCIE			88.89

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX.

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

DBA

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TE
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)	INVOICE DATE	INVOICE NO.
	Billy	Late Thomas # 3	10-19-81	J 32791

SHIPPED VIA	TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)	F.O.B. POINT	DELIVERY DATE	SALESMAN
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	10-8-81	Skaggs

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex.79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	1	3"#312 S G T Kimray Back Pressure Valve	275.00	Ea	Net	275.00
2	1	3" Std. Tee	16.14	Ea	-30	11.30
3	# 6	3 X 2 X H Swages	35.55	Ea	-10	192.00
4	1	3 X 4 Std. Nipple	5.50	Ea	-30	3.85
5	12	3 X 6 Ditto	6.75	Ea	-30	56.70
6	4	3 X 8 Ditto	8.30	Ea	-30	23.24
7	3	3 X 10 Ditto	9.60	Ea	-30	20.16
8	5	3 X 12 Ditto	10.80	Ea	-30	37.80
9	1	2" #212 S G T Kimray Back Pressure Valve	185.75	Ea	Net	185.75
10	1	1/4 Marpac Ball Valve	22.00	Ea	Net	22.00
11	1	1/4 Std. 90 Street Ell	1.15	Ea	-30	.81
12	2	2 X 8 X H Nipples	13.90	Ea	-30	19.46
						848.07
			Plus Sales Tax			29.68
		THANK YOU	TOTAL INVOICE			877.75

Harold Swain

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

DBA

INDUSTRIAL SPECIALTIES AND SUPPLY

P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392-3312

INVOICE

YOUR ORDER & REQ. NO.	ORDERED BY	CHARGE (JOB OR CODE)	INVOICE DATE	INVOICE NO.
	Jack	Late Thomas # 3	10-19-81	J 32702

SHIPPED VIA	TERMS: (NO DISCOUNT ON FREIGHT, TAX OR LABOR)	F.O.B. POINT	DELIVERY DATE	SALESMAN
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	9-29-81	Skaggs

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
	2	2" Clayton Mark Ball Valves C S 790 2000 W P	158.00	Ea	Net	316.00
2	1	12 Ozs. W D 40	3.50	Ea	Net	3.50
3	1	3 Gal. G -6	75.00	Ea	Net	75.00
4	3	1 X 520 Tefl n Tape	2.90	Ea	Net	8.70
5	1	2" Gulfco Adj. Choke Valve	579.00	Ea	Net	579.00
6	2	2" Wheatley Check Valve # 2160	387.00	Ea	-5	735.30
7	1	2" Fig.142 Rockwell Plug Valve	81.00	Ea	-20	64.80
8	3	1" W K M Ball Valves # B 136-C S-03 -2500 W P	52.00	Ea	-10	140.40
9	2	2" F S Tees	45.15	Ea	-35	58.70
10	4	2" F S 90 Ells	32.70	Ea	-35	85.04
11	1	1" Ditto	9.60	Ea	-35	6.24
12	1	2 X 1 F S Bushing	12.00	Ea	-35	7.80
						2080.48
			Plus sales tax			72.82
		THANK YOU	TOTAL INVOICE			2153.30

Harold Swan

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984 ODESSA ECTOR COUNTY TEX

STATES

53490

Oil Reports and Gas Services, Inc.

PHONES 393-2727 — 393-2017
P. O. BOX 763
HOBBS, NEW MEXICO 88240

DATE July 30, 1981

CUST. ORDER NO.

OUR REF. NO. 81-936

Doyle Hartman, Inc.

500 North Main

Midland, TX 79701

TOTAL $43.47

Late Oil Company: Thomas #3 (was #1) 130-10-48
Husky Oil Company: N. Shore Woolworth #3 & #5 130-10-[illegible]
Reading & Bates: Humble State #3 130-10-51

Copy complete OCD well file

1 hour @ $20.00 per hour	$20.00
110 copies @ 20¢ per copy	22.00
	42.00
3.5% New Mexico Tax	1.47
	$43.47

JUL 31 1981

Thank you.

K & E 105 MM MICROMASTER

Permian Reproduction Co., inc.

TELEPHONE MU 2 8683 MU 2 4591

212 NO. COLORADO
MIDLAND, TEXAS

OZALID DISTRIBUTORS • OZALID PRINTS • CAMERA WORK • REPRO OFFSET PRINTING • PHOTOSTAT • BLUE LINES • FILM

Customer's Order No. _____ Date 7-31- 1981

Name Doyle Hartman

Address 500 N. Main

SOLD BY	CASH	C.O.D.	CHARGE	ON ACCT.	MDSE. RETD.	PAID OUT	
			O				

QUANTITY	DESCRIPTION	PRICE	AMOUNT	
10	HUTO Pos Film		75.	00
	TAX		3	75
			78.	75

All claims and returned goods MUST be accompanied by this bill.

No. 07057 Rec'd by Michelle Hamilton

DOYLE HARTMAN, OIL OPERATOR
P. O. BOX [illegible]
MIDLAND, TEXAS 79702

THE [illegible] NATIONAL BANK
MIDLAND, TEXAS 79701

6828

63-389
1163

7/27/ 1981

REGISTERED DISBURSEMENTS

PAY _____ DOLLARS $10.00

TO THE ORDER OF

Lea County Clerk
P. O. Box 1507
Lovington, New Mexico 88260

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

⑈006828⑈ ⑆113038820⑆ 070 633 7⑈

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM WVB-3 V-3

DATE	DESCRIPTION	AMOUNT
7/27/81 t	Recording of assignment dated 5-15-81 from Frank M. Late et ux to James A. Davidson covering SW/4 Section 17, T-24-S, R-37-E, NMPM, Lea County, N.M. (Late Tohas Lease)	$10.00

PADTKE, AYCOCK, & ASSOCIATES, INC
Petroleum Engineering Consultants
310 WALL TOWERS WEST
MIDLAND, TEXAS 79701
TELEPHONE 915/684-8044

DATE JULY 31, 1981

INVOICE NO. 0469

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

DESCRIPTION			
NGPA APPLICATION - LATE THOMAS			
PROFESSIONAL SERVICES:			
Engineering	$277.50		
Technical	305.50	$583.00	
DIRECT CHARGES:			
Howard's Drafting	126.50		
Statistical Data	26.31		
Reproduction	1.00		
Secretarial	6.25	160.06	
	TOTAL		$743.06

INVOICE

LEA COUNTY ABSTRACT COMPANY

Accurate - Prompt - Courteous

116 N. Love Phone 396-2829

LOVINGTON, NEW MEXICO 88260

Date 8-10881 No. 32460

To: DOYLE HARTMAN
500 North Main
Midland, Texas 79701

Delivered To:

Re: Ordered by: Michele Hembree

Search - Operating Agreement	$20.00
Re: S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico.	
TAX	.70
TOTAL	$20.70

COMPLETE TITLE SERVICE

TITLE INS. FILE NO.:

STATEMENT

ABSTRACT NO.: Comp. No. 8-1881
DATE: August 18, 1981

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

LOVINGTON ABSTRACT COMPANY
THE TITLE IS VITAL
P. O. BOX 1416 — PH. 376-3500 — AREA CODE 505
LOVINGTON, NEW MEXICO 88260

Date	Real Estate	Recording Fees	Title Insurance	Abstracting
	SE¼ of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico Mineral Title Only			$ 1,516.00
	Tax			53.06
	Total			$ 1,569.06
	Thank You			½ EA

Owner: [illegible]

Title Insurance Binder Commitment ( )
Abstract ( ) Delivered To: ~~Buddy Davidson — In Person~~

Remarks:

TOTAL $ 1,569.06

Form AB 2000

DOYLE HARTMAN, OIL OPERATOR
P. O. BOX 10426 — 4011
MIDLAND, TEXAS 79702

THE FIRST NATIONAL BANK
MIDLAND, TEXAS

6851

84-363
1163

8/3/ 1981

PAY Two Hundred and no/100 DOLLARS $200.00

TO THE ORDER OF Jim Burr

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

⑈006851⑈ ⑆111303882⑆ 070 633 7⑈

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
8/3/81	Cash for Doyle Hartman trip to Santa Fe	$200.00

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

THE FIRST NATIONAL BANK
MIDLAND, TEXAS 79701

6864

August 25 1981

22-202
1163

PAY REGISTERED ACCOUNTS DOLLARS $ 300.00

TO THE ORDER OF Kim Curry

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

⑈006864⑈ ⑆113030382⑆ 070 633 7⑈

DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79702

DELUXE - FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
8/25/81	Cash for trip to Santa Fe for hearing on the: ~~City of Jal #1~~ Bates #3 150.00 Late Thomas 150.00 300.00	

[redacted]

PADTKE, AYCOCK, & ASSOCIATES, INC.
Petroleum Engineering Consultants
310 WALL TOWERS WEST
MIDLAND, TEXAS 79701
TELEPHONE 915/684-8044

DATE AUGUST 31, 1981

INVOICE NO. 0486

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

DESCRIPTION			
LATE THOMAS - HEARING PREPARATION			
PROFESSIONAL SERVICES:			
Engineering	$4,894.37		
Technical	760.62	$5,654.99	
DIRECT CHARGES:			
Statistical Data	193.49		
Howard's Drafting	487.33		
Telephone	5.44	686.26	
TOTAL			$6,341.25

ADTKE, AYCOCK, & ASSOCIATES, INC.
Petroleum Engineering Consultants
310 WALL TOWERS WEST
MIDLAND, TEXAS 79701
TELEPHONE 915/684-8044

DATE AUGUST 31, 1981

INVOICE NO. 0494

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

DESCRIPTION			
LATE THOMAS - NGPA APPLICATION			
PROFESSIONAL SERVICES:			
Engineering	$3,034.38		
Technical	485.63	$3,520.01	
DIRECT CHARGES:			
Statistical Data	193.49		
Howard's Drafting	487.33		
Telephone	5.44	686.26	
	TOTAL		$4,206.27

September 11, 1981

TO: Doyle Hartman

FOR: Professional Services Rendered

09/11/81	Rendering Drilling Opinion on the South one-half (S/2) of Section 17, T-24-S, R-37-E, Lea County, New Mexico, from an examination of a former drilling opinion covering the Southwest one-quarter (SW/4) of Section 17 and a new Complemental Abstract of Title of 364 pages covering the Southeast one-quarter (SE/4) of Section 17, the charge being based on $1.50 per page for the new abstract and a total of $100.00 for the time spent in reviewing the previous title opinion and abstracts	$646.00
	Total	$646.00

IN ACCOUNT WITH:

Warren D. Barton
P. O. Box 1964
Midland, Texas 79704

Warren D. Barton

CAMPBELL, BYRD & BLACK, P.A.

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

LAWYERS

JACK M. CAMPBELL
MARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

September 17, 1981

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, TX 79702

Legal services as per attached sheet(s):
OCD - Thomas #2 & #3 $ 475.00
New Mexico Gross Receipts Tax 17.81

Costs:

Xerox _____

Telephone _____

Filing Fees _____

Travel/Mileage _____

Other : _____ -0-

TOTAL DUE $ 492.81

½ EA

SEP 22 1981

WILLIAM P. AYCOCK & ASSOCIATES, INC.
Petroleum Engineering Consultants
308 WALL TOWERS WEST
MIDLAND, TEXAS 79701
PHONE 915/683-5721

DATE SEPTEMBER 30, 1981

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

INVOICE № 0511

DESCRIPTION			
LATE THOMAS #2 & #3			
PROFESSIONAL SERVICES:			
Engineering	$2,385.00		
Technical	1,080.00	$3,465.00	
DIRECT CHARGES:			
Statistical Data	27.00		
Postage	1.38	28.38	
TOTAL			$3,493.3

CAMPBELL, BYRD & BLACK, P.A.

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

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, Texas 79702

October 12, 1981

Legal services as per attached sheet(s): $ 345.00
Late Thomas Wells
New Mexico Gross Receipts Tax 12.94

Costs:

Xerox _____

Telephone _____

Filing Fees _____

Travel/Mileage _____

Other : _____ _____

TOTAL DUE $ 357.94

OCT 19 1981

INVOICE

LEA COUNTY ABSTRACT COMPANY

Accurate - Prompt - Courteous

116 N. Love Phone 396-2829

LOVINGTON, NEW MEXICO 88260

Date 10/30/81 No. 32577

To: Doyle Hartman
500 North Main
Midland, Texas 79701

Delivered To:

Re:

S/2 of Section 17, Township 24 South, Range 37 East,
N.M.P.M., Lea County, New Mexico $189.00

Late Thomas
2 & 3

TAX 6.62

TOTAL $195.62

½ EA

COMPLETE TITLE SERVICE

STATEMENT

45800

MADDOX & RENFROW
ATTORNEYS AND COUNSELORS AT LAW
POST OFFICE BOX 2508
3RD FLOOR - BROADMOOR BLDG.
HOBBS, NEW MEXICO 88240
(505) 393-0505

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

November 18, 1981

FOR PROFESSIONAL SERVICES RENDERED

Re: Late Thomas - Legal representation through October 31, 1981

Miscellaneous conferences with Buddy Davidson, Bill Carr, W. P. Aycock and Jerry Sexton

Fee	$468.75
Tax on Fee	16.41
Telephone expense	14.95
Xerox expense	.75
BALANCE DUE	$500.86

1/2 EA.

[illegible] OIL
[illegible], TEXAS 79702

THE FIRST [illegible] BANK
[illegible]

6997

11/13/ 19 81

PAY [illegible] DOLLARS $ 10.00

TO THE ORDER OF

Lea County Clerk
P. O. Box 1507
Lovington, New Mexico 88260

11320

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[illegible] 0700 033 7[illegible]

[illegible] OIL OPERATOR
MIDLAND, TEXAS 79703

COUPON - FORM [illegible]-3 V-2

DATE	DESCRIPTION	AMOUNT
11/13/81	Recording of Assignment of Oil & Gas Leases from James A. Davidson to Doyle Hartman covering SW/4 Section 17, T-24-S, R-37-E, Lea County, N.M. (Late Thomas Lease)	$10.00

13210 48

6906

11/13/81

PAY [illegible] Dollars $ 10.00

11320

TO THE ORDER OF

Lea County Clerk
P. O. Box 1507
Lovington, New Mexico 88260

NOT NEGOTIABLE

DATE	DESCRIPTION	AMOUNT
11/13/81	Recording of Assignment of Oil & Gas Leases from Doyle Hartman, James A. Davidson, James E. Burr et al covering SW/4 Section 17, T-24-S, R-37-E, Lea Co. ,N.M. (Late Thomas Lease)	$10.00

1301048

00566	34300	JAL WELDING & MACHI	11/04/81	811716	002	35-69		117.99✓			OTHER DRILL
00566	26250	HALLIBURTON	10/27/81	186546	002	36-36		54,563.34✓			STIMULATION
00566	04900	D. P. BONHAM TRANSF	11/16/81	143034	002	36-39		83.07✓			TRUCKING AN
00566	10380	CONTINENTAL-EMSCO C	11/20/81	1412355	002	36-39		737.86✓			TRUCKING AN
00566	00100	ABC RENTAL TOOL CO.	11/19/81	11-2252	002	36-45		1,675.60✓			EQUIPMENT R
00566	19700	JACK FLETCHER	11/20/81		002	36-48		1,231.08✓			CONSULTING
00566	09500	CLARKE OIL WELL SER	10/30/81	09365	002	36-57		6,073.35			COMPLETION
00566	85500	WELEX	10/20/81	019575	002	36-60		7,948.80✓			OTHER COMPL
00566	09500	CLARKE OIL WELL SER	10/30/81	09327	002	36-66		150.85✓			OTHER COMPL
00566	09500	CLARKE OIL WELL SER	10/30/81	09326	002	36-66		642.22✓			OTHER COMPL
00566	10390	CONTINENTAL-EMSCO C	10/30/81	2412763	002	45-04			5,552.21✓		SURFACE CAS
00566	10380	CONTINENTAL-EMSCO C	10/30/81	1412302	002	46-10			32,279.46✓		PRODUCTION
00566	02800	AXELSON, INC.	10/31/81	784652	002	46-31			7,482.38✓		RODS
00566	02800	AXELSON, INC.	11/23/81	844982	002	46-31			366.55✓		RODS
00566	13400	DIXIE ELECTRIC, INC	11/12/81	52782	002	46-40			3,290.89✓		ENGINES AND
00566	35560	WELLHEAD INDUSTRIES	10/14/81	1138	002	46-46			78.00✓		OTHER EQUIP
00566	30100	I S & S INCORPORATE	11/05/81	32953	002	46-52			1,597.96✓		MISCELLANEO
00566	30100	I S & S INCORPORATE	11/05/81	32954	002	46-52			833.27✓		MISCELLANEO
00566	43500	LOPPS WELDING SERVI	11/23/81	2818	002	47-37			14.75✓		PRODUCTION
			****	WELL TOTAL			10,336.89	149,226.01	51,495.49	.00	211,058.39
00567	****	LATE THOMAS #3									
00567	60900	PUMPING UNITS SERVI	11/05/81	811907✓	003	16-27	511.65				CONTRACT LA
00567	19900	FLOYDS PUMPING & RO	11/02/81	811097✓	003	16-27	208.66				CONTRACT LA
00567	19900	FLOYDS PUMPING & RO	11/02/81	811098✓	003	16-27	417.31				CONTRACT LA
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-01	185.92				PUMPER
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-05	29.54				EMPLOYEE BE
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-07	26.22				INSURANCE
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-09	38.73				OPERATING SU
00567	51000	NEW MEXICO ELECTRIC	11/04/81	8650800✓	003	17-11	43.21				FUEL AND PO
00567	30100	I S & S INCORPORATE	11/16/81	32944✓	003	17-33	1,281.49				CONNECTIONS
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-57	245.00				PRODUCING OV
00567	00009	D. HARTMAN OIL OPER	11/30/81		003	17-61	509.66				LEGAL AND R
00567	12950	DESERT ENERGY EQUIP	10/30/81	145874✓	003	35-12		4,216.24✓			BITS AND RE
00567	12950	DESERT ENERGY EQUIP	11/06/81	14653✓	003	35-12		5,498.29✓			BITS AND RE
00567	02900	WILLIAM P. AYCOCK &	10/31/81	0523✓	003	35-48		1,397.63✓			CONSULTING
00567	48100	MIDLAND SAMPLE CUT	10/31/81	6426✓	003	35-48		11.70✓			CONSULTING
00567	10380	CONTINENTAL-EMSCO C	10/30/81	1412808✓	003	36-39		131.00✓			TRUCKING AN
00567	04900	D. P. BONHAM TRANSF	11/16/81	143034✓	003	36-39		83.07✓			TRUCKING AN
00567	19700	JACK FLETCHER	11/20/81	✓	003	36-43		545.78✓			CONSULTING
00567	84400	WALLACH CONCRETE PR	10/08/81	3160✓	003	36-51		82.80✓			MISCELLANEO

LEASE NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL
00567	10380	CONTINENTAL-EMSCO C	10/30/81	1412813 ✓	003	46-10			31,518.53 ✓		PRODUCTION C
00567	71900	SUREERS FIBERGLASS.	11/10/81	08717 ✓	003	46-22			2,693.50 ✓		TANKS
00567	02800	AXELSON. INC.	10/31/81	784651 ✓	003	46-31			7,482.38		RODS
00567	02800	AXELSON. INC.	11/23/81	83437. ✓	003	46-37			1,590.11		PRODUCTION .
00567	85560	WELLHEAD INDUSTRIES	10/14/81	1136	003	46-46			78.00		OTHER EQUIP
				****	WELL	TOTAL	3,547.69	11,966.51	43,362.52	.00	58,876.72
00570	****	SHELL STATE #5									
00570	19900	FLOYDS PUMPING & RO	11/01/81	811085	005	16-27	649.98				CONTRACT LA
00570	60900	PUMPING UNITS SERVI	11/05/81	811905	005	16-27	639.16				CONTRACT LA
00570	19900	FLOYDS PUMPING & RO	11/02/81	811092	005	16-27	203.66				CONTRACT LA
00570	60900	PUMPING UNITS SERVI	11/05/81	81-1895	005	16-27	1,345.91				CONTRACT LA
00570	19900	FLOYDS PUMPING & RO	11/01/81	811084	005	16-27	162.29				CONTRACT LA
00570	19900	FLOYDS PUMPING & RO	11/02/81	811091	005	16-27	417.31				CONTRACT LA
00570	51300	NEW MEXICO ELECTRIC	11/16/81	7869300	005	17-11	47.70				FUEL AND PO
00570	75900	J. R. CATTLE COMPAN	11/04/81		005	17-45	600.00				SURFACE DAMA
00570	00009	J. HARTMAN OIL OPER	11/30/81		005	17-61	6,905.31				LEGAL AND RE
00570	36000	JOHN WEST ENGINEERI	9/25/81	981123	005	35-01		359.66			ROADS AND LO
00570	36000	JOHN WEST ENGINEERI	9/25/81	981162	005	35-01		155.25			ROADS AND LO
00570	12950	DESERT ENERGY EQUIP	10/30/81	14618	005	35-12		5,579.64			BITS AND REA
00570	88100	XL TRANSPORTATION C	11/06/81	62005	005	35-18	642.03				WATER
00570	88100	XL TRANSPORTATION C	11/06/81	62026	005	35-18	123.48				WATER
00570	88100	XL TRANSPORTATION C	11/06/81	62007	005	35-18	1,310.35				WATER
00570	88100	XL TRANSPORTATION C	11/06/81	62006	005	35-18	181.94				WATER
00570	01210	ACME TRUCK LINE. IN	10/14/81	J1176	005	35-39	73.82				TRUCKING AN
00570	19700	JACK FLETCHER	11/20/81		005	35-48	2,330.19				CONSULTING F
00570	48100	MIDLAND SAMPLE CUT	10/31/81	6426	005	35-48	12.00				CONSULTING F
00570	19700	JACK FLETCHER	11/20/81		005	36-46	1,294.52				CONSULTING F
00570	97030	WHITWORTH HARDWARE	10/30/81	63799	005	36-51	4.30				MISCELLANEOU
00570	09500	CLARKE OIL WELL SER	10/30/81	09364	005	36-57	6,653.24				COMPLETION O
00570	09500	CLARKE OIL WELL SER	10/30/81	09328	005	36-66	871.73				OTHER COMPLE
00570	10380	CONTINENTAL-EMSCO C	10/30/81	1412801	005	45-04			5,316.06		SURFACE CASI
00570	10380	CONTINENTAL-EMSCO C	10/30/81	1412754	005	46-10			33,942.63		PRODUCTION C
00570	02800	AXELSON. INC.	11/23/81	834486	005	46-31			450.59		RODS
00570	02800	AXELSON. INC.	11/25/81	834439	005	46-37			1,942.36		PRODUCTION E
00570	02800	AXELSON. INC.	11/16/81	834461	005	46-37			473.36		PRODUCTION E
00570	13400	DIXIE ELECTRIC. INC	11/12/81	52767	005	46-46			56.82		OTHER EQUIPM
00570	01400	AMERICAN ANCHOR & H	10/17/81	434	005	46-46			406.24		OTHER EQUIPM
00570	85560	WELLHEAD INDUSTRIES	10/14/81	1136	005	46-46			78.00		OTHER EQUIP

INVOICE

PUMPING UNITS SERVICES, INC.

"The Pumping Unit Specialists"

NMSCC 7379 | P.O. BOX 356 | PHONE 505 393-3191 | RRC 27167

HOBBS, NEW MEXICO 88240

PAGE 1

Invoice No. 81-1907

CHARGE TO: DOYLE HARTMAN
508 C & K PETR. BLDG.
MIDLAND, TX 79701

Invoice Date 11/05/81
Customer Order No.
A. F. E. No.
Contract No.

Lease & Well No. LATE THOMAS #3

Job Ordered By: HAROLD SWAIN

UNIT MFG & TYPE: AMERICAN 57-90-54 SERIAL NO: T9F54-2-5525

FURNISH LABOR, TOOLS & EQUIPMENT TO LOAD 1 SET OF GUARD RAILS, DELIVER TO LOCATION & INSTALL, TIGHTEN ALL BOLTS, PREPARE UNIT FOR OPERATION.

		HOURS	PRICE	EXTENSION
Foreman	MENDOZA, RUBEN	2	16.00	32.00
Workman	BAIZA, JACOBO	2	13.00	26.00
Workman	TOVAR, JESSE	2	13.00	26.00
Workman				
Workman				
1-Ton Truck w/Tools	121 1 TON TRUCK WITH TOOLS	2	14.25	32.50
Truck				
Other Charges	1 - SET OF PUMPING UNIT GUARD RAILS			372.00

18.00% FUEL SURCHARGE ON $32.50 $5.85

SUBTOTAL	$494.35
STATE SALES TAX	$17.30
TOTAL	$511.65

Time Started
Lunch
Time Finished
Date of Work 10/28/81
Work Ticket No.

JOB COMPLETE

NM
OFHA TARIFF 30-F (NON REGULATED LEASE WORK)

TERMS: NET, 30 DAYS. NO DISCOUNT ALLOWED. INTEREST AT 1½% PER MONTH AFTER DUE DATE FOR 18% ANNUAL RATE.

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED
P. O. Drawer 88 Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811097
DATE 11/02/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED	AMOUNT
Work Ticket #4214 10/26/81:	
Loaded and hauled sand to location and built pad for fiberglas tank, and moved casing off location.	
Pusher 4 hrs. @ $13.10	$ 52.40
Roustabouts 8 hrs. @ $11.20	89.60
Truck & Tools 4 hrs. @ $14.90	59.60
SUB TOTAL	$ 201.60
3½% TAX	7.06
TOTAL	$ 208.66

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED
P. O. Drawer BB Phone (505) 395-2031
HOBBS, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811098
DATE 11/02/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4216 10/27/81:		
Made trip to supply store for pipe and connections and loaded and hauled them to location, squared and levelled tank, installed valves on tank, laid flowline and squared and levelled it, tied line into tank and separator, and broke out and hauled flare line to yard.		
Pusher	8 hrs. @ $13.10	$ 104.80
Roustabouts	16 hrs. @ $11.20	179.20
Truck & Tools	8 hrs. @ $14.90	119.20
SUB TOTAL		$ 403.20
3% TAX		14.11
TOTAL		$ 417.31

NEW MEXICO ELECTRIC SERVICE COMPANY

An Investor - Owned Public Utility
P.O. BOX 920 - - - 221 E. DUNNAM
HOBBS, NEW MEXICO 88240
505/393-5156

HARTMAN, DOYLE
PO BOX 10426
MIDLAND, TX 79702

LOCATION		
LATE THOMAS-WELL #3 Sec 517 T24S R37E		
ACCOUNT NO.	METER NO.	RATE
10-5950-0	16709	501

39

ELECTRIC SERVICE ACCOUNT

ENERGY			
METER READINGS		MULTI-PLIER	TOTAL KWH
PRESENT	PREVIOUS		
62		10	63.

K&H 2 PER CENT ADJUSTED

DEMAND		
READING	MULTIPLIER	TOTAL-KW
.30	10.00	3

ELECTRIC POWER is

Safe
Quiet
Clean
Reliable
Flexible
Convenient
Economical
Flameless

DETAIL OF BILLING

577 K&H PROJECTED FOR 30 DAYS		
560 K&H @	2.600 CTS	13.62
17 KW @	.800 CTS	.14
ADJ FOR MINIMUM		2.66
ACTUAL BILLING FOR 27 DAYS		15.65
FUEL COST ADJ .035545 X 577		23.19
TAX		1.46
ACCT. NO. 10-5950-0		
TOTAL AMT DUE		63.21

Due and Payable upon Receipt

140-17-11

METER READ MO. - DAY	PAST DUE AFTER MO. - DAY - YR.
[illegible]	11-20-81

PLEASE RETURN PINK COPY WITH YOUR REMITTANCE

OFFICE PHONE: JAL, NEW MEXICO
AREA 505 - 395-3308

OFFICE PHONE: SONORA, TEXAS
AREA 915 - 387-3194

I. S. & S. INCORPORATED

D B A
INDUSTRIAL SPECIALTIES AND SUPPLY
P. O. BOX 1984 • PHONE: 915 - 332-1553 • ODESSA, TEXAS 79760

OFFICE PHONE: OZONA, TEXAS
AREA 915 - 392 3312

INVOICE

YOUR ORDER & REQ. NO	ORDERED BY	CHARGE (JOB OR CODE)		INVOICE DATE	INVOICE NO
	Billy	Late Thomas # 3		11-13-81	J 32944
SHIPPED VIA	**TERMS (NO DISCOUNT ON FREIGHT, TAX OR LABOR)**	**F.O.B. POINT**	**DELIVERY DATE**	**SALESMAN**	
Picked Up	1% 10 DAYS - NET 30 DAYS	Jal	10-26-81	Green	

SOLD TO
Doyle Hartman
Box 10426
Midland, Tex. 79702

SHIP TO

ITEM	QUANTITY	DESCRIPTION	PRICE	UNIT	DISCOUNT	TOTAL
1	147'	3" T & C Line Pipe	4.95	Ft	Net	727.65
2	2	3" Screwed Butterfly Valves	105.00	Ea	Net	210.00
3	2	3" 90 Std. Ells	14.50	Ea	-30	20.30
4	1	3 X 12 Std. Nipple	10.80	Ea	-30	7.56
5	3	3 X 10 Ditto	9.60	Ea	-30	20.16
6	2	3 X 6 Ditto	6.75	Ea	-30	9.46
7	1	2" Fig.100 Hammer Bar Union	26.50	Ea	-5	25.18
8	1	3 X 2 X H Swage	38.38	Ea	-10	34.54
9	63 21'	2" T & C Line Pipe	2.60	Ft	Net	163.80
10	3	1 Gal # 1 Thinner Harold Swain	6.50	Ea	Net	19.50
						1238.15
			Plus sales tax			43.34
		THANK YOU	TOTAL INVOICE			1281.49

INTEREST AT 1½% PER ANNUM CHARGEABLE AFTER 30 DAYS. ALL BILLS DUE AND PAYABLE AT P. O. BOX 1984, ODESSA, ECTOR COUNTY, TEX.

DESERT ENERGY EQUIPMENT, INC.

NEW AND USED OILFIELD SUPPLIES

PLEASE REMIT TO: DESERT ENERGY EQUIPMENT, INC. P. O. DRAWER 9005 ODESSA, TEXAS 79762

CUSTOMER COPY

INVOICE

NO. O- 14587-H

STORE NO. 1

P. O. DRAWER 9005 - 3325 W. LOOP 33
915/381-3321 & 563-3051
ODESSA, TEXAS 79762

STORE NO. 2

P. O. BOX 3345 - 520 W. PURDUE ST.
405/237-7920
ENID, OKLAHOMA 73701

SOLD TO

Doyle Hartman Oil Operator
815 Beech
Jal, New Mex. 88252

SHIP TO

Filled By | Apr. By

DATE	DATE SHIPPED	CUST. ORD. NO.	ORDERED BY	INVOICE DATE	TERMS	Store Location
10-5-81	10-14-81	NOR		10 30 81	Net 20th	Hobbs

CHARGE TO LEASE - WELL - RIG - LOCATION - PLANT	SHIPPED VIA	PREPAID ALLOWED	PREPAID CHARGED	COLLECT
Rig #18 Thomas #3	Smith			

QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	B O	UNIT PRICE	DISCOUNT	SALES AMOUNT
1	1	8-3/4" F4 (BV4254) Journal Bearing Bit	A	4163.00	Net	4163.00
		3.5% MI Tax				142.24
1	1	Lot Freight	A	11.03	Net	11.03
		Confirming delivery on Smith #1112048				
		signed copy of delivery ticket attached.				
				SUBTOTAL		
				SALES TAX		
				TOTAL		4216.24

NET DUE PERIODS RUN FROM DATE OF INVOICE. INTEREST IS CHARGED AFTER DUE DATE AT HIGHEST RATE PERMITTED BY LAW UP TO A MAXIMUM OF 1½% PER MONTH. DUE AND PAYABLE IN ODESSA, TEXAS, ECTOR COUNTY. "GOODS NOT OF OUR MANUFACTURE ARE SOLD SUBJECT TO MANUFACTURER'S WARRANTY."

RECEIVED BY: _____

DESERT ENERGY EQUIPMENT, INC.

NEW / USED OILFIELD SUPPLIES

PLEASE REMIT TO: DESERT ENERGY EQUIPMENT, INC. P. O. DRAWER 9005 ODESSA, TEXAS 79762

CUSTOMER COPY

INVOICE

NO. O- 14653A

STORE NO. 1
P. O. DRAWER 9005 · 3325 W. LOOP 33
915/381-3321 & 563-3051
ODESSA, TEXAS 79762

STORE NO. 2
P. O. BOX 3345 · 520 W. PURDUE ST.
405/237-7920
ENID, OKLAHOMA 73701

Doyle Hartman Oil Operator
815 Beech
Jal, NM 88252

Filled By	Apr. By

DATE	DATE SHIPPED	CUST. ORD. NO.	ORDERED BY	INVOICE DATE	TERMS	Store Location
10-20-81	9-18-81	NOR		11-6-81	Net 30	Hobbs

CHARGE TO LEASE - WELL - RIG - LOCATION - PLANT	SHIPPED VIA	PREPAID ALLOWED	PREPAID CHARGED	COLLECT
Thomas #3	Hughes			

QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	B.O.	UNIT PRICE	DISCOUNT	SALES AMOUNT
1	1	8-3/4"(086-1782) J3, LJ655 Journal				
		Bearing Tricone Bit	A	4063.00	Net	4,063 00
1	1	8-3/4"(086-7442)J44, 560FA Journal				
		Bearing Hughset Bit	A	1223.00	Net	1,223 00
		Sub Total				5,286 00
		3.5% NM Tax				185 01
1	1	Lot Freight on Item 1	A	13.64	Net	13 64
1	1	Lot Freight on Item 2	A	13.64	Net	13 64
		Confirming delivery of material on				
		Hughes D/T 79249, signed copy attached				
				XXXXXXXX		
				SALES TAX XXXXXXX		
				TOTAL		5,498 29

NET DUE PERIODS RUN FROM DATE OF INVOICE. INTEREST IS CHARGED AFTER DUE DATE AT HIGHEST RATE PERMITTED BY LAW UP TO A MAXIMUM OF 1½% PER MONTH. DUE AND PAYABLE IN ODESSA, TEXAS, ECTOR COUNTY. "GOODS NOT OF OUR MANUFACTURE ARE SOLD SUBJECT TO MANUFACTURER'S WARRANTY."

RECEIVED BY: _____

WILLIAM P. AYCOCK & ASSOCIATES, INC.
Petroleum Engineering Consultants
308 WALL TOWERS WEST
MIDLAND, TEXAS 79701
PHONE 915/683-5721

DATE OCTOBER 31, 1981

INVOICE № 0523

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

DESCRIPTION		
LATE THOMAS #3		
PROFESSIONAL SERVICES:		
Engineering	$1,087.50	
Technical	285.00	$1,372.50
DIRECT CHARGES:		
Statistical Data	16.50	
Telephone	8.63	25.13
TOTAL		$1,397.63

140-35-48

INVOICE

MIDLAND SAMPLE CUT

PHONE 682-5611 P. O. BOX 1921
MIDLAND, TEXAS 79702

№ 6426

To:
DOYLE HARTMEN
508 C & K BLDG.
MIDLAND, TX 79701

DATE OCTOBER 31, 1981

DATE	DESCRIPTION	AMOUNT
	Dues for Month of _____ _____	
	Sample Cut Service Charge:	
	258 Samples @ 18 ¢ each.	$ 46.00*
	#3 BATES (LEA, NM) 68 SPLS.	
	#1 HUSKY-WOOLWORTH (LEA, NM) 56 "	
	#5 SHELL-STATE (LEA, NM) 69 "	
	#3 THOMAS (LEA, NM) 65 "	
	258 SPLS.	

Terms: Net amount due and payable in thirty days.

CE FORM 200
REV. 5-81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION	SELLING LOCATION	DATE SHIPPED	INVOICE NO.	PART OF NO.
[illegible] TX LTV TUB SERVICE	MIDLAND SALES OFFICE	09-24-81	1412000	

CUSTOMER ORDER REFERENCE (Purchase Order No., Ordered By, Etc.)	CUSTOMER'S LOCATION CHARGE	ORDER ATTACHED TO INVOICE NO	INVOICE DATE
[illegible]	A LATE THOMAS #3		10-30-81

SOLD TO:
DOYLE HARTMAN
BOX 10426
MIDLAND TX 79702

SHIPPED TO
SAME

SHIPPED VIA
COMMON CARRIER — 50-E80

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION (THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE)	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH BUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********	***			
		LOAD OUT CHARGES PER TUBOLA SERVICES INVOICE				
		CI-1722				
		CASING BILLED ON 1349990			131.00	N
		140-36-39				

TAXES — DETAIL | TOTAL .00

DISCOUNT KEY		PROMPT PAYMENT DISCOUNT	INVOICE AMOUNT
2 - 1½%	3 - 2% 10 DAYS	IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE .00	131.00
1 - 1%	N - NET 20TH PROX.	IF THE SPACE IN KEY COLUMN IS BLANK, TERMS ARE NET 20TH FOLLOWING	

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

D. P. BONHAM TRANSFER, INC.

P.O. DRAWER-G BARTLESVILLE, OKLA. 74003 913-336-7120

FREIGHT BILL NO. 24667

SHIPPER - ORIGIN	CONSIGNEE – DESTINATION	BILL DATE
AXELSON SHOP ODESSA TX	DOYLE HARTMAN HOBBS NM	11/15/81

MAIL TO	SHIPPER I. D. NUMBER	LOAD DATE
DOYLE HARTMAN	143034	10/30/81
	SPECIAL BILLING INSTRUCTIONS	TARIFF REF.
PO BOX 10426 MIDLAND TX 79702	850 64 MILES	200A

PIECES	DESCRIPTION	MILEAGE	WEIGHT	RATE	CHARGES
	MISC PER ATTACHED B/L	64	17340		
	RATED AS		24000	.880	211.20
	FUEL SURCHARGE------18.0%				38.02
	Late Thomas #2				
	" " #3				
	Husky Woolworth				

TOTAL CHARGES 249.22

ORDER OF INTERSTATE COMMERCE COMMISSION EFF. OCT. 1, 1937 REQUIRES PAYMENT OF FREIGHT CHARGES WITHIN 7 DAYS AFTER RECEIPT OF FRT. BILLS.

TRIP NO. NUMERICAL FILE

NOVEMBER 20 19 81

Pay [illegible] DOLLARS 9,438.35

14700

TO JACK FLETCHER
RT. #1, BOX 133C
MIDLAND, TEXAS 79701

DOYLE HARTMAN, OIL OPERATOR

NOT NEGOTIABLE

[illegible] DOYLE HARTMAN, OIL OPERATOR
MIDLAND, TEXAS 79703

[illegible] FORM WWC-3 W-2

DATE	DESCRIPTION	AMOUNT
11-20-81	WORK RESUME ATTACHED	$9,438.35
1403648	Lyle Thomas #3 ALP 545.75	
1403548 1403648	Lyle Thomas #2 TLP 10 Days [illegible] ALP 4 Days [illegible]	
1403548 1403648	Mary Ann Estes TLP 9 Days [illegible] ALP 5 Days [illegible]	
	Justy Foolsworth 1403548 TLP 2 Days 396.75 1403648 ALP 2 Days [illegible]	
	Petie #3 1403648 ALP 205.18	

EUNICE PLANT

PHONE 394-2155

WALLACH CONCRETE PRODUCTS

Transit-Mix and Masonry Products

P. O. BOX 1289

HOBBS, NEW MEXICO 88240

Customer's Order No. _____ Date 10-8 1981

M DOYLE HARTMAN

Address

LATE THOMAS #3

SOLD BY	CASH	C. O. D.	CHARGE	ON ACCT.	MDSE. RET.	PAID OUT
TT						

QUAN.	DESCRIPTION		PRICE	AMOUNT
	YDS.	CONCRETE		
	YDS.	SAND		
	YDS.	GRAVEL		
	YDS.	REMIX		9 5 ?
	SKS.	CEMENT		
	SKS.	RICH MORTAR		11 9 ?
5	YDS. KUNKO SPEC.	FILL	6 00	30 00
2	HRS TRUCK TIME		25 00	50 00
			Max	2 80
	140-36-51			

Any alteration of this BATCH DESIGN relieves the seller of all liabilities or responsibilities concerning strength or specification requirements. If altered by the purchaser or his agent, the changes noted below are acknowledged by signature as follows:

GALS. OF WATER ADDED ON JOB. 82 80

ALL claims and returned goods MUST be accompanied by this bill.

3160

Received by KEY TARIN

CE FORM 200
REV 5-81
PRINTED IN U.S.A.

Continental Emsco Company

an LTV company
DALLAS, TEXAS

INVOICE COPY

STORE LOCATION: ODESSA TX LTV TUB SERVICE

SELLING LOCATION: MIDLAND SALES OFFICE

DATE SHIPPED: 06-21-81

INVOICE NO.: 1412013

PART OF NO:

CUSTOMER ORDER REFERENCE (Purchase Order No. Ordered By, Etc.): RIG/HAL BRAN

CUSTOMER'S LOCATION CHARGE: X LATE THOMAS CO

ORDER ATTACHED TO INVOICE NO:

INVOICE DATE: 06-30-81

SOLD TO:
DOYLE HARTMAN
BOX 10426
MIDLAND TX 79702

SHIPPED TO
SAME NEAR
JAL NEW MEXICO

SHIPPED VIA: COMMON CARRIER — 50-686

D-U-N-S 00 493 9740

QUANTITY	UNIT	DESCRIPTION (THE MATERIAL LISTED HEREON IS SUBJECT TO THE TERMS AND CONDITIONS LISTED ON REVERSE SIDE)	UNIT PRICE	DISCOUNT (*DENOTES PLUS FACTOR)	AMOUNT	KEY (See Below)
	***	EFFECTIVE APR 1, 1980, INTEREST WILL BE CHARGED AT	***			
	***	1.50% PER MONTH OUT WHERE PROHIBITED INTEREST WILL	***			
	***	BE CHARGED AT HIGHEST RATE PERMITTED.	***			
	***	**********				
3421.65	FT	7IN OD 20# ERW REJECT CASING LTEC K-55		1		
		79 JTS	8.90	NET	30452.69	N
		NO WARRANTY EXPRESSED OR IMPLIED				
		140-46-10				

1,065.04 3.500% AM

TAXES: DETAIL | TOTAL 1,065.84

DISCOUNT KEY
- 2% 3 - 2% 10 DAYS
- 1% N - NET 20TH PROX

IF THE SPACE IN KEY COLUMN IS BLANK, TERMS ARE NET 20TH FOLLOWING

PROMPT PAYMENT DISCOUNT
IF PAYMENT IS MADE IN ACCORDANCE WITH TERMS ON REVERSE SIDE

INVOICE AMOUNT 31,510.53

PLEASE PAY THIS INVOICE AND SHOW INVOICE NUMBER ON YOUR REMITTANCE - **REMIT TO: P.O. BOX 84558, DALLAS, TEXAS 75284**

SURBER'S FIBERGLASS, INC.
P. O. Box 1864
ODESSA, TEXAS 79760
Phone 333-1756

Invoice
08717

Sold To
Doyle Hartman
Box 10426
Midland, Texas 79702

Date Nov. 10, 1981
Shipped To
Late Thomas Well #3

Your Order No.	Our Order No. 3114	Salesman Max	
Date Shipped 11-10-81	Shipped VIA Our Truck	F. O. B.	Terms Net 30 Days

Quantity Ordered	Quantity Shipped	Stock Number Description	Price	Per	Amount
1		210 Bbl. Fiberglass Tank w/ 3" Fitting			2,550 00
1		3" Fitting			15 00
					$ 2,565 00
		Tax			128 50
		Total			$ 2,693 50
		140-46-22			
		DISCOUNT OF $ 25.65 IS PAID BY 11-20-81.			

1½% Per month interest will be included on bills over 30 days past due.

All accounts are due and payable; Odessa, Ector County, Texas

Buyer

AXELSON

P.O. BOX 2427, LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
USI A Subsidiary of U.S. INDUSTRIES, INC.

INVOICE

No. 784651

DATE 10-31-81

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

IN ACCOUNT WITH	DELIVER TO
DOYLE HARTMAN 500 N. MAIN P.O. BOX 10426 MIDLAND, TEXAS 79702	SAME

YOUR ORDER NO.	REQ. NO.				TERMS: NET 30 DAYS.
				10/29/81 (WILL CALL)	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08237	29	0	113 (104)	CONTR. TRUCK	LEA	NEW MEX.

FIELD	LEASE	WELL NO.	REF. ORDER NO.
	LATE THOMAS	3	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC. %	NET	ACCT'G USE
136	712-02559	3,400' 3/4" x 25' S/59 Sucker Rods with	206.50/cft		7,021.00	
136	67-040	3/4" F.H.AXITE CPLGS.	.00		.00	
1	712-00287	3/4" x 2' Pony Rod			29.50	
1	712-00487	3/4" x 4' Pony Rod			33.25	
1	712-00687	3/4" x 6' Pony Rod			40.15	
1	712-00887	3/4" x 8' Pony Rod			46.05	
4	67-040	3/4"F.H.AX.CPL/Pony Rod	14.85		59.40	
					7,229.35	
		3.5% NEW MEXICO TAX			253.03	341
					7,482.38	
240		TOTAL			7,482.38	

SIZE & TYPE PUMP

PUMP NO.

STDG. VALVES	TRAV. VALVES	CONDITION OF PUMP	
Cage	Cage	Hold Down	Rod Guide
Seats	Seats	Pull Rod Tube	Adaptors
Balls	Balls	Plunger	BBL

Remarks

RECEIVED BY

STOCK FROM ODESSA 104 (RODS)

BY M. Henderson

PRINTED IN U.S.A.
FORM 812034 (OLD FORM 14-2A)

AXELSON

P O BOX 2427 LONGVIEW, TEXAS 75606 (214) 757-6650
Axelson, Inc.
A Subsidiary of U.S. INDUSTRIES, INC.

INVOICE

No. 834376

DATE 11-23-81

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

IN ACCOUNT WITH	DELIVER TO
Doyle Hartman P. O. Box 10426 Midland, Texas 79701	Same Jal, NM

YOUR ORDER NO.	REQ. NO.	DATE SHIPPED	TERMS: NET 30 DAYS.
		11-20-81	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08230	29	0	113	Co. Car	Lea	NM

FIELD	LEASE	WELL NO.	REP. ORDER NO.
	Late Thomas	3	

QTY. SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC. %	NET	ACCT'G USE
		To build new Axelson pump: 2-3/8" x 1-1/4" x 10' x 11' ARHAC, C.P. brass barrel, 4' Axite plunger, SV, AX/TC ball & seat,			1514.44	
1	327553-006	1" x 6" str. nipple			21.90	
					1536.34	
		3.5% NM Sales Tax			53.77	
		TOTAL			1590.11	

SIZE & TYPE PUMP

PUMP NO. ADH-43

CONDITION OF PUMP

STDG. VALVES		TRAV. VALVES			
Cage		Cage	Hold Down		Rod Guide
Seats		Seats	Pull Rod Tube		Adaptors
Balls		Balls	Plunger		BBL

Remarks 10-10-81

RECEIVED BY Harold Swain

STOCK FROM 113 Kermit

BY Joyce Holamon

PRINTED IN U.S.A.
FORM 5-2014 (OLD FORM 14-2A)

AXELSON

P O BOX 2427 LONGVIEW TEXAS 75606 (214) 757-6650
Axelson, Inc.
A Subsidiary of U.S. INDUSTRIES, INC.

Please Remit to: P.O. Box 3661, Dallas, Texas 75285

INVOICE

No. 834376

DATE 11-20-81

IN ACCOUNT WITH

Doyle Hartman
P. O. Box 10426
Midland, Texas 79701

DELIVER TO

Same
Jal, NM

YOUR ORDER NO.	REQ. NO.	DATE SHIPPED	TERMS: NET 30 DAYS.
		11-20-81	

CUST. NO.	STATE	EX	DISTRICT	SHIPPED VIA	COUNTY	STATE
08231	29	C	113	Co. Car	Lea	NM

FIELD	LEASE	WELL NO.	REF. ORDER NO.
	Late Thomas	3	

QTY SHIPPED	PART NO.	DESCRIPTION	UNIT LIST	DISC. %	NET	ACCT'G USE
		To build new Axelson pump: 2-3/8" x 1-1/4" x 10' x 11' ARHAC, C.P. brass barrel, 4' Axite plunger, SV, AX/TC ball & seat,			1514.44	
1	327553-006	1" x 6" str. nipple			21.90	
					1536.34	
		3.5% NM Sales Tax			53.77	34
		TOTAL			1590.11	

SIZE & TYPE PUMP

PUMP NO. ADH-43

STDG. VALVES		TRAV. VALVES		CONDITION OF PUMP			
Cage		Cage		Hold Down		Rod Guide	
Seats		Seats		Pull Rod Tube		Adaptors	
Balls		Balls		Plunger		BBL	

Remarks 10-10-81

RECEIVED BY Harold Swain

PRINTED IN U.S.A. FORM 83913 (OLD FORM 14-2A)

STOCK FROM 113 Kermit

BY Joyce Holamon

1

WELLHEAD INDUSTRIES CORP.

P.O. BOX 907 - PHONE (915) 367 0221
ODESSA, TEXAS 79760

INVOICE

№ 1138

INVOICE DATE 10-14-91

SALES ORDER NO.
Verbal

SOLD TO
Foyle Farrman
500 C & K Petroleum Building
Midland, Texas 79702

SHIP TO

CUST. DATE	CUST. ORDER NO.	SHIPPED FROM F.O.B.	TERMS
10-14-91	Verbal	Our Location	

LEASE OR LOCATION	WELL NAME/NUMBER	ORDERED BY	DELIVERY TICKET NO.
			124681259

SHIPPED VIA	DATE SHIPPED	
Pet Slot	10-10-91	Machine Work

ITEM #	QTY.	PART NO.	DESCRIPTION	PRICE	EXTENSION
	6		Cobo 4" Long x 2 3/8"Eve Boxed End & Pin End	45.00 Each	450.00
			Sales Tax		18.00
					468.00
			We Did Only 10 Ends.		
			5		
		140 - 46-4 5			
			LATE THOMAS #3		
			LATE THOMAS #2		
			HUSKY - [illegible] #1		
			PATTS #3		
			SHELL STATE #5		
			J. M. JUSTIS #10		

REMIT TO:
P. O. BOX 907
ODESSA, TEXAS 79760

COPY

1

DOYLE HARTMAN OIL OPERATOR — JOINT INTEREST RECAP — 12/31/81 — PAGE 1

LEASE *** LEASE ***

NUMBER	VENDOR	VENDOR NAME	DATE	INVOICE	WELL	JI CODE	OPERATING EXPENSE	INTANGIBLE EXPENSE	EQUIPMENT	OTHER	TOTAL	
00566	****	LATE THOMAS #2										
00566	51000	NEW MEXICO ELECTRIC	12/03/81	P650750		002 17-11	42.56					
00566	19900	FLOYDS PUMPING & RO	12/01/81	811176		002 17-27	260.82✓					FUEL AND POW
00566	19900	FLOYDS PUMPING & RO	12/01/81	811177		002 17-27	221.07✓					CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811178		002 17-27	260.82✓					CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811179		002 17-27	440.03✓					CONTRACT LAB
00566	19900	FLOYDS PUMPING & RO	12/01/81	811180		002 17-27	323.94✓					CONTRACT LAB
00566	49100	MIDLAND SAMPLE CUT	11/30/81	6466		002 35-45						CONTRACT LAB
00566	13500	DONNIE'S WELDING	12/04/81	3362		002 35-69		11.34✓				CONSULTING F
00566	10580	CONTINENTAL-EMSCO C	10/30/81	25217d5		002 46-31		115.92✓				OTHER DRILLI
00566	50100	I S & S INCORPORATE	12/02/81	33086		002 46-52			202.81✓			RODS
00566	02500	AXELSON, INC.	12/09/81	834499		002 47-37			590.38✓			MISCELLANEOU
									1,016.38✓			PRODUCTION E
					****	WELL TOTAL	1,549.31	127.26	2,415.57	.00	4,092.14	
00567	****	LATE THOMAS #3										
00567	13500	DONNIE'S WELDING	12/04/81	3361		003 17-27✓	115.92					
00567	51000	NEW MEXICO ELECTRIC	12/03/81	P650900		003 17-11✓	35.52					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811170		003 17-27✓	260.82					FUEL AND POW
00567	19900	FLOYDS PUMPING & RO	12/01/81	811180		003 17-27✓	222.32					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811181		003 17-27✓	221.09					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811182		003 17-27✓	155.49					CONTRACT LAB
00567	19900	FLOYDS PUMPING & RO	12/01/81	811183		003 17-27✓	323.94					CONTRACT LAB
00567	03200	REACTION CHEMICAL E	11/30/81	8965		003 17-31✓	54.68					CHEMICALS &
					****	WELL TOTAL	1,390.79	.00	.00	.00	1,390.79	
					***	COMPANY TOTAL	2,940.10	127.26	2,415.57	.00	5,482.93	

DONNIE'S WELDING

P. O. Box 163 PHONE 505 395-3392
JAL, NEW MEXICO 88252

COMPANY Doyle Hartman
508 C & K Petroleum Bldg.
Midland, Tx 79701

INVOICE No. 3361

DATE 12-4-81

ORDER No.

LATE THOMAS

Lease-Thomas' Well # 3

10-21-81 Tkt. # 1821

Welder & Equipment to weld cattle guard wings.

Welder & Rig	4 Hrs. @ $28.00 Per Hr.	$ 112.00
	TAx 3½%	3.92
	TOTAL INVOICE	$ 115.92

140-15-27

NEW MEXICO ELECTRIC SERVICE COMPANY

An Investor - Owned Public Utility
P.O. BOX 920 - - - 221 E. DUNNAM
HOBBS, NEW MEXICO 88240
505/393-5156

MARTHAN, CCYLE
PC BOX 10426
MIDLAND, TX 79702

141

LOCATION		
LATE THOMAS-WELL #3		
S&4 S17 T24S R37E		
ACCOUNT NO.	METER NO.	RATE
56-5080-0	16709	501

ENERGY				ELECTRIC SERVICE ACCOUNT	DEMAND		
METER READINGS		MULTI-PLIER	TOTAL KWH		READING	MULTIPLIER	TOTAL-KW
PRESENT	PREVIOUS						
102	62	10	400	KWH 2 PER CENT ADJUSTED	.10	10.00	1

DETAIL OF BILLING

400 KWH @ 2.000 CTS 8.10

ADJ FOR MINIMUM 11.84 20.00
FUEL COST ADJ .0350@$/KWH 14.32
TAX 1.20

ELECTRIC POWER is
Safe
Quiet
Clean
Reliable
Flexible
Convenient
Economical
Flameless

Due and Payable upon Receipt

140-17-11

METER READ MO. - DAY	PAST DUE AFTER MO. - DAY - YR	PLEASE RETURN PINK COPY WITH YOUR REMITTANCE	ACCT. NO. 56-5080-0	TOTAL AMT. DUE 35.52
12-07	12-26-11			

1

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811176
DATE 12/01/81
WELL # 2 & 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4580 11/02/81:		
Made trip to wells to pick up trash on locations, in surrounding pasture and in the pits area; raked under lines and around surface equipment, and did general maintenance on units.		
Pusher	10 hrs. @ $13.10	$ 131.00
Roustabouts	20 hrs. @ $11.20	224.00
Truck & Tools	10 hrs. @ $14.90	149.00
SUB TOTAL		$ 504.00
3½% TAX		17.64
TOTAL		$ 521.64

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811180
DATE 12/01/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #1315 11/04/81:		
Primed all lines from wellhead to separator.		
Pusher	4 hrs. @ $13.10	$ 52.40
Roustabouts	8 hrs. @ $11.20	89.60
Paint Gun	3 hrs. @ $ 4.40	13.20
Truck & Tools	4 hrs. @ $14.90	59.60
SUB TOTAL		$ 214.80
3½% TAX		7.52
TOTAL		$ 222.32

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-5031

EAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 811181
DATE 12/01/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4346 - 11/05/81:		
Primed wellhead and painted lines to separator.		
Pusher	5 hrs. @ $13.10	$ 65.50
Roustabouts	5 hrs. @ $11.20	56.00
Paint Gun	4 hrs. @ $ 4.40	17.60
Truck & Tools	5 hrs. @ $14.90	74.50
SUB TOTAL		$ 213.60
3½% TAX		7.48
TOTAL		$ 221.08

Floyd's Pumping & Roustabout Service

FULLY INSURED — 2-WAY RADIO EQUIPPED
P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. 10426
Midland, Texas 79702

INVOICE # 811182
DATE 12/01/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4460 11/09/81:		
Did general cleaning.		
Pusher	3 hrs. @ $13.10	$ 39.30
Roustabouts	6 hrs. @ $11.20	67.20
Truck & Tools	3 hrs. @ $14.90	44.70
SUB TOTAL		$ 151.20
3½% TAX		5.29
TOTAL		$ 156.49

Floyd's Pumping & Roustabout Service

FULLY INSURED -- 2-WAY RADIO EQUIPPED

P. O. Drawer BB Phone (505) 395-3031
JAL, NEW MEXICO 88252

TO: DOYLE HARTMAN
P. O. Box 10426
Midland, Texas 79702

INVOICE # 811183
DATE 12/01/81
WELL # 3
LEASE Late Thomas
P.O. #
A.F.E. #
CONTRACT #

SERVICES RENDERED		AMOUNT
Work Ticket #4503 11/14/81:		
Hauled extra casing to yard.		
Pusher	5 hrs. @ $13.10	$ 65.50
Roustabouts	15 hrs. @ $11.20	168.00
Truck & Tools/Floyd's Pickup	5 hrs. @ $15.90	79.50
SUB TOTAL		$ 313.00
3½% TAX		10.96
TOTAL		$ 323.96

REACTION

FIELD TICKET

PHONE (915) 332-4324

BeAction Chemical Enterprises, Inc.
CE Production/Drilling Chemicals
P.O. BOX 6408 · BELL STREET
ODESSA, TEXAS 79762

DATE November 30, 1981

SOLD TO: ~~Doyle Hartman~~
~~500 C & K Petroleum Building~~
~~Midland, Texas 79701~~

SHIPPED TO: Lato Thomas #3

LEASE

ORDER RECEIVED BY Pettit gh

QUANTITY	DESCRIPTION	
2	Treatments @ $4.00	8.00
2	Gal. SurfAct 100 @ $6.09	12.18
4	Gal. CorAct 722 @ $6.23	24.92
	KCL	3.00
140-17-31		53.10
	3.5% New Mexico Tax	1.58
	Total	54.68

ORIGINAL INVOICE

Received Isaac

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

November 13, 1981

RECEIVED
NOV 16 1981
OIL CONSERVATION DIVISION
SANTA FE

Case File
Case 7339

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. D. H. Messer
Land Agent

Re: Late-Thomas No. 2 and 3
S/2 Section 17
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

In reference to your letter of November 12, 1981, to Mr. R. L. Stamets of the New Mexico Oil Conservation Division, please be advised that it is our position that the compulsory pooling order (R-6781) rendered by the NMOCD on September 25, 1981, and covering the Jalmat interval in the S/2 Section 17, T-24-S, R-37-E does not provide Gulf Oil Exploration and Production Company the right to refuse to pay their proportionate share of the cost of drilling and equipping the subject lease until I have agreed to a great number of changes in our Operating Agreement dated August 11, 1981, and submitted to Gulf on September 8, 1981. As has been represented to you within the past several weeks, we are not opposed to discussing reasonable changes to our proposed operating agreement, however we do not believe that Gulf has any right, nor was it the intent of Order R-6781, to allow Gulf to impose any changes in our operating agreement it wishes, and as a means of implementing the desired changes, refuse to pay its share of the cost of developing the Late-Thomas lease.

A review of the operating agreement covering the S/2 Section 17 and submitted to Gulf on September 8, 1981, will reveal that we use an AAPL 1977 Model Form Operating Agreement, which is essentially the same agreement under which we operate over sixty wells in Lea County, New Mexico. If Gulf had desired to use an operating agreement other than the industry accepted Model Form Operating Agreement, it is our position that Gulf should have notified us of some of the unusual changes desired when agreeing to join via their letter to James A. Davidson dated September 2, 1981.

It is furthermore our position that my letter to Gulf of October 21, 1981, is still in effect, and if Gulf does not tender its share of the estimated costs of drilling, completing, and equipping the Late-Thomas No. 2 and No. 3, Gulf's interest will become force-pooled on November 23, 1981.

Again, we wish to reiterate that we are more than willing to be reasonable with Gulf, and please be assured of our full cooperation at all times.

Very truly yours,

Doyle Hartman

DH/mh

Enclosures

cc: Mr. R. L. Stamets
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Campbell, Byrd, and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

Mr. William P. Aycock
308 Wall Towers West
Midland, Texas 79701

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7339
Order No. R-6781

APPLICATION OF DOYLE HARTMAN
FOR COMPULSORY POOLING, UNORTHODOX
WELL LOCATION, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of September, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Doyle Hartman, seeks an order pooling all mineral interests in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to his Late Thomas Well No. 1 located in Unit M of said Section 17 and to wells to be drilled at an orthodox location in Unit J and an unorthodox location in Unit L.

(3) That the applicant's request to dismiss that part of the subject case seeking an unorthodox location should be approved.

(4) That the applicant is the owner and operator of the Late Thomas Well No. 1 located in Unit M and proposes to drill two wells at orthodox locations in Unit J and Unit K, all in said Section 17.

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

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(8) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(11) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) That $3500.00 per month while drilling and $350.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) That upon the failure of the operator of said pooled unit to commence drilling of the first of the wells to be drilled and to which said unit is dedicated on or before January 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a non-standard 320-acre gas spacing and proration unit to be simultaneously dedicated to applicant's Late Thomas Well No. 1 located in Unit M of said Section 17 and to two wells to be drilled in Unit J and Unit K therein.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of the first of said wells to be drilled on or before the 1st day of January, 1982, and shall thereafter continue the drilling of said wells with due diligence to a depth sufficient to test the Jalmat Pool.

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well to be drilled on or before the 1st day of January, 1982, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should both said wells to be drilled not be drilled to completion, or abandonment, within 240 days after commencement of the first well, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded as to such undrilled or completed wel

(2) That Doyle Hartman is hereby designated the operator of the subject wells and unit.

(3) That after the effective date of this order and within 90 days prior to commencing either of said wells, the operator shall furnish the Division and each known working interest owner in the subject unit an appropriate itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That $3500.00 per month while drilling and $350.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

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

(12) That all proceeds from production from the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That that portion of the subject application seeking approval of an unorthodox Jalmat Gas Pool well located in Unit L of said Section 17 is hereby dismissed.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S E A L
fd/

Gulf Oil Exploration and Production Company

R. E. Griffith
MANAGER LAND, SOUTHWEST DISTRICT

P. O. Box 1150
Midland, TX 79701

September 2, 1981

Re: Hartman - Late, Thomas
S/2 Section 17, T-24-S,
R-37-E, LEA COUNTY, New Mexico

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

Dear Mr. Davidson:

Reference to your recent correspondence concerning the drilling of two "infill" Jalmat Gas Wells on the above 320-acre tract. After a review by our geologists, we have decided to join our interest in the drilling of the two wells subject to a mutually acceptable operating agreement and AFE.

Please forward to us a copy of your proposed Operating Agreement and AFE for review.

Thank you for your patience in this matter, and if you have any questions, please contact me at (915) 685-4862.

Yours very truly,

D. H. MESSER
Land Agent

DHM/ldh

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

October 21, 1981

CERTIFIED MAIL

All Non-Consenting Parties
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Re: Compulsory Pooling
Late-Thomas No. 2 & No. 3
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please find enclosed two copies of AFE and Detail Well Estimate for my Late-Thomas No. 2 and Late-Thomas No. 3 plus a request for prepayment of the estimated drilling and completion costs for the two wells. On September 25, 1981, the New Mexico Oil Conservation Division entered a favorable order concerning my application before the NMOCD (Case No. 7339) wherein I had requested approval for a non-standard Jalmat gas proration unit for the two proposed wells, one non-standard location, and compulsory pooling of all non-consenting parties in the S/2 Section 17. The effective date of the NMOCD order is September 25, 1981.

As provided for in the pooling statutes of the State of New Mexico, you now have thirty days from the date of this letter to voluntarily join in the drilling of the proposed Late-Thomas No. 2 and No. 3 or have the compulsory pooling order rendered by the NMOCD become final as to your interest. If you now wish to voluntarily join in the proposed development work, please return to my office at your earliest convenience one signed copy of the enclosed AFE and Detail Well Estimate for each well, a signed copy of the Operating Agreement covering the S/2 Section 17 as furnished to you on September 17, 1981, plus a check for your invoiced share of the estimated development cost.

Very truly yours,

Doyle Hartman

DH/mh

Enclosures as above

cc: Campbell, Byrd, and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

DOYLE HARTMAN
OIL OPERATOR
SUITE
MIDLAND, TEXAS 79701
(915) 684-4011

INVOICE

DATE October 21, 1981

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

INVOICE NO. DH - 1050

PLEASE SHOW INVOICE NUMBER ON YOUR REMITTANCE.

Debit YOUR ACCOUNT AS FOLLOWS:

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Late Thomas #2 & #3 AFE's.

Estimated Drilling Cost		Your Billing Percentage	Total Due
$517,000.00	X	25%	$129,250.00

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____

LEASE NAME Thomas WELL NO. 2 APPR. NO. _____

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas) W. I. 100%

LOCATION: SW/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050		
3. Coring Service Well Surveys 6,500	5,050	5,050
4. Testing	6,500	6,500
5. Fuel Water		
6 Mud	4,900	4,900
7. Cementing Service Mud Logging	6,700	6,700
8. Company Labor Cement Floats	10,625	3,600
9. Digging Pits Contract Labor	315	
10. Roads & Bridges Filling Pits	8,000	8,000
11. Acidizing 5550 Fracturing 43,010 Dredging & Grading Perforating 2,040	50,600	
12. Plugging		
13. Trucking Cost	12,000	1,275
14. Development Superintendence 20 days @ $ 300 /day	6,000	12,000
15. Rental Equipment	900	3,000
16. Swabbing and Testing	6,175	
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.		
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
Ft. of @ Per Ft.		
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	17,975	3,100
20. Casing Head	11,725	
21. Xmas Tree or Pumping Connections	835	835
22. Pumping Unit	535	
23. Engine	22,500	
24. Sucker Rods	1,550	
25 Pump	7,080	
26. Tank Battery	2,285	
27 Separator or Dehydration Equip.		
28. Metering Equipment	3,250	
29. Flow Lines		
30. Other Water Tank	3,850	
Power Line	2,975	
	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Hermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO _____ APPR NO _____

LEASE NAME Thomas WELL NO. 3 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SE/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:

		PRODUCER	DRY HOLE
1.	Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2.	Day Work 3050		
3.	Comm Service Well Surveys 6,500	3,050	3,050
4.	Testing	6,500	6,500
5	Fuel Water		
6	Mud Mud Logging	4,900	4,900
7.	Cementing Service Cement Floats	6,700	6,700
8	Company Labor Contract Labor	10,625	3,600
9.	Digging Pits Filling Pits	315	
10.	Roads & Bridges Dredging & Grading	8,000	8,000
11.	Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	
12.	Plugging		
13.	Trucking Cost		1,375
14.	Development Superintendence 20 days @ $ 300 /day	12,000	12,000
15.	Rental Equipment	6,000	3,000
16.	Swabbing and Testing	900	
17.	Other Costs Surface Damages	6,175	
	Lining Pits	1,500	1,500
	Stake Location	900	900
	Total Intangibles	350	350
		178,090	111,350

WELL EQUIPMENT:

18.	Casing 400 Ft of 8 5/8 @ 7.75 Per Ft.	12,973	1,100
	3500 Ft of 5 1/2 @ 4.25 Per Ft.	11,725	
	Ft of @ Per Ft.	835	835
19.	Tubing 3500 Ft of 2 3/8 @ 3.35 Per Ft.	535	
20.	Casing Head	22,500	
21.	Xmas Tree or Pumping Connections	1,550	
22.	Pumping Unit	7,080	
23.	Engine	2,285	
24.	Sucker Rods		
25	Pump	3,250	
26.	Tank Battery		
27.	Separator or Dehydration Equip.	3,850	
28	Metering Equipment	2,275	
29.	Flow Lines	5,850	
30.	Other Water Tank		
	Power Line		
	Total Tangibles	80,410	3,935
	TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E.

Originated by Larry A. Bermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

PS Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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

1. 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)

2. ARTICLE ADDRESSED TO:
Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	112888	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-300 459

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

TO:
Gulf Oil Corporation
P.O. Box 1150
Midland, Texas 79702

Attention: Mr. D. H. Messer

No. 112888

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
Gulf Oil Corporation
STREET AND NO.
P. O. Box 1150
P.O. STATE AND ZIP CODE
Midland, Texas 79702

POSTAGE	$ .35
CERTIFIED FEE	.75
SPECIAL DELIVERY	¢
RESTRICTED DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED	¢ .60
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES	$ 1.70
POSTMARK OR DATE	10-21-81

CONSULT POSTMASTER FOR FEES
OPTIONAL SERVICES
RETURN RECEIPT SERVICE

PS Form 3800, Apr. 1976

CERTIFIED
No. 112888
MAIL

Gulf Oil Exploration and Production Company

R. E. Griffith
MANAGER LAND, SOUTHWEST DISTRICT

P. O. Box 1150
Midland, TX 79701

November 12, 1981

RE: Late-Thomas No. 2 and No. 3,
S/2 of Section 17, T-24-S, R-37-E,
LEA COUNTY, New Mexico

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

Gentlemen:

This letter is in response to a letter from Mr. Doyle Hartman to Mr. Stamets dated October 21, 1981 wherein Mr. Hartman stated that "We previously had a verbal commitment from Gulf to voluntarily join in the drilling of the two wells, but Gulf has attempted to change the verbal agreement reached by the two parties." Please be advised that Gulf rebuts this statement and offers the fact that on September 2, 1981 Gulf wrote to Mr. James Davidson (Mr. Hartman's partner) and advised that we were willing to join with our interest in the drilling of the captioned wells. Our letter advised that Gulf's willingness to join was subject to a mutually acceptable Operating Agreement and AFE. As of this date, we have not agreed upon an acceptable Operating Agreement; however, Gulf has not attempted to revoke nor alter our original agreement to join in the drilling of the captioned wells.

Thank you for your consideration in this matter.

Yours very truly,

D. H. MESSER
Senior Land Agent

DHM/sdn
cc: Mr. Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

NOV 13 1981

Gulf
A DIVISION OF GULF OIL CORPORATION

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

August 11, 19 81,

OPERATOR DOYLE HARTMAN

CONTRACT AREA South Half (S/2) Section 17,

Township 24 South, Range 37 East

COUNTY OR PARISH OF Lea STATE OF New Mexico

Late-Thomas No. 2
2310 FSL & 330 FWL (L),
Late-Thomas No. 3
1980 FSL & 2080 FEL (J),
Section 17, T-24-S, R-37-E

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AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM A.A.P.L. NO 610 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA, OK 74101

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between DOYLE HARTMAN, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

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

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

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

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

[X] A. Exhibit "A", shall include the following information:
(1) Identification of lands subject to agreement,
(2) Restrictions, if any, as to depths or formations,
(3) Percentages or fractional interests of parties to this agreement,
(4) Oil and gas leases and/or oil and gas interests subject to this agreement,
(5) Addresses of parties for notice purposes.

~~[ ] B. Exhibit "B", Form of Lease.~~

[X] C. Exhibit "C", Accounting Procedure.

[X] D. Exhibit "D", Insurance.

~~[ ] E. Exhibit "E", Gas Balancing Agreement.~~

~~[ ] F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.~~

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

~~A. Oil and Gas Interests:~~

~~If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.~~

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties which will be borne by the Joint Account, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination: Title is presently being examined and a copy of the opinion will be furnished on request.

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

~~[ ] Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.~~

[X] Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

~~1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and~~

~~(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development~~

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: ~~All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above~~, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

DOYLE HARTMAN shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

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

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 1st day of November, 1981, Operator shall commence the drilling of a well for oil and gas at one of the following locations:

2310 FSL & 330 FWL (L), Section 17, T-24-S, R-37-E, Lea County, New Mexico

or

1980 FSL & 2080 FEL (J) Section 17, T-24-S, R-37-E Lea County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to 3,500' subsurface, or to the base of the Jalmat (Gas) pool, whichever is lesser

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall thoroughly log, but not core or DST ~~make reasonable tests of~~ all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to evaluate. ~~test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply~~.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first make a reasonable effort to secure the consent of all parties and shall plug and abandon same as provided in Article VI.E.1. hereof.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) ~~100%~~ 300% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus ~~100%~~ 300% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 300% of that portion of the costs and expenses of drilling, reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

300 % of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non - Consenting Party's relinquished interest upon such Party's election, shall be sold to its purchaser, if available, under the terms of its existing gas sales contract. Such Non - Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Parties until the amounts provided for in this Article are recovered from the Non - Consenting Party's relinquished interest. If such Non - Consenting Party has not contracted for sale of its gas at the time such gas is available for delivery, or has not made the election as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-Consenting Party's share of gas as hereinabove provided during the recoupment period.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

vals of the formation or formations covered thereby, such lease to be on the form attached as Exhibit "B". The assignments or leases so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen. Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement, it being understood that the consent to the drilling or deepening shall include:

[ ] Option No. 1: All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and or surface facilities.

[X] Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and/or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifteen Thousand Dollars ($ 15,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of Five Thousand Dollars ($ 5,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent of one hundred percent (100%) due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article ~~XXXXX~~ IV B. 3

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

G. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and/or gas produced under the terms of this agreement.

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

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

2. an equal undivided interest in all leases and equipment and production in the Contract Area.

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

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

G. Preferential Right to Purchase:

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and interests in the Contract Area, it shall promptly give written notice to the other parties, with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent company, or to any company in which any one party owns a majority of the stock.~~

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed Fifteen Thousand Dollars ($ 15,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

[ ] Option No. 1: ~~So long as~~ any of the oil and gas leases subject to this ~~agreement remain or are~~ continued in force as to any part of the Contract Area, ~~whether~~ by production, extension, renewal or otherwise, ~~and/or so long~~ as oil and/or gas production continues from any lease or oil and ~~gas interest~~.

[X] Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and/or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 90 days from cessation of all production; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 90 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. If any party hereto hereafter shall create any overriding Royalty, Production payment, or other burden against its working interest production and if any party or parties shall conduct non-consent operations pursuant to any provision of this agreement, and, as a result, become entitled to receive the working interest production otherwise belonging to the nonparticipating party, the party or parties entitled to receive the working interest production of the nonparticipating party shall receive such production free and clear of burdens against such production which may have been created subsequent to this agreement. In this regard, any such interest which may have been created subsequent to this agreement shall ipso facto terminate and vest in the consenting parties.

B. This agreement can be executed, in counterpart, by all Working Interest parties.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 11th day of August, 1981.

OPERATOR

Michelle Nemecek

Doyle Hartman

Doyle Hartman

NON-OPERATORS

ATTEST

Gulf Oil Company

_____ Secretary

by: _____
_____ President

ATTEST

Cities Service Company

_____ Secretary

by: _____
_____ President

_____

Kathleen Cone

_____

Clifford Cone

_____

Douglas L. Cone

_____

Kenneth G. Cone

_____

Tom R. Cone

_____

Cathie Cone Auvenshine

STATE OF Texas)
)
COUNTY OF Midland)

BEFORE ME, the undersigned authority, on this day personally appeared Doyle Hartman, 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 14th day of August, 1981.

Michelle Hembree
Notary Public

My Commission Expires:
MICHELLE HEMBREE
My Commission Expires
October 25, 1981

STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____ for Gulf Oil Company, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Gulf Oil Company for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____ for Cities Service Company, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Cities Service Company for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Kathleen Cone, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Clifford Cone, 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 _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Douglas L. Cone, 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 _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Kenneth G. Cone, 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 _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Tom R. Cone, 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 _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
)
COUNTY OF_____)

BEFORE ME, the undersigned authority, on this day personally appeared Cathie Cone Auvenshine, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1981.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "A"

Attached to and made a part of the Operating Agreement dated August 11, 1981 and covering S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico between DOYLE HARTMAN as Operator and Gulf Oil Company, Cities Service Company, Kathleen Cone et al as Non-Operators.

I. a) Land Subject to Agreement

South One-Half (S/2)
Section 17, T-24-S, R-37-E
Lea County, New Mexico

b) Depth Limitations

From the surface to the base of the Jalmat formation.

c) Drilling (Proration) Unit for Initial Test

S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico (320 acres)

II. Percentages of Interests and Addresses of Parties

Operator:

Doyle Hartman — 50.00000 %
500 North Main
Midland, Texas 79701
(915-684-4011)

Non-Operators:

See Page 16-A

EXHIBIT "B"

There is no Exhibit "B".

NON-OPERATORS

Gulf Oil Company P. O. Box 1150 Midland, Texas 79702	25.000000 %
Cities Service Company P. O. Box 1919 Midland, Texas 79702	17.441870
Mrs. Kathleen Cone P. O. Box 1509 Lovington, New Mexico	3.779080
Clifford Cone P. O. Box 6010 Lubbock, Texas 79413	0.755810
Douglas L. Cone P. O. Box 6217 Lubbock, Texas 79419	0.755810
Kenneth G. Cone P. O. Drawer 1509 Lovington, New Mexico 88260	0.755810
Tom R. Cone P. O. Box 126 Southwest City, Missouri 64863	0.755810
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	0.755810

Kraftbilt 601, TULSA 74101

Recommended by the Council of Petroleum Accountants Societies of North America

COPAS

EXHIBIT "C"

Attached to and made a part of the Operating Agreement dated August 11, 1981 and covering the S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico between DOYLE HARTMAN as Operator and GULF OIL COMPANY, CITIES SERVICE COMPANY, KATHLEEN CONE et al as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

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

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

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

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

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

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

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

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

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

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

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

2. Labor

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

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

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

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

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

3. Employee Benefits

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

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

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

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

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

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

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

7. Equipment and Facilities Furnished by Operator

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

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

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

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

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

11. Insurance

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

12. Other Expenditures

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

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

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

A. Overhead - Fixed Rate Basis *

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

Drilling Well Rate $ 3,500.00
Producing Well Rate $ 350.00

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

(a) Drilling Well Rate

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

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

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

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

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

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

* These rates subject to being increased by Operator upon furnishing Non-Operators proof of actual overhead costs necessitating such increase.

B. Overhead - Percentage Basis

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

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

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

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

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

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

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

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

~~Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.~~

3. Amendment of Rates

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

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

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

1. Purchases

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

2. Transfers and Dispositions

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

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

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

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

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

B. Good Used Material (Condition B)

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

(1) Material moved to the Joint Property

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

(2) Material moved from the Joint Property

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

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

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

C. Other Used Material (Condition C and D)

(1) Condition C

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

(2) Condition D

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

D. Obsolete Material

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

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

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

3. Premium Prices

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

4. Warranty of Material Furnished by Operator

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

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

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

2. Reconciliation and Adjustment of Inventories

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

3. Special Inventories

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

4. Expense of Conducting Periodic Inventories

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

NON-OPERATORS

Gulf Oil Company P. O. Box 1150 Midland, Texas 79702	25.000000 %
Cities Service Company P. O. Box 1919 Midland, Texas 79702	17.441870
Mrs. Kathleen Cone P. O. Box 1509 Lovington, New Mexico	3.779080
Clifford Cone P. O. Box 6010 Lubbock, Texas 79413	0.755810
Douglas L. Cone P. O. Box 6217 Lubbock, Texas 79419	0.755810
Kenneth G. Cone P. O. Drawer 1509 Lovington, New Mexico 88260	0.755810
Tom R. Cone P. O. Box 126 Southwest City, Missouri 64863	0.755810
Cathie Cone Auvenshine Route 6, Box 79N Austin, Texas 78737	0.755810

Kraftbilt 601, TULSA 74101

Recommended by the Council of Petroleum Accountants Societies of North America

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EXHIBIT " C "

Attached to and made a part of the Operating Agreement dated August 11, 1981 and covering the S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico between DOYLE HARTMAN as Operator and GULF OIL COMPANY, CITIES SERVICE COMPANY, KATHLEEN CONE et al as Non-Operators.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

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

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

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

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

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

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

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

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

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

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

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

2. Labor

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

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

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

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

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

3. Employee Benefits

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

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

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

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

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

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

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

7. Equipment and Facilities Furnished by Operator

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

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

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

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

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

11. Insurance

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

12. Other Expenditures

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

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

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

A. Overhead - Fixed Rate Basis *

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

Drilling Well Rate $ 3,500.00
Producing Well Rate $ 350.00

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

(a) Drilling Well Rate

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

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

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

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

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

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

* These rates subject to being increased by Operator upon furnishing Non-Operators proof of actual overhead costs necessitating such increase.

B. Overhead - Percentage Basis

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

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

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

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

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

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

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

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

~~Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.~~

3. Amendment of Rates

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

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

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

1. Purchases

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

2. Transfers and Dispositions

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

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

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

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

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

B. Good Used Material (Condition B)

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

(1) Material moved to the Joint Property

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

(2) Material moved from the Joint Property

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

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

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

C. Other Used Material (Condition C and D)

(1) Condition C

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

(2) Condition D

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

D. Obsolete Material

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

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

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

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

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

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The Operator shall maintain detailed records of Controllable Material.

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

2. Reconciliation and Adjustment of Inventories

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

3. Special Inventories

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

4. Expense of Conducting Periodic Inventories

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

EXHIBIT "D"

Attached to and made a part of the Operating Agreement dated August 11, 1981 and covering S/2 Section 17, T-24-S, R-37-E Lea County, New Mexico between DOYLE HARTMAN as Operator and GULF OIL COMPANY, CITIES SERVICE COMPANY, KATHLEEN CONE et al as Non-Operators.

Operator, at all times while operations are conducted hereunder, shall carry, and require its contractors to carry insurance to indemnify, protect and hold the parties hereto harmless as follows;

1. Insurance which shall comply with the Workmen's Compensation, Employers Liability and Occupational Disease laws of the State in which operations hereunder are conducted;

2. Comprehensive general liability insurance with limits of not less than:

   A. Bodily Injury:

      $100,000 per person and $300,000 for each occurrence and,

   B. Property Damage:

      $100,000 for each occurrence and $300,000 in the aggregate.

3. Automobile liability insurance with limits of not less than:

   A. $100,000 per person and $300,000 per accident pertaining to bodily injury to, or death of persons; and,

   B. $100,000 per accident pertaining to loss of, or damage to, property.

Upon successful completion of first well, all premiums paid on such insurance shall be charged to the joint account. Except by mutual consent of the parties, no other insurance shall be maintained for the joint account, and all losses not covered by such insurance shall be charged to the joint account.

Operator shall not be liable to Non-Operator (s) for loss suffered on account of the insufficiency of insurance carried, or of the insuror with whom carried, nor shall Operator be liable to Non-Operator (s) for any loss accruing by reason of Operator's inability to provide or maintain the insurance above mentioned; provided, however, that if at any time during the life of this agreement Operator is unable to obtain or maintain such insurance, Operator shall promptly notify Non-Operator (s) in writing of such fact.

Gulf Oil Exploration and Production Company

R. E. Griffith
MANAGER LAND, SOUTHWEST DISTRICT

P. O. Box 1150
Midland, TX 79701

October 6, 1981

RE: Late-Thomas 2 & 3, S/2 of Section 17, T-24-S, R-37-E, LEA COUNTY, New Mexico.
Operating Agreement

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

Dear Mr. Hartman:

Gulf has reviewed the Operating Agreement covering the drilling of the captioned wells. The enclosed pages of the agreement incorporate changes requested by Gulf. We are also including Exhibit "E", Gas Balancing Agreement and Exhibit "F", Certificate of Compliance. Both of these exhibits are required by Gulf.

Thank you for your consideration in this matter, and if you have any questions, please contact Dave Messer at 685-4862.

Yours very truly

D. H. Messer

DHM/ac

Gulf

A DIVISION OF GULF OIL CORPORATION

OCT 8 1981

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AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between _____, _____, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

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

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

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

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A", shall include the following information:
- (1) Identification of lands subject to agreement,
- (2) Restrictions, if any, as to depths or formations,
- (3) Percentages or fractional interests of parties to this agreement,
- (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
- (5) Addresses of parties for notice purposes.

☒ B. Exhibit "B", Form of Lease.

☒ C. Exhibit "C", Accounting Procedure.

☒ D. Exhibit "D", Insurance.

☒ E. Exhibit "E", Gas Balancing Agreement.

☒ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties ~~which will be borne by the Joint Account~~ shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ ~~Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.~~

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and ~~fees paid outside attorneys~~ for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A" ~~Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.~~

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

DOYLE HARTMAN shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, ~~exclusive of Saturday, Sunday or legal holidays~~. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours ~~(exclusive of Saturday, Sunday or legal holidays)~~ after receipt of such notice, shall advise the proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) ~~100%~~ 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus ~~100%~~ 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 300% of that portion of the costs and expenses of drilling, reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

300 % of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non-Consenting Party's relinquished interest shall be sold, at the election of the Consenting Party, consistent with the terms of the Consenting Party's gas sales contract, either to the Consenting Party's purchaser or to the Non-Consenting Party's purchaser, such Non-Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Party until the amounts provided for in this Article are recovered from the Non-Consenting Party's relinquished interest.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

See Article XV. A. and C.

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours ~~(exclusive of Saturday, Sunday or legal holidays)~~ after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and/or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and/or gas is produced from the interval or inter-

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement, it being understood that the consent to the drilling or deepening shall include:

~~☐ Option No. 1: All necessary expenditures for the drilling or deepening, testing, completing and equipping of the well, including necessary tankage and/or surface facilities.~~

☒ Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight hours (~~exclusive of Saturday, Sunday and legal holidays~~) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and/or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and/or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Twenty-Five Thousand----------Dollars ($ 25,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of Fifteen Thousand ----------Dollars ($ 15,000.00).

E. Royalties, Overriding Royalties and Other Payments:

See Article XV. C.

~~Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent of~~ _____ due on its share of production and ~~shall hold the~~ other parties free from any liability therefor. If the interest of any party ~~in any~~ oil and gas lease covered by this agreement is subject to any royalty, ~~overriding royalty~~, production payment, or other charge over and above the aforesaid ~~royalty~~, such party shall assume and alone bear all such obligations and shall account ~~for or cause to be accounted for, such interest to the owners thereof.~~

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

G. Taxes:

See Article XV. D.

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and/or gas produced under the terms of this agreement.

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

~~Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.~~

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed Ten Thousand---------- Dollars ($ 10,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

☐ Option No. 1: So long as any of the oil and gas leases subject to this agreement remain in or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and/or so long as oil and/or gas production continues from any lease or oil and gas interest.

☒ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of -90- days from cessation of all production; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within -90- days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

See Article XV.F.

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. Records on Production Taken in Kind

Each party electing to take in kind or separately dispose of its proportionate share of the production from the Contract Area shall keep accurate records of the volume, selling price, royalty and taxes relative to its share of production. Non-Operators shall, upon request, furnish Operator with true and complete copies of the records required to be kept hereunder whenever, under the terms of this agreement or any agreement executed in connection herewith, it is necessary for Operator to obtain said information. Any informaton furnished to Operator hereunder shall be used by Operator only to the extent necessary to carry out its duties as Operator and shall otherwise be kept confidential.

B. No Third Party Beneficiaries

It is not the intention of the parties that this contract is made or intended for the benefit of any third person.

C. Ownership of Working Interest and Royalty, Marketing of Royalty Gas, Bearing Excess Royalties or Other Burdens

Anything herein to the contrary notwithstanding, it is agreed that the following provisions shall control:

(1) For the purpose of this agreement as between the parties hereto, the royalty interest is and shall be treated as 1/8th, and the working interest of the parties hereto shall be treated as 7/8ths, and all oil and gas, including

casinghead gas and condensates produced from the Contract Area attributable to the working interest covered by this agreement shall be owned in the proportions shown in Exhibit "A"; and

(2) It is recognized by the parties hereto that in addition to each party's share of working interest production as shown in Exhibit "A", such party shall have the right, subject to existing contracts, to market the royalty gas attributable to each lease which it contributes to the Contract Area and to receive payments due for such royalty gas produced from or allocated to such lease or leases. It is agreed that, regardless of whether each party markets or contracts for its share of gas, including the royalty gas under the leases which it contributed to the Contract Area, such party agrees to pay or cause to be paid to the royalty owners under its lease or leases the proceeds attributable to their respective royalty interest and to hold all other parties hereto harmless for its failure to do so; and

(3) It is understood by and between the parties hereto that if any of them is obligated to pay any lessor royalties at a rate in excess of usual 1/8th royalty or to pay to anyone any overriding royalty, payments out of production, net profit obligations, carried interests, or any other outstanding obligations now existing or hereafter coming into existence against any of the parties hereto, or their respective interests, or with respect to the respective interests in the production from the above described land, all such royalties, obligations and payments by which any of the parties hereto is now bound or may hereafter become bound shall remain the obligation of the respective party or parties, as the case may be, and shall be paid and satisfied in each instance, unless otherwise paid and satisfied, out of the interest of the obligated party in the 7/8ths working interest set forth above.

D. Allocation of Ad Valorem Taxes

If the Operator is required hereunder to pay ad valorem taxes based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties hereto in accordance with the percentage of tax value generated by each party's working interest.

~~E. Renewal or Extension of Leases~~

~~Anything herein to the contrary notwithstanding, the following shall apply to the renewal or extension of leases:~~

~~(a) Renewal or Extension by Original Lease Owner~~

~~If the party who committed a lease to this agreement, which party is~~ referred to as the "original lease owner", shall renew such lease prior to or within six (6) months after the expiration date of such lease, such party shall thereby own or retain its original interest and title in said lease and all parties' working interest in the Contract Area shall remain unchanged, unless such renewal lease covers less area or less interest than was covered by said lease at the time of its expiration, in which event the interest of the parties will be adjusted accordingly.

(b) Renewal or Extension by Other Than Original Lease Owner

If any working interest owner other than the original lease owner renews a lease committed to this agreement prior to or within six (6) months after the expiration date of such lease, whether such renewal lease is for the entire interest covered by the expiring lease or covers only a portion of its area or an interest therein, the renewing party shall furnish the original lease owner an itemized statement of the full costs and expenses of renewing such lease. The original lease owner

F. Failure to Comply with Nondiscrimination Clause

It is understood that this contract may not be canceled, terminated or suspended for noncompliance with the Nondiscrimination Clause set forth in Exhibit "F" attached hereto until a final determination of noncompliance has been made by the Director, Office of Federal Contract Compliance, U. S. Department of Labor, as authorized in Executive Order No. 11246 of September 24, 1965.

G. Liability for Failure to Comply with Regulations

Non-operators agree to release operator from any and all losses, damages, injuries, claims and causes of action arising out of incident to or resulting directly or indirectly from operator's interpretation or application of rules, rulings, regulations or orders of any local, state, or federal agency, or any other regulatory agency having jurisdiction, along with any predecessors or successors to any agency, to the extent operators interpretation or application of such rules, rulings, regulations or orders was made in good faith. Non-operators further agree to reimburse operator for their proportionate share of any amounts operator may be required to refund, rebate or pay as a result of an incorrect interpretation or application of the above noted rules, rulings, regulations or orders, together with the non-operators proportionate part of interest and penalties owing by operator as a result of such incorrect interpretation or application of such rules, rulings, regulations or orders.

H. Right to Protest Invoices and to Audit

Non-operators shall have the right to protest bills and statements rendered by operator and to audit operator's accounts and records to the extent provided in Exhibit "C".

I. Logs

Gulf shall have and is granted the right to purchase and use, at its own expense, any of the resulting survey or log data that may be available in digital form on magnetic tape.

J. If any party hereto hereafter shall create any overriding Royalty, Production payment, or other burden against its working interest production and if any party or parties shall conduct non-consent operations pursuant to any provision of this agreement, and, as a result, become entitled to receive the working interest production otherwise belonging to the nonparticipating party, the party or parties entitled to receive the working interest production of the nonparticipating party shall receive such production free and clear of burdens against such production which may have been created subsequent to this agreement. In this regard, any such interest which may have been created subsequent to this agreement shall ipso facto terminate and vest in the consenting parties.

K. This agreement can be executed, in counterpart, by all Working Interest parties.

PRODUCERS 88 REV.-N.M. C-PAID-UP (5-72) **OIL, GAS AND MINERAL LEASE**

THIS AGREEMENT made this _____ day of _____, 19____, between _____

_____

_____ of _____
(Post Office Address)

herein called Lessor (whether one or more), and _____, Lessee:

1. Lessor, in consideration of _____ Dollars ($_____)
in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas, and all other minerals, injecting gas, water, other fluids, and air into subsurface strata, establishing and utilizing facilities for surface and subsurface disposal of salt water, constructing roads, laying pipe lines, storing oil, building tanks, power stations and lines, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in _____ County, New Mexico, to-wit:

EXHIBIT "B"

Notwithstanding the reference herein to "other minerals", this lease shall cover oil and gas only.

~~This is a lease in gross and not by the acre and the bonus money paid shall be effective to cover all such lands irrespective of the number of acres contained therein. All the lands included within the terms of this lease are estimated to comprise _____ acres, whether they actually comprise more or less.~~

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations, or to the discovery, development or cessation at any time of production of oil, gas or other minerals, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of ~~ten (10) years~~ from this date (called "primary term") and as long thereafter as oil, gas or other minerals are produced from said land, ~~or land with which said land is pooled hereunder~~, or as long as this lease is continued in effect as otherwise herein provided.

3. The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipelines to which the wells may be connected; Lessor's interest in either case shall bear its proportion of any expenses for treating oil to make it marketable as crude; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of one-eighth (1/8) of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth (1/8) of the amount realized from such sale; (c) on all other minerals mined and marketed, one-eighth (1/8). either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar ($1.00) per long ton; and (d) at any time and from time to time either at or after the expiration of the primary term of this lease, if there is a gas well or wells on said land or lands pooled therewith (and for the purposes of this clause (d) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substances and wells classified as gas wells by any governmental authority) and such well or wells are or have been shut-in before or after production therefrom, it shall be deemed that said well or wells are producing gas within the meaning of paragraph numbered 2 of this lease and this lease shall not terminate. In such event, Lessee covenants and agrees to pay as royalty shut-in gas royalty in the amount of one dollar ($1.00) per acre Dollars ($_____) per annum as long as such well or wells are shut-in and this lease is not maintained in force or effect by other provisions hereof. ~~Such shut-in royalty shall be paid or tendered to Lessor or to his credit in the _____ Bank of _____ (City and State)~~, ~~which Bank or any successor Bank thereof shall continue to be the agent for Lessor and Lessor's successors and assigns. Should Lessee elect, such Bank may also be used to pay any other sums, including royalties, due hereunder. If such Bank (or any successor Bank) should fail, liquidate or be succeeded by another Bank or for any reason fail or refuse to accept shut-in royalty or any other payment, Lessee shall not be held in default until thirty (30) days after Lessor shall deliver to Lessee a recordable instrument making provision for another method of payment or tender. Any depository charges in connection therewith shall be borne by Lessee.~~ Any payment or tender of shut-in royalty made under the terms of this lease may be made by check or draft of Lessee mailed or delivered ~~to said Bank or~~ to Lessor. In the event Lessee is obligated to pay the shut-in royalty as above indicated, the first payment of such shut-in royalty shall be due and payable on or before ninety (90) days following the date on which the well is shut-in, or if shut-in during the primary term then on or before ninety (90) days following the expiration of the primary term, and subsequent payments, if required under the terms of this paragraph, shall be due and payable annually on or before the anniversary of the date of the original payment. ~~It is specifically provided that this is a paid up lease during the time and above referred to as "primary term" and there shall be no obligation or liability on the Lessee to make any shut-in royalty payment or other payment during said primary term and without any such payment this lease shall remain in full force and effect during said primary term.~~ The obligation to pay the shut-in royalty provided for above, shall be a covenant running with the land and, under no conditions, shall the failure to comply with such obligation serve or be used to terminate this lease or to work any forfeiture.

4. If at the expiration of the primary term of this lease oil, gas or other minerals are not being produced from the leased premises ~~or land pooled therewith~~, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as drilling or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, gas or other minerals are produced from said land ~~or land pooled therewith~~. If production of oil, gas or other minerals on said land ~~or land pooled therewith~~ should cease from any cause after the primary term, this lease nevertheless shall continue in force and effect as long as additional drilling operations or reworking operations are conducted on this lease, ~~or on acreage pooled therewith~~, which additional operations shall be deemed to be had when not more than sixty (60) days elapse between the abandonment of operations on one well and the commencement of operations on another well, and if production is obtained this lease shall continue as long thereafter as oil, gas or other mineral is produced from said land ~~or land pooled therewith~~, and as long thereafter as additional operations, either drilling or reworking, are had thereon. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

~~Lessee, its successors and assigns, at its option, at any time and from time to time, and without Lessor's joinder or further consent, is hereby given the right and~~ power to pool the land or any interests covered by this lease, or any portion thereof, as to oil, gas, condensate or distillate, or any of them, or either of them, with any other land, interests, lease or leases, or any of them, adjacent, adjoining or located in the immediate vicinity of these lands, when in Lessee's judgment it is necessary or advisable to do so in order efficiently to develop or operate said premises in compliance with the spacing rules of the Oil Conservation Commission or other lawful authority or when to do so, would, in the judgment of the Lessee, promote the conservation of oil and gas on said premises, such pooling to be into a well unit or units not exceeding forty (40) acres plus an acreage tolerance of ten per cent (10%) of forty (40) acres for oil, and not exceeding six-hundred-forty (640) acres plus an acreage tolerance of ten percent (10%) of six-hundred-forty (640) acres for gas, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units may be created or enlarged to conform substantially in size with those prescribed by governmental regulations. Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool the land above described, or any portion thereof, into other units. Lessee shall execute in writing and file for record in the county or counties where the land is situated an instrument designating and describing the pooled acreage, which pooling and designation may be accomplished either before or after a well or wells are drilled or completed on the unit. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, overriding royalties or payments out of production, as if it were included in this lease; and drilling or reworking operations thereon, production of oil or gas, condensate or distillate therefrom, cessation of production thereon, or the existence thereon of a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were conducted, or such production or cessation of production, or existence of a shut-in gas well were on the land above described, whether or not the well or wells be located on the said lands. In lieu of the royalties, overriding royalties or payments out of production, if any, elsewhere herein specified, Lessor shall receive from a unit so formed only such portion of the royalty, overriding royalty or payment out of production, if any, stipulated herein as the amount of the acreage (surface acres) above described which is placed in the unit bears to the total acreage (surface acres) so pooled in the particular unit involved. Shut-in gas royalties with respect to unit shut-in gas wells shall be payable in accordance with the provisions and in the amount set forth in this Lease. Should any unit as created hereunder contain less than the maximum number of acres hereinabove specified or allowed, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified or allowed. In the event an existing unit is so enlarged, Lessee shall execute and file for record in the county or counties in which the land is situated a supplemental designation and description of the land added to the existing unit; provided, that if such supplemental designation and description is not filed until production is obtained on the unit as originally created, then and in such event the supplemental designation and description shall not become effective until the first day of the calendar month next following the filing thereof. In the event the well or wells drilled on any unit shall fail to produce oil or gas, or in the event the production from any such well or wells shall cease, Lessee may terminate ~~the unitized area created hereunder by filing~~ _____ ~~in the county recording~~ unless the land is utilized proper instruments evidencing such termination.

6. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, including, but not limited to, repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty on oil and gas shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. No well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or impair the effectiveness of any payment theretofore made by Lessee. No such change or division in the ownership of the land or royalties shall impair the effectiveness of any payment theretofore made by Lessee or be binding upon Lessee for any purpose (and irrespective of whether Lessee has either actual or constructive knowledge thereof) until 60 days after such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor.

8. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including, but not limited to storms, floods, washouts, landslides, and lightning; acts of the public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of federal, state, municipal or other governments or other governmental officers or agents under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if Lessee by force majeure is prevented from conducting drilling operations, reworking operations, or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of ninety (90) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee, at its option, may discharge any tax, mortgage, other lien upon said land, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce the same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title in whole or in part, it is agreed that if Lessor does not own, or have the right to lease, the entire mineral estate herein purported to be leased in the land above described, then the royalties and any other sums payable hereunder shall be reduced proportionately. Should any party named above as Lessor fail to execute this lease, or should any party execute the lease who is not named as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

10. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to the acreage so surrendered.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

_____ _____

_____ _____

_____ _____

_____ _____

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

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

2. Labor

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

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

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

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

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

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty - six percent (26%), or percent most recently recommended by the Council of Petroleum Accounts Societies of North America.

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

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

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

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

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

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

7. Equipment and Facilities Furnished by Operator

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

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

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

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

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

11. Insurance

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

12. Other Expenditures

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

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or

( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

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

A. Overhead - Fixed Rate Basis

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

Drilling Well Rate $ 3,500.00

Producing Well Rate $ 350.00

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

(a) Drilling Well Rate

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

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

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

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

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

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

~~* These rates subject to being increased by Operator upon furnishing Non-Operators proof of actual purchased costs necessitating such increase.~~

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B. Overhead - Percentage Basis

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

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

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

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

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

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

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

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

~~Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.~~

3. Amendment of Rates

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

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

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

1. Purchases

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

2. Transfers and Dispositions

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

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

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

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

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

B. Good Used Material (Condition B)

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

(1) Material moved to the Joint Property

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

(2) Material moved from the Joint Property

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

EXHIBIT "E"

Attached to and made a part of Operating Agreement between _____, as "Operator", and _____, as "Non-Operator".

GAS STORAGE AND BALANCING AGREEMENT

The parties to the Operating Agreement to which this agreement is attached owned the working interest in the gas rights underlying the Contract Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

In accordance with the terms of the Operating Agreement, each party thereto has the right, subject to existing contracts, to take its share of gas produced from the Contract Area and market the same. In the event any of the parties hereto is not at any time taking or marketing its share of gas or has contracted to sell its share of gas produced from the Contract Area to a purchaser which does not at any time while this agreement is in effect take the full share of gas attributable to the interest of such party, the terms of this agreement shall automatically become effective.

During the period or periods when any party hereto has no market or fails to take its share of gas produced from any proration unit within the Contract Area, or its purchaser does not take its full share of gas produced from such proration unit, the other parties shall be entitled to produce each month one hundred percent (100%) of the allowable gas production assigned to such proration unit by the State regulatory body having jurisdiction and shall be entitled to take and deliver to its or their purchaser all of such gas production. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser.

On a cumulative basis, each party not taking or marketing its full share of the gas produced shall be credited with gas in storage equal to its full share of the gas produced under this agreement, less its share of gas used in lease operations, vented or lost, and less that portion such party took or delivered to its purchaser. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas produced, the amount used in lease operations, vented or lost, the total quantity of liquid hydrocarbons recovered therefrom, and the monthly and cumulative over and under account of each party.

At all times while gas is produced from the Contract Area, each party hereto will make settlement with the respective royalty owners to whom they are each accountable, just as if each party were taking or delivering to a purchaser its share, and its share only, of total gas production exclusive of gas used in lease operations, vented or lost. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable. The term "royalty owner" shall include owners of royalty, overriding royalties, production payments and similar interests.

After notice to the Operator, any party at any time may begin taking or delivering to its purchaser its full share of the gas produced from a proration unit under which it has gas in storage less such party's share of gas used in operations, vented or lost. In addition to such share, each party, including the Operator, until it has recovered its gas in storage and balanced the gas account as to its interest, shall be entitled to take or deliver to its purchaser a share of gas determined by multiplying fifty percent (50%) of the interest in the current gas production of the party or parties without gas in storage by a fraction, the numerator of which is the interest in the proration unit of such

party with gas in storage and the denominator of which is the total percentage interest in such proration unit of all parties with gas in storage currently taking or delivering to a purchaser.

Each party producing and taking or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

Nothing herein shall be construed to deny any party the right, from time to time, to produce and take or deliver to its purchaser its full share of the allowable gas production to meet the deliverability tests required by its purchaser.

Should production of gas from a proration unit be permanently discontinued before the gas account is balanced, settlement will be made between the underproduced and overproduced parties. In making such settlement, the underproduced party or parties will be paid a sum of money by the overproduced party or parties attributable to the overproduction which said overproduced party received, less applicable taxes theretofore paid, at the applicable price defined below for the latest delivery of a volume of gas equal to that for which settlement is made. For gas, the price of which is not regulated by federal, state, or other governmental authorities, the price basis shall be the price received for the sale of the gas. For gas, the price of which is subject to regulation by federal, state, or other governmental authorities, the price basis shall be the rate collected, from time to time, which is not subject to possible refund, as provided by the Federal Energy Regulatory Commission or any other governmental authority pursuant to final order or settlement applicable to gas sold from such well, plus any additional collected amount which is not ultimately required to be refunded by such authority, such additional collected amount to be accounted for at such time as final determination is made with respect thereto.

Nothing herein shall change or affect each party's obligation to pay its proportionate share of all costs and liabilities incurred, as its share thereof is set forth in the Operating Agreement.

This agreement shall constitute a separate agreement as to each proration unit with the Contract Area and shall become effective in accordance with its terms and shall remain in force and effect as long as the Operating Agreement to which it is attached remains in effect, and shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.

EXHIBIT "F"

Attached to and made a part of the Operating Agreement between _____, as "Operator", and _____, as "Non-Operator".

CERTIFICATE OF COMPLIANCE

Contractor agrees that, as to all current contracts and purchase orders, as defined below, heretofore issued or entered into by Gulf, as purchaser, for the furnishing of supplies or services by Contractor, and as to each such contract and purchase order, which may hereafter be issued or entered into by Gulf in favor of the Contractor during one year from the date of execution of this Certificate, the Contractor will comply with the Federal Government's Requirements as identified below, and agrees that without further reference thereto the provisions contained in this Certificate shall be a part of each such contract and purchase order.

For the purpose of this Certificate, the words "contract" and "purchase order" shall mean any nonexempt agreement or arrangement between Gulf and the Contractor for the furnishing of supplies or services or for the use of real or personal property, including lease arrangements which, in whole or in part, are necessary to the performance of any one or more contracts between Gulf and the United States of America or under which any portion of the Gulf's obligation under any one or more such contracts is performed, undertaken, or assumed.

Gulf understands and agrees that Contractor's assent to the incorporation of the provisions in this Certificate into every nonexempt contract and purchase order betwen Gulf and Contractor during the periods specified herein is intended to satisfy Gulf's requirements under the governing executive orders and statutes (reference to which includes amendments and orders superseding in whole or in part) and the rules and regulations issued thereunder. Gulf further understands and agrees that this Certification is not meant to create, nor shall it be construed as creating, any enforceable rights hereunder for any firm, organization or individual who is not a party to any such contract or purchase order between Gulf and Contractor.

NONSEGREGATED FACILITIES

The undersigned bidder, offerer, applicant, seller, contractor, or subcontractor, hereinafter referred to as Contractor, certifies to Gulf and the Federal Government agencies with which it contracts that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise.

EMPLOYMENT OF THE HANDICAPPED

Applicable to all contracts and purchase orders exceeding $2,500, not otherwise exempted: Contractor agrees to comply with Rehabilitation Act of 1973 and all orders, rules, and regulations issued thereunder and amendments thereto.

EQUAL OPPORTUNITY, VETERANS, AND MINORITY BUSINESS ENTERPRISES

Applicable to all contracts and purchase orders exceeding $10,000, not otherwise exempted: Contractor agrees to comply with Executive Order 11246 regarding

Equal Opportunity and all orders, rules and regulations issued thereunder or amendments thereto. Contractor agrees to comply with Executive Order 11701 and Vietnam Veteran's Readjustment Act of 1974 and orders, rules, and regulations issued thereunder or amendments thereto. Contractor agrees to comply with Executive Orders 11458 and 11625 regarding Minority Business Enterprises and all orders, rules, and regulations issued thereunder or amendments thereto.

MINORITY BUSINESS ENTERPRISES AND
UTILIZATION OF SMALL BUSINESS CONCERNS
AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED
BY SOCIALLY AND ECONMICALLY DISADVANTAGED INDIVIDUALS

Contractor agrees to comply with Executive Order 11625 regarding Minority Business Enterprises and all orders, rules and regulations issued thereunder or amendments thereto.

Applicable to all contracts of over $10,000 not otherwise exempted:

(A) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency.

(B) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The Contractor further agrees to cooperate in any studies or surveys that may be conducted by the Small Business Administration or the contracting agency which may be necessary to determine the extent of the Contractor's compliance with this clause.

(C) (1) The terms "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and in relevant regulations promulgated pursuant thereto.

(2) The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern--

(i) which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(ii) whose management and daily business operations are controlled by one or more of such individuals.

The contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other minorities, or any other individual found to be disadvantaged by the Small Business Administration pursuant to section 8(a) of the Small Business Act.

(D) Contractors acting in good faith may rely on written representations by their subcontractors as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

SMALL BUSINESS AND SMALL DISADVANTAGED
BUSINESS SUBCONTRACTING (OVER $500,000 OR
$1,000,000 FOR CONSTRUCTION OF ANY PUBLIC FACILITY)

Applicable to all contracts over $500,000 or $1,000,000 for construction of any public facility not otherwise exempted:

Pursuant to Temporary Regulation 50, Supplement 2(c) where applicable the contractor agrees to negotiate detailed subcontracting plan.

UTILIZATION OF WOMEN-OWNED BUSINESS CONCERNS

Applicable to all contracts over $10,000 not otherwise exempted:

(A) It is the policy of the United States Government that women-owned businesses shall have the maximum practicable opportunity to participate in the

performance of contracts awarded by any Federal agency.

(B) The Contractor agrees to use his best efforts to carry out this policy in the award of subcontracts to the fullest extent consistent with the efficient performance of this contract. As used in this contract, a "woman-owned business" concern means a business that is at least 51% owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management. "Women" mean all women business owners.

WOMEN-OWNED BUSINESS CONCERNS SUBCONTRACTING PROGRAM

Applicable to all contracts over $500,000 or $1,000,000 for construction of any public facility not otherwise exempted:

(A) The Contractor agrees to establish and conduct a program which will enable women-owned business concerns to be considered fairly as subcontractors and suppliers under this contract. In this connection, the contractor shall:

1. Designate a liaison officer who will administer the Contractor's "Women-Owned Business Concerns Program".

2. Provide adequate and timely consideration of the potentialities of known women-owned business concerns in all "make-or-buy" decisions.

3. Develop a list of qualified bidders that are women-owned businesses and assure that known women-owned business concerns have an equitable opportunity to compete for subcontracts, particularly by making information on forthcoming opportunities available by arranging solicitations, time for preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of women-owned business concerns.

4. Maintain records showing (i) procedures which have been adopted to comply with the policies set forth in this clause, including the establishment of a source list of women-owned business concerns; (ii) awards to women-owned businesses on the source list by minority and non-minority women-owned business concerns; and (iii) specific efforts to identify and award contracts to women-owned business concerns.

5. Include the "Utilization of Women-Owned Business Concerns" clause in subcontracts which offer substantial subcontracting opportunities.

6. Cooperate in any studies and surveys of the Contractor's women-owned business concerns procedures and practices that the Contracting Officer may from time-to-time conduct.

7. Submit periodic reports of subcontracting to women-owned business concerns with respect to the records referred to in subparagraph 4 above, in such form and manner and at such time (not more often than quarterly) as the Contracting Officer may prescribe.

(B) The Contractor further agrees to insert, in any subcontract hereunder which may exceed $500,000 or $1,000,000 in the case of contracts for the construction of any public facility and which offers substantial subcontracting possibilities, provisions which shall conform substantially to the language of this clause, including this paragraph B and to notify the Contracting Officer of the names of such subcontractors.

(C) The Contractor further agrees to require written certification by its subcontractors that they are bona fide women-owned and controlled business concerns in accordance with the definition of a women-owned business concern as set forth in the Utilization Clause 1(b) above at the time of submission of bids or proposals.

The aforementioned Contractor agrees that the provisions of this Certificate of Compliance are hereby incorporated in every nonexempt contract or purchase order between us currently in force or that may be issued during one year from the date of execution of the Operating Agreement.

8/81

EXHIBIT "D"

Attached to and made a part of the Operating Agreement dated August 11, 1981 and covering S/2 Section 17, T-24-S, R-37-E Lea County, New Mexico between DOYLE HARTMAN as Operator and GULF OIL COMPANY, CITIES SERVICE COMPANY, KATHLEEN CONE et al as Non-Operators.

Operator, at all times while operations are conducted hereunder, shall carry, and require its contractors to carry insurance to indemnify, protect and hold the parties hereto harmless as follows;

1. Insurance which shall comply with the Workmen's Compensation, Employers Liability and Occupational Disease laws of the State in which operations hereunder are conducted;

2. Comprehensive general liability insurance with limits of not less than:

   A. Bodily Injury:

      $100,000 per person and $300,000 for each occurrence and,

   B. Property Damage:

      $100,000 for each occurrence and $300,000 in the aggregate.

3. Automobile liability insurance with limits of not less than:

   A. $100,000 per person and $300,000 per accident pertaining to bodily injury to, or death of persons; and,

   B. $100,000 per accident pertaining to loss of, or damage to, property.

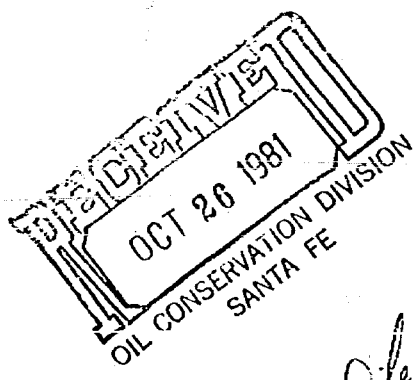
Upon successful completion of first well, all premiums paid on such insurance shall be charged to the joint account. Except by mutual consent of the parties, no other insurance shall be maintained for the joint account, and all losses not covered by such insurance shall be charged to the joint account.

Operator shall not be liable to Non-Operator (s) for loss suffered on account of the insufficiency of insurance carried, or of the insuror with whom carried, nor shall Operator be liable to Non-Operator (s) for any loss accruing by reason of Operator's inability to provide or maintain the insurance above mentioned; provided, however, that if at any time during the life of this agreement Operator is unable to obtain or maintain such insurance, Operator shall promptly notify Non-Operator (s) in writing of such fact.

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

(915) 684-4011

October 21, 1981



Case file
Case 7339

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

Re: Compulsory Pooling
Late-Thomas No. 2 & No. 3
S/2 Section 17
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please be advised that on October 21, 1981, Gulf Oil Company was advised by certified mail of the compulsory pooling of its interest in the S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico, as to Doyle Hartman's Late-Thomas No. 2 and No. 3 as required by NMOCD Order No. R-6781.

We previously had a verbal committment from Gulf to voluntarily join in the drilling of the two wells, but Gulf has attempted to change the verbal agreement reached by the two parties. We have now furnished Gulf with notice of the complusory pooling, submitted a Detail Well Estimate showing anticipated costs for each well, and invoiced Gulf for its proportionate share of the estimated costs of each well. They have also received full drilling reports for both wells and logs for the Late-Thomas No. 3 which has been completed and is waiting on pipeline connection.

We will keep you informed of the progress in this matter.

Very truly yours,

DOYLE HARTMAN

Michelle Hembree

Michelle Hembree
Administrative Assistant

/mh

cc: Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. David Messer

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

October 21, 1981

RECEIVED
OCT 26 1981
OIL CONSERVATION DIVISION
SANTA FE

CERTIFIED MAIL

All Non-Consenting Parties
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Re: Compulsory Pooling
Late-Thomas No. 2 & No. 3
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please find enclosed two copies of AFE and Detail Well Estimate for my Late-Thomas No. 2 and Late-Thomas No. 3 plus a request for prepayment of the estimated drilling and completion costs for the two wells. On September 25, 1981, the New Mexico Oil Conservation Division entered a favorable order concerning my application before the NMOCD (Case No. 7339) wherein I had requested approval for a non-standard Jalmat gas proration unit for the two proposed wells, one non-standard location, and compulsory pooling of all non-consenting parties in the S/2 Section 17. The effective date of the NMOCD order is September 25, 1981.

As provided for in the pooling statutes of the State of New Mexico, you now have thirty days from the date of this letter to voluntarily join in the drilling of the proposed Late-Thomas No. 2 and No. 3 or have the compulsory pooling order rendered by the NMOCD become final as to your interest. If you now wish to voluntarily join in the proposed development work, please return to my office at your earliest convenience one signed copy of the enclosed AFE and Detail Well Estimate for each well, a signed copy of the Operating Agreement covering the S/2 Section 17 as furnished to you on September 17, 1981, plus a check for your invoiced share of the estimated development cost.

Very truly yours,

Doyle Hartman

DH/mh

Enclosures as above

cc: Campbell, Byrd, and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

DOYLE HARTMAN
Oil Operator
SUITE 508
C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701
(915) 684-4011

INVOICE

DATE October 21, 1981

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

INVOICE NO. DH - 1050

PLEASE SHOW INVOICE NUMBER ON YOUR REMITTANCE.

WE Debit YOUR ACCOUNT AS FOLLOWS:

To invoice you for your proportionate share of the prepaid drilling cost on the Doyle Hartman operated Late Thomas #2 & #3 AFE's.

Estimated Drilling Cost		Your Billing Percentage	Total Due
$517,000.00	X	25%	$129,250.00

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____

LEASE NAME Thomas WELL NO. 2 APPR. NO. _____

COUNTY Lea STATE New Mexico W. I. 100%

LOCATION: SW/4 Section 17, T-24-S, R-37-E FIELD Jalmat (Gas)

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050		
3. Coring Service Well Surveys 6,500	5,050	5,050
4. Testing	6,500	6,500
5. Fuel Water		
6. Mud Mud Logging	4,900	4,900
7. Cementing Service Cement Floats	6,700	6,700
8. Company Labor Contract Labor	10,625	3,600
9. Digging Pits Filling Pits	315	---
10. Roads & Bridges Dredging & Grading	8,000	8,000
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040		
12. Plugging	50,600	---
13. Trucking Cost		1,275
14. Development Superintendence 20 days @ $ 300 /day	12,000	12,000
15. Rental Equipment	6,000	3,000
16. Swabbing and Testing	900	---
17. Other Costs Surface Damages	6,175	---
Lining Pits	1,500	1,500
Stake Location	900	900
	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.		
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
Ft. of @ Per Ft.		
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	12,975	3,100
20. Casing Head	11,725	
21. Xmas Tree or Pumping Connections	835	835
22. Pumping Unit	535	
23. Engine	22,500	
24. Sucker Rods	1,550	
25. Pump	7,080	
26. Tank Battery	2,285	
27. Separator or Dehydration Equip.		
28. Metering Equipment	3,250	
29. Flow Lines		
30. Other Water Tank	3,850	
Power Line	2,975	
	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Mermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____

LEASE NAME Thomas WELL NO. 3 APPR. NO _____

COUNTY Lea STATE New Mexico W. I. 100%

LOCATION: SE/4 Section 17, T-24-S, R-37-E FIELD Jalmat (Gas)

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050		
3. Coring Service Well Surveys 6,500	5,050	5,050
4. Testing	6,500	6,500
5. Fuel Water		
6. Mud Mud Logging	4,900	4,900
7. Cementing Service Cement Floats	6,700	6,700
8. Company Labor Contract Labor	10,625	3,600
9. Digging Pits Filling Pits	315	
10. Roads & Bridges Dredging & Grading	8,000	8,000
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040		
12. Plugging	50,600	
13. Trucking Cost		
14. Development Superintendence 20 days @ $ 300 /day	12,000	1,275
15. Rental Equipment	6,000	12,000
16. Swabbing and Testing	900	3,000
17. Other Costs Surface Damages	6,175	
Lining Pits	1,500	
Stake Location	900	1,500
	350	900
Total Intangibles	178,090	350
		111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.		
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
Ft. of @ Per Ft.		
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	17,975	3,100
20. Casing Head	11,725	
21. Xmas Tree or Pumping Connections	835	835
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23. Engine	22,500	
24. Sucker Rods	1,550	
25. Pump	7,080	
26. Tank Battery	2,285	
27. Separator or Dehydration Equip.		
28. Metering Equipment	3,250	
29. Flow Lines		
30. Other Water Tank	3,850	
Power Line	2,975	
	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Kermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

PS Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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

1. 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)

2. ARTICLE ADDRESSED TO:
Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	112888	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO 1978-300 639

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

TO:
Gulf Oil Corporation
P.O. Box 1150
Midland, Texas 79702

Attention: Mr. D. H. Messer

No. 112888

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
Gulf Oil Corporation
STREET AND NO.
P. O. Box 1150
P.O. STATE AND ZIP CODE
Midland, Texas 79702

POSTAGE		$ .35
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	.75
	SPECIAL DELIVERY	¢
	RESTRICTED DELIVERY	¢
OPTIONAL SERVICES — RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢ .60
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES		$ 1.70
POSTMARK OR DATE	10-21-81	

PS Form 3800, Apr. 1976

CERTIFIED
No. 112888
MAIL

Dick,

Gulf called on this letter because they were afraid that the Hartman interpretation of the situation would be accepted. They feel both the facts and the conclusions are incorrect.

Gulf will send a rebuttal letter

Perry
10/28/81

CASE 7335: Application of C & E Operators, Inc. for amendment to Division Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5459 by amending the location of the Northwest-Southeast trending line as described in Exhibit A of said Order No. R-5459 pertaining to Township 30 North, Range 11 West, as follows: Section 6: West and South; Section 8: West and South; Sections 9, 10, and 11: South; and Section 13: West and South.

CASE 7336: Application of C & E Operators, Inc. for three triple completions, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to triply complete the following wells in Township 30 North, Range 11 West, to produce gas from the Farmer-Fruitland Pool, the Aztec-Pictured Cliffs Pool, and the Blanco Mesaverde Pool through separate strings of tubing: Aztec Wells Nos. 8 in Unit N of Section 8 and 9 in Unit M of Section 9; and Fee Well No. 8 in Unit C of Section 8.

CASE 7337: Application of Beartooth Oil & Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ojito Gallup-Dakota and Blanco Mesaverde production in the wellbore of its Minel Federal Well No. 1 located in Unit E of Section 7, Township 25 North, Range 3 West. Applicant further seeks the establishment of an administrative procedure for approval of downhole commingling of Gallup-Dakota and Mesaverde production in the W/2 of Sections 6 and 7, Township 25 North, Range 3 West.

CASE 7338: Application of Beartooth Oil & Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Farmington production in the wellbore of its Elledge Federal 34 Well No. 11 located in Unit D of Section 34, Township 29 North, Range 11 West.

CASE 7339: Application of Doyle Hartman for compulsory pooling, unorthodox well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East, to be simultaneously dedicated to his Late Thomas Well No. 1 located in Unit M of said Section 17, and to two proposed wells, one to be drilled at an orthodox location in Unit J and the other at an unorthodox location 2310 feet from the South line and 330 feet from the West line, both in said Section 17. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7340: Application of Doyle Hartman for directional drilling and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill his City of Jal Well No. 1, the surface location of which is 1635 feet from the South line and 1210 feet from the West line of Section 20, Township 25 South, Range 37 East, Jalmat Pool, to top the Jalmat at a bottom hole location 660 feet from the South and West Lines at a vertical depth of 2800 feet and to bottom said well at an unorthodox location 330 feet from the South and West lines at a vertical depth of 3500 feet.

CASE 7317: (Continued from July 29, 1981, Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying Townships 30 and 31 North, Ranges 2 thru 7 West, containing 270,260 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7129: (Continued from August 12, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7169: (Continued from August 12, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 6, 1981

RECEIVED
AUG 06 1981
OIL CONSERVATION DIVISION
SANTA FE

Case 7339

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

Re: Application of Doyle Hartman for Compulsory Pooling, Unorthodox Well Location and Simultaneous Dedication, Lea County, New Mexico

Dear Mr. Ramey:

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

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on August 26, 1981.

Very truly yours,

William F. Carr

WFC:lr

Enclosure

cc: Mr. Doyle Hartman
Mr. James A. Davidson
Mr. William P. Aycock

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U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease: STATE ☐ FEE ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. Type of Well: OIL WELL ☐ GAS WELL ☒ OTHER SINGLE ZONE ☒ MULTIPLE ZONE ☐

7. Unit Agreement Name

8. Farm or Lease Name: Late Thomas

2. Name of Operator: Doyle Hartman

9. Well No.: 2

3. Address of Operator: P. O. Box 10426, Midland, Texas 79702

10. Field and Pool, or Wildcat: Jalmat (Gas)

4. Location of Well: UNIT LETTER L LOCATED 2310 FEET FROM THE South LINE AND 330 FEET FROM THE West LINE OF SEC. 17 TWP. 24S RGE. 37E NMPM

12. County: Lea

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
3400	Yates	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3286 G.L.	Multi-Well Approved	Kenai	September, 1981

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	28	400	300	Surface
7 7/8	5 1/2	17	3400	600	Surface

The proposed well will be drilled to a total depth of 3400 feet and will be completed as a Jalmat (Yates) 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.

NOTE: (1) Any Gas produced from the proposed well has previously been dedicated to El Paso Natural Gas Company.

(2) A Hearing is scheduled for August 26 to simultaneously dedicate wells, Late Thomas #2 and Late Thomas #3, to the existing proration unit consisting of the S/2 Section 17 and these wells will share an allowable with the Late Thomas #1.

(3) A hearing is scheduled for August 26 to approve Non-Standard location for this wel

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

Signed Larry A. Mennig (HARTMAN) Title Engineer Date Aug 17, 1981

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 7839
Submitted by Aycock
Hearing Date 8/26/81

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: THOMAS		Well No.: 2
Unit Letter: L	Section: 17	Township: 24 South	Range: 37 East	County: Lea	
Actual Footage Location of Well: 2310 feet from the South line and 330 feet from the West line					
Ground Level Elev.: 3285.6	Producing Formation: Yates		Pool: Jalmat (Gas)		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

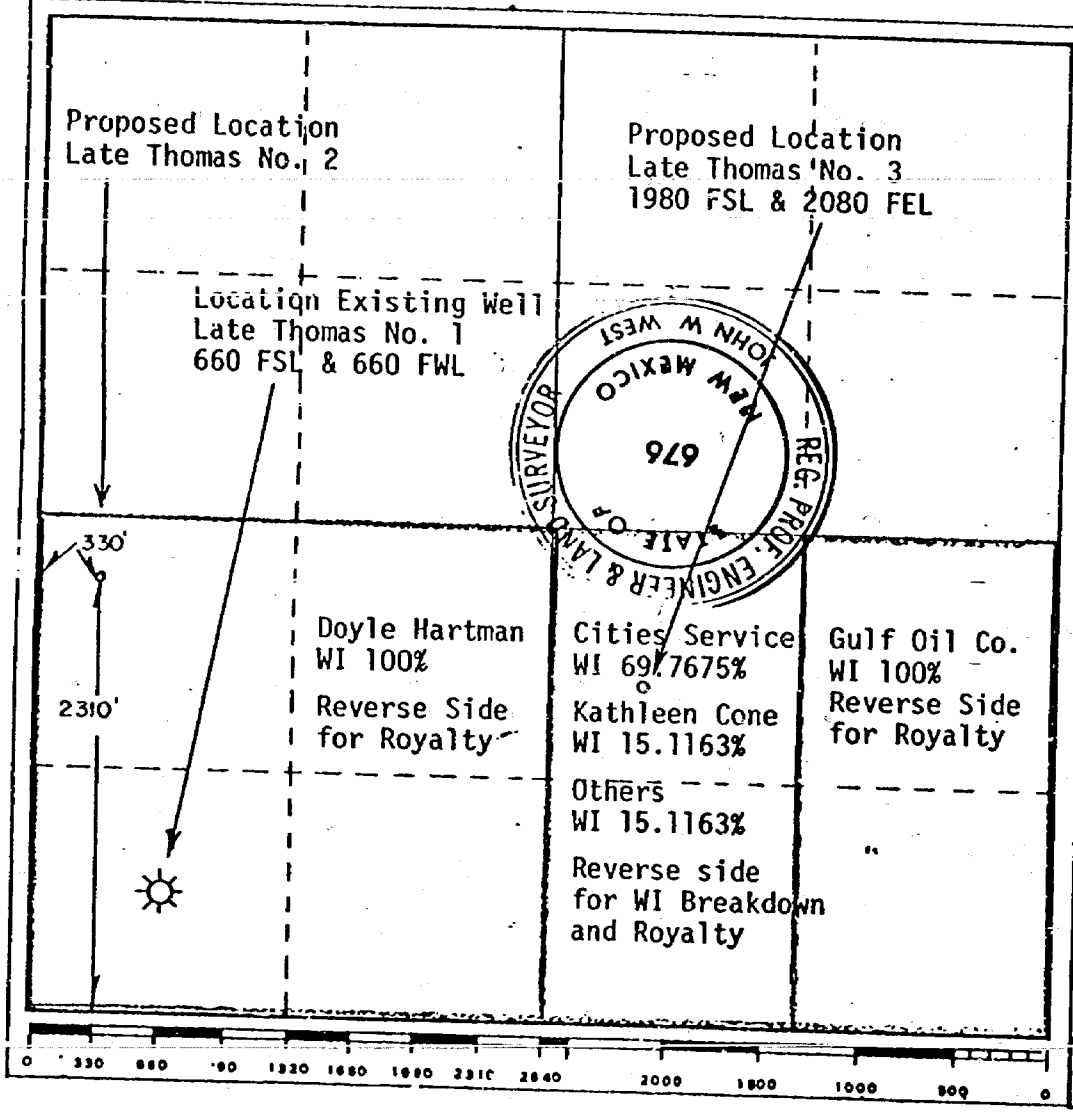
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

[X] Yes ☐ No If answer is "yes," type of consolidation Communitization Agreement

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.

Name: Larry A. Nemyo
Position: Engineer
Company: Doyle Hartman
Date: Aug. 17, 1981

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: 8/ 8/81

Registered Professional Engineer and/or Land Surveyor

Certificate No JOHN W. WEST 676
PATRICK A. ROMERO 6668
Ronald J. Eidson 3239

Royalty S/2 Section 17 T-24-S, R-37-E

Cities Service Company	
Jeannette E. Clift	5/8
Kathleen Cone	5/96
Douglas Cone	13/96
Clifford Cone	13/480
Thomas R. Cone	13/480
Kenneth G. Cone	13/480
Cathie Auvenshine	13/480
San Angelo National Bank, Trustee	13/480
San Angelo National Bank, Sucessor Trustee under will of Ralph W. Leftwich, Deceased	5/192
	5/192

Working Interest W/2 SE/4 Section 17, T-24-S, R-37-E.

Cities Service Company	
Kathleen Cone	69.7675%
Douglas Cone	15.1163%
Clifford Cone	3.0232%
Thomas Cone	3.0232%
Kenneth G. Cone	3.0232%
Cathie Auvenshine	3.0232%
	3.0232%

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LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

REVISED

5A. Indicate Type of Lease: STATE [ ] FEE [X]

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well: OIL WELL [ ] GAS WELL [X] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Unit Agreement Name

8. Farm or Lease Name: Late Thomas

2. Name of Operator: Doyle Hartman, Oil Operator

9. Well No.: 2

3. Address of Operator: P. O. Box 10426, Midland, Texas 79702

10. Field and Pool, or Wildcat: Jalmat (Gas)

4. Location of Well: UNIT LETTER L LOCATED 1980 FEET FROM THE South LINE AND 990 FEET FROM THE West LINE OF SEC. 17 TWP. 24S RGE. 37E NMPM

12. County: Lea

19. Proposed Depth	19A. Formation	20. Rotary or C.T.
3400	Yates	Rotary

21. Elevations (Show whether DF, RT, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
3281.5 GL	Multi-well Approved	Kenai	September, 1981

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	28	400	300	Surface
7 7/8	5 1/2	17	3400	600	Surface

The proposed well will be drilled to a total depth of 3400 feet and will be completed as a Jalmat (Yates) 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.

NOTE: (1) Any Gas produced from the proposed well has previously been dedicated to El Paso Natural Gas Company.

(2) A hearing is scheduled for August 26 to simultaneously dedicate wells, Late Thomas #2 and Late Thomas #3, to the existing proration unit consisting of the S/2 Section 17 and these wells will share an allowable with the Late Thomas #1.

This application will replace C-101 filed on August 17, 1981 showing well location of 2310 FSL and 330 FWL Section 17, T-24-S, R-37-E.

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

Signed Larry A. Manning Title Engineer Date Aug 25, 1981

(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	Lease	Well No.
DOYLE HARTMAN	Late THOMAS	2

Unit Letter	Section	Township	Range	County
L	17	24 SOUTH	37 EAST	LEA

Actual Footage Location of Well: 1980 feet from the SOUTH line and 990 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3281.5	Yates	Jalmat (Gas)	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

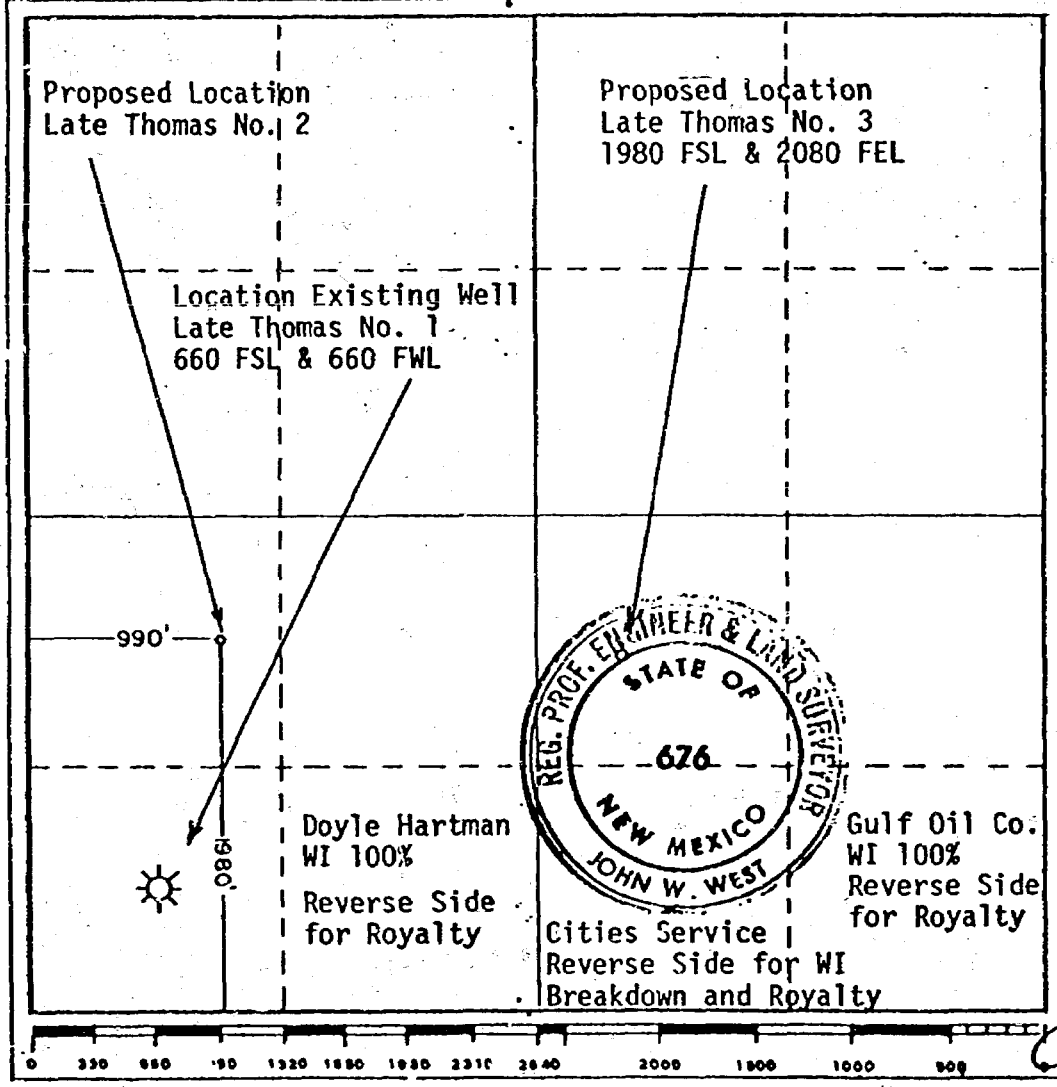
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

[X] Yes [ ] No If answer is "yes," type of consolidation Communitization Agreement

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.

Name: Larry C. Nanney

Position: Engineer

Company: Doyle Hartman

Date: Aug 25, 1981

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: 8-4-81

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 6668
Ronald J. Eidson 3239

Royalty S/2 Section 17, T-24-S, R-37-E

Cities Service Company	5/8
Jeannette E. Clift	5/96
Kathleen Cone	13/96
Douglas Cone	13/480
Clifford Cone	13/480
Thomas R. Cone	13/480
Kenneth G. Cone	13/480
Cathie Auvenshine	13/480
San Angelo National Bank, Trustee	5/192
San Angelo National Bank, Sucessor Trustee under will of Ralph W. Leftwich, Deceased	5/192

Working Interest W/2 SE/4 Section 17, T-24-S, R-37-E

Cities Service Company	69.7675%
Kathleen Cone	15.1163%
Douglas Cone	3.0232%
Clifford Cone	3.0232%
Thomas Cone	3.0232%
Kenneth G. Cone	3.0232%
Cathie Auvenshine	3.0232%

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 194
MIDLAND, TEXAS 79702

(915) 682-1487 = OFFICE
694-5472 = RESIDENCE

May 15, 1981

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
HARDMAN EXHIBIT NO. 6
CASE NO. 7237
Submitted by DAVIDSON
Hearing Date 8/26/81

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young
Manager, Land

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Several years ago I purchased the 8.333% interest of J. N. Dunlavey in the above lease and I have now purchased the interests of Frank M. Late (8.333%), George Baker (8.333%), and Claud Aikman (25.00%), thereby bringing my total interest to 50% as to the Jalmat (Gas) rights in the S/2 Section 17, T-24S, R-37-E, Lea County, New Mexico.

Mr. Late is in the process of notifying you that I am becoming Successor Operator under the Operating Agreement. In this regard, I would appreciate it very much if you would furnish me a copy of the Operating Agreement.

Please consider this letter as my offer to purchase Cities Service's 17.442% working interest (but not to include any part of your mineral interest) in the above noted lease for $62,790.75. Rights conveyed to be limited from surface to base of the Jalmat formation at approximately 3,450'.

I know from the Dunlavey purchase that the working interest owners in the S/2 Section 17 are receiving very little income from this lease. Attached is an updated Rate-Time Plot which shows that the No. 1 Thomas has experienced a significant decline in production over the past several years. Also attached is P/Z Plot which indicates limited remaining recoverable reserves in the S/2 Section 17.

Thank you for your consideration and please let me hear from you.

Very truly yours,

James A. Davidson

James A. Davidson

Enclosures as above

GAS PRODUCTION HISTORY

Date 7-14-80

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: 5-30-53 Original Completion Date: 6-25-53

Completion Interval (Gas):

Completion Date (Gas): 6-25-53 First Production (Gas):

Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	4569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
1977	12	55911	4659	4455.5	211.2	220	
1976	12	54515	4543	4399.5	183.2	190	
1975	12	60961	5080	4345.0	120.2	125	
1974	12	71967	5997	4284.1	262.2	275	
1973	12	74842	6237	4212.1	226.2	235	
1972	12	48456	4038	4055.2	196.2	200	
1971	12	38044	3170	4006.7	180.2	190	
1970	12	74522	6210	3968.7	285.2	300	
1969	12	128624	10719	3894.1	280.2	295	
1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3928
Feb.	2932	Aug.	3644
March	3256	Sept.	3695
April	2900	Oct.	4223
May	2409	Nov	3535
June	3771	Dec.	3444

Production (Y-T-D) 29850 MCF

Days or Months (Y-T-D) 12 mos.

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2699
May	2496	Nov.	1834
June	2628	Dec.	1807

Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

1981 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF

Days or Months (Y-T-D) 3 mos.

19____ Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Avg. Rate (Y-T-D) 2003 MCF/mo.

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

10000

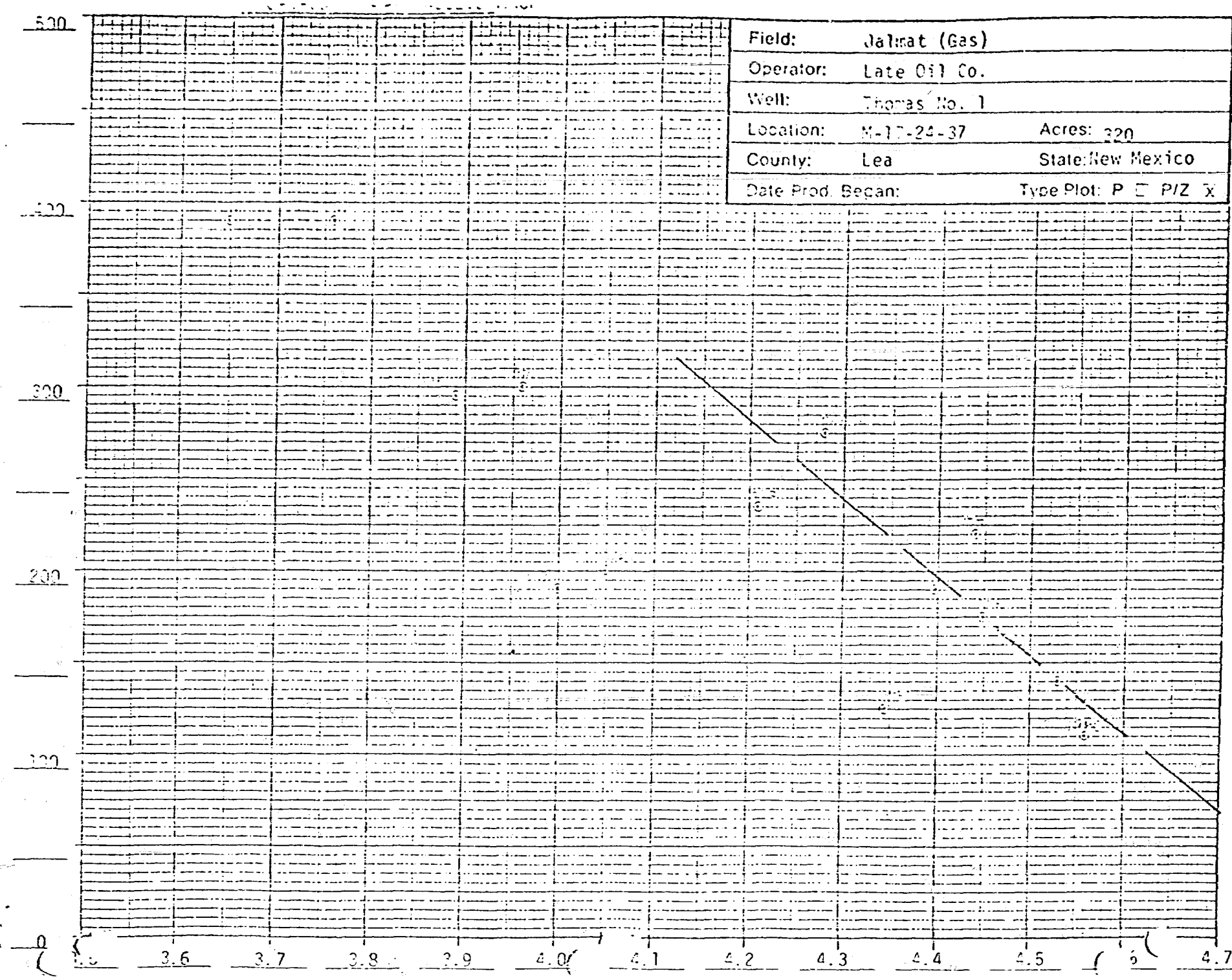
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Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ☐ P/Z X



JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682 6482 - OFFICE
694 5472 - RESIDENCE

June 22, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young
Manager, Land

Re: Thomas No. 2
[Infill Jalmat (Gas) Well]
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to my letter to you of May 15, 1981, proposing to purchase Cities' 17.442% working interest over the Jalmat (Gas) interval in the above captioned 320-acre tract for $62,790.75. I enclosed in that letter a Rate-Time Plot and P/Z Plot for the Late Oil Company Thomas No. 1 (M-17-24S-37E), which showed a significant decline in both production and reservoir pressures regarding the Thomas No. 1 well, and I again enclose a copy of the subject plots for your review.

I would now like to propose to you the following alternative proposals:

(A) Cities to farmout its interest in the above noted 320-acre tract with operator to drill a 3,500' infill Jalmat (Gas) Pool test on the following so called "one-half free look" deal:

1. The well to be drilled, completed and placed on the sales line at no risk or expense to Cities.

2. (a) Forty-five (45) days after the well is actually producing into pipeline, Cities may elect to assign to operator one-half of its interest (retaining the other one-half). In this case, Cities to pay its proportionate part of all costs; OR,

   (b) Forty-five (45) days after the well is actually producing into the pipeline, Cities may elect to assign to operator all of its interest. In this case, Cities to retain a gross override of 32.50% of 8/8, absorbing all present royalty so operator would receive a 67.50% net revenue interest.

3. In either case, rights earned only in the event of commercial production and limited both to gas and associated hydrocarbons

and from surface to 100' below total depth drilled (or to the base of the Jalmat Gas Pool, whichever is shallower).

4. The first well to earn 160 acres out of the above noted 320-acre tract with a second well to be drilled under the terms set out above if the first well is successful.

(B) Cities to sell its interest in the above noted well and lease for $62,790.75 under the terms as set out in letter to you of May 15, 1981.

(C) Cities to participate for its 17.442% interest in the drilling of a new Jalmat infill gas well under a new Operating Agreement naming Doyle Hartman as operator. I had planned to become Successor Operator in the S/2 Section 17, however, due to the many requirements involved in obtaining State of New Mexico approval, I have decided to turn the operations over to Mr. Hartman, who is an experienced operator in this area.

In this regard, AFE is enclosed for your consideration.

Please advise should you need any further information and please let me hear from you as soon as possible. As you know, rigs are in short supply and we need to locate one in the very near future.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

GAS PRODUCTION HISTORY

te 7-14-80

Operator: Late Oil Co.
Well: Thomas No. 1
Location: M-17-24-37

Pool: Jalmat (Gas)
Spud Date: 5-30-53 Original Completion Date: 6-25-53
Completion Interval (Gas):
Completion Date (Gas): 6-25-53 First Production (Gas):
Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	1569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
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1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3920
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March	3256	Sept.	3695
April	2900	Oct.	4223
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June	3771	Dec.	3444

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2699
May	2496	Nov.	1834
June	2628	Dec.	1807

roduction (Y-T-D) 29850 MCF
's or Months (Y-T-D) 12 mos.
Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

1981 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF

Days or Months (Y-T-D) 3 mos.

19____ Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Avg. Rate (Y-T-D) 2003 MCF/mo.

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

10000

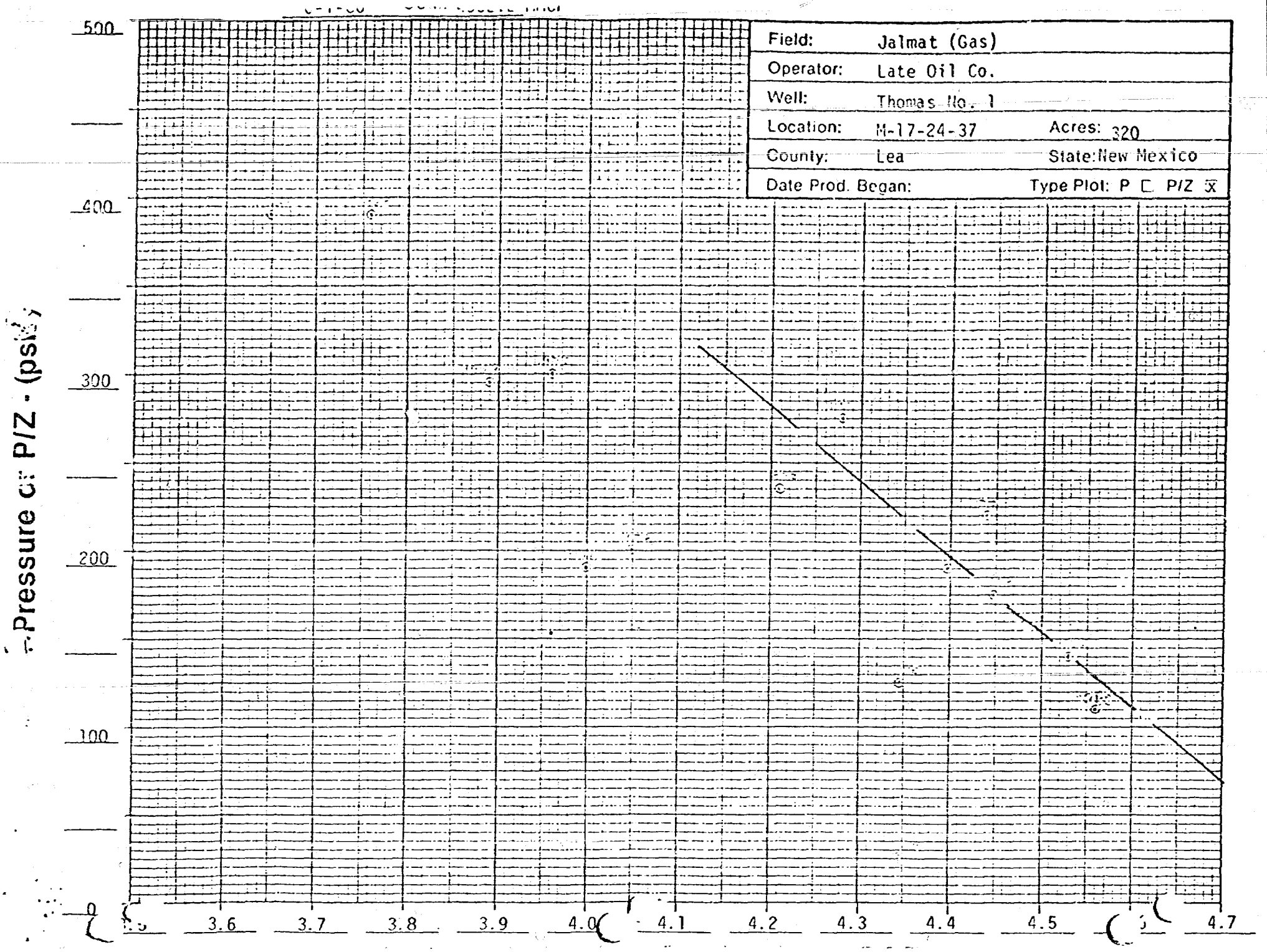
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19 71 19 72 19 73 19 74 19 75 1976 1977 19 78 19 80 1981 1982 19 83

Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ☐ P/Z ☒



AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2* W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: S/2 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing	4,900	4,900
5. Fuel ____ Water	6,700	6,700
6. Mud ____ Mud Logging	10,625	3,600
7. Cementing Service ____ Cement ____ Floats	315	---
8. Company Labor ____ Contract Labor	8,000	8,000
9. Digging Pits ____ Filling Pits		
10. Roads & Bridges ____ Dredging & Grading		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging		1,275
13. Trucking Cost	12,000	12,000
14. Development Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment	900	---
16. Swabbing and Testing	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:								
18. Casing	400	Ft. of	8 5/8	@	7.75	Per Ft.	17,975	3,100
	3500	Ft. of	5 1/2	@	4.25	Per Ft.	11,725	
		Ft. of		@		Per Ft.	835	835
19. Tubing	3500	Ft. of	2 3/8	@	3.35	Per Ft.	535	
20. Casing Head							22,500	
21. Xmas Tree or Pumping Connections							1,550	
22. Pumping Unit							7,080	
23. Engine							2,285	
24. Sucker Rods								
25. Pump							3,250	
26. Tank Battery								
27. Separator or Dehydration Equip.							3,850	
28. Metering Equipment							2,975	
29. Flow Lines							5,850	
30. Other Water Tank								
Power Line								
Total Tangibles							80,410	3,935
TOTAL COST OF WELL							258,500	115,285

REMARKS: *The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well on the S/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date June 22, 1981

Approved _____ Title _____ Date _____

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 – OFFICE
694 5472 – RESIDENCE

July 24, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young

Re: S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our previous correspondence and particularly to my letter to you of June 22, 1981, concerning the infill drilling operations in the S/2 Section 17, T-24-S, R-37-E.

Due to the problems involved in scheduling rigs as well as the scarcity of tubular goods, we are at this time making every effort to obtain a rig.

Therefore, it would be very much appreciated if you would consider the three alternatives previously presented to you; ie, sell your interest in this lease for $62,790.75, farmout under the so-called "one-half free look" deal, or participate in the proposed well(s) under a new operating agreement. Please advise as soon as possible as to your answer.

In this regard generally, we have filed the necessary New Mexico Oil Conservation Division forms to change the operator of the present well and 320-acre proration unit from Late Oil Company to Doyle Hartman. Copies of these forms will be furnished to you after final appoval by the New Mexico Oil Conservation Division.

Thank you for your consideration and please let me know should you need any further information in this regard.

Very truly yours,

James A. Davidson

JAD/mh

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682 6482 - OFFICE
694 5472 - RESIDENCE

July 31, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young

Re: S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please refer to our previous correspondence concerning the above described lease (formerly the Late Oil Company-Thomas Lease) and particularly my letter to you of July 24, 1981, and be advised as follows:

1. Enclosed is a copy of the approved NMOCD Form C-104 changing the operator from Late Oil Company to Doyle Hartman (P. O. Box 10426, Midland, Texas 79702). This form was also furnished per my letter to you of July 24, 1981.

2. The operator is preparing to stake two 3,500' "infill" Jalmat wells on this lease located at the following locations:

   (a) Thomas No. 2--1,880' FSL and 990' FWL

   (b) Thomas No. 3--1,980 FSL and 1,980 FEL

3. El Paso Natural Gas Company has been advised of these proposed wells in order to have that company secure the necessary pipeline right-of-way.

4. The operator is in the process of scheduling a rig to drill these locations.

5. The operator's lawyer and independent consulting engineer are working on the necessary applications and related paperwork in order to qualify these wells as Section 103 "infill" wells under the Natural Gas Policy Act of 1978.

Therefore, please let me hear from you regarding the three alternatives set out in my letter to you of July 24, 1981, being (a) sell your interest; (b) farmout under the so-called "one-half free look" deal; and, (c) participate in the drilling under a new operating agreement.

In this regard, please furnish a copy of any present operating agreements you may have covering this tract so it can be referred to in operating the present well (ie, the No. 1 Thomas well).

Thank you and please let me hear from you.

Very truly yours,

James A. Davidson

JAD/mh

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TRANSPORTER	OIL		
	GAS		
OPERATOR			
PRORATION OFFICE			

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C
Effective 1-1-65

1. Operator
Doyle Hartman

Address
P. O. Box 10426 , Midland, Texas 79702

Reason(s) for filing (Check proper box)
New Well [ ]
Recompletion [ ]
Change in Ownership [X]
Change in Transporter of: Oil [ ] Dry Gas [X] Casinghead Gas [ ] Condensate [ ]

Other (Please explain)

If change of ownership give name and address of previous owner Late Oil Company P. O. Box 1239 Richardson, Texas 75080

2. DESCRIPTION OF WELL AND LEASE

Lease Name	Well No.	Pool Name, Including Formation	Kind of Lease	Lease No.
Thomas	1	Jalmat (Gas)	State, Federal or Fee Fee	

Location
Unit Letter M : 660 Feet From The South Line and 660 Feet From The West

Line of Section 17 Township 24S Range 37E , NMPM, Lea County

3. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil [ ] or Condensate [ ]	Address (Give address to which approved copy of this form is to be sent)
Name of Authorized Transporter of Casinghead Gas [ ] or Dry Gas [X]	Address (Give address to which approved copy of this form is to be sent)
El Paso Natural Gas Company	P. O. Box 1384 , Jal, New Mexico

If well produces oil or liquids, give location of tanks.	Unit	Sec.	Twp.	Rge.	Is gas actually connected?	When
					Yes	8/29/53

If this production is commingled with that from any other lease or pool, give commingling order number:

4. COMPLETION DATA

Designate Type of Completion – (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Resv.	Diff. Res'v.

Date Spudded	Date Compl. Ready to Prod.	Total Depth	P.B.T.D.
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation	Top Oil/Gas Pay	Tubing Depth
Perforations			Depth Casing Shoe

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT

5. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

OIL WELL

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pitot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Larry A. Mangum
(Signature)

Engineer
(Title)

July 24, 1981
(Date)

OIL CONSERVATION COMMISSION

APPROVED JUL 27 1981, 19

BY Orig Signed By Jerry Sexton

TITLE Dist. Supv.

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 - OFFICE
694 5472 - RESIDENCE

August 5, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young

Re: Hartman (Late) Thomas Lease
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please refer to our previous correspondence concerning the above described lease.

I have not received a reply from you concerning my letter of July 31, 1981 wherein I proposed two 3,500' "infill" Jalmat wells and furnished the locations for these wells.

Also, I have checked with all working interest parties involved in the unitized Jalmat gas interval in the S/2 Section 17, and have failed to locate an operating agreement. Three of these parties state that in their opinion, there is not an operating agreement in existence which covers the S/2 of Section 17. I have asked both Cities and Gulf for a copy and to date have not received a reply from either company. Therefore, it appears that we need to prepare an operating agreement to cover the operation of the present well (Thomas No. 1). Please let me know immediately if I am in error in this regard.

Since my last letter, the Gordon Cone family has stated that they will cooperate in the drilling of the above noted proposed new wells. I need to hear from Cities and Gulf as soon as possible since the operator (Doyle Hartman) is in the process of docketing a hearing on August 26, 1981 at the NMOCD for approval for the above noted two "infill" wells. Please advise since time is of the essence in this matter due to the scarcity of rigs and tubular goods.

Very truly yours,

James A. Davidson

JAD/mh

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 – OFFICE
694 5472 – RESIDENCE

August 17, 1981

Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Attention: Mr. John Young

Re: Hartman-Late Thomas
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our previous correspondence regarding the above described lease.

We have now located an Operating Agreement dated February 1, 1956, which covers the above noted tract as to dry gas produced from the Jalmat Gas Field. This agreement does not contain a provision regarding operations by less than all parties, ie, a non-consent provision.

We have docketed a hearing for August 26, 1981 at the NMOCD for both wells covering simultaneous dedication, and a non-standard location for the Late-Thomas No. 2. This docket also provides for Force Pooling due to the time problem involved in both getting NMOCD approval and locating a rig.

We do not wish to force pool Cities Service and request again that you either farmout under the so-called "one-half free look" farmout as previously proposed or participate in the drilling. In the later event, we have furnished you an AFE some time ago.

If you would prefer a farmout along the lines of a reasonable override convertible at payout to a working interest, please advise and we will discuss this with you in detail.

Thank you for your consideration and please let me hear from you.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682 6482 - OFFICE
694 5472 - RESIDENCE

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
HARTMAN EXHIBIT NO. 7
CASE NO. 7339
Submitted by DAVIDSON
Hearing Date 8/26/81

May 15, 1981

Gulf Oil Exploration & Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Robert E. Griffith
Manager, Land

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Several years ago I purchased the 8.333% interest of J. N. Dunlavey in the above lease and I have now purchased the interests of Frank M. Late (8.333%), George Baker (8.333%), and Claud Aikman (25.00%), thereby bringing my total interest to 50% as to the Jalmat (Gas) rights in the S/2 Section 17, T-24S, R-37-E, Lea County, New Mexico.

Mr. Late is in the process of notifying you that I am becoming Successor Operator under the Operating Agreement. In this regard, I would appreciate it very much if you would furnish me a copy of the Operating Agreement.

Please consider this letter as my offer to purchase Gulf's 25.000% working interest (but not to include any part of your mineral interest) in the above noted lease for $90,000.00. Rights conveyed to be limited from surface to base of the Jalmat formation at approximately 3,450'.

I know from the Dunlavey purchase that the working interest owners in the S/2 Section 17 are receiving very little income from this lease. Attached is an updated Rate-Time Plot which shows that the No. 1 Thomas has experienced a significant decline in production over the past several years. Also attached is P/Z Plot which indicates limited remaining recoverable reserves in the S/2 Section 17.

Thank you for your consideration and please let me hear from you.

Very truly yours,

James A. Davidson

James A. Davidson

Enclosures as above

GAS PRODUCTION HISTORY

Date 7-14-80

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: 5-30-53 Original Completion Date: 6-25-53

Completion Interval (Gas):

Completion Date (Gas): 6-25-53 First Production (Gas):

Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	4569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
1977	12	55911	4659	4455.5	211.2	220	
1976	12	54515	4543	4399.5	183.2	190	
1975	12	60961	5080	4345.0	120.2	125	
1974	12	71967	5997	4284.1	262.2	275	
1973	12	74842	6237	4212.1	226.2	235	
1972	12	48456	4038	4055.2	196.2	200	
1971	12	38044	3170	4006.7	180.2	190	
1970	12	74522	6210	3968.7	285.2	300	
1969	12	128624	10719	3894.1	280.2	295	
1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3920
Feb.	2932	Aug.	3644
March	3256	Sept.	3695
April	2900	Oct.	4223
May	2409	Nov.	3535
June	3771	Dec.	3444

Production (Y-T-D) 29850 MCF

Days or Months (Y-T-D) 12 mos.

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2693
May	2496	Nov.	1834
June	2628	Dec.	1807

Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81 Page 2 of 2

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

1981 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF

Days or Months (Y-T-D) 3 mos.

19____ Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Avg. Rate (Y-T-D) 2003 MCF/mo.

M-17-24-37

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

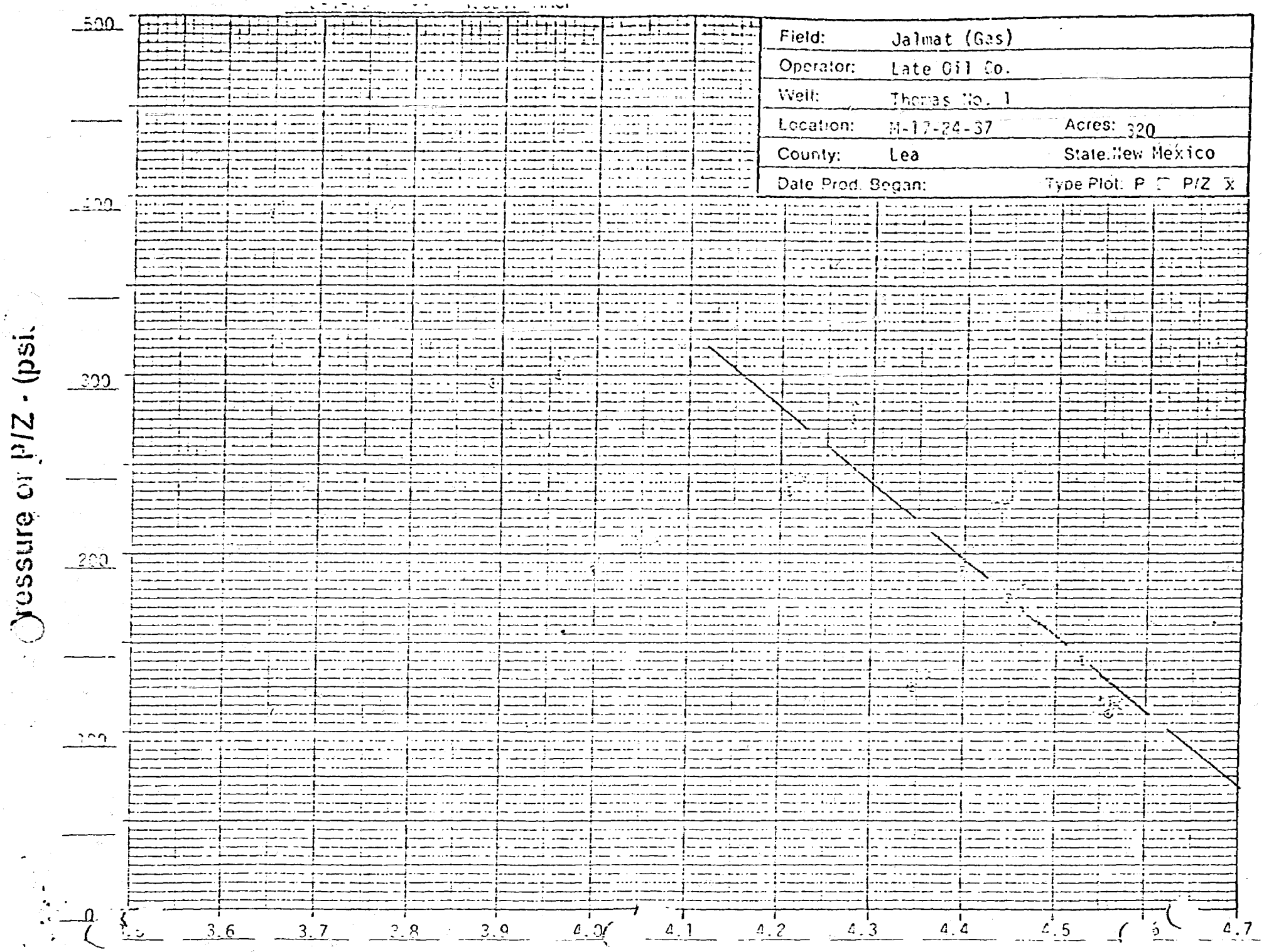
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Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ☐ P/Z X



JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

[915] 682 6382 - OFFICE
694 5472 - RESIDENCE

June 22, 1981

Gulf Oil Exploration & Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Robert E. Griffith
Manager, Land

Re: Thomas No. 2
[Infill Jalmat (Gas) Well]
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to my letter to you of May 15, 1981, proposing to purchase Gulf's 25% working interest over the Jalmat (Gas) interval in the above captioned 320-acre tract for $ 90,000.00. I enclosed in that letter a Rate-Time Plot and P/Z Plot for the Late Oil Company Thomas No. 1 (M-17-24S-37E), which showed a significant decline in both production and reservoir pressures regarding the Thomas No. 1 well, and I again enclose a copy of the subject plots for your review.

I would now like to propose to you the following alternative proposals:

(A) Gulf to farmout its interest in the above noted 320-acre tract with operator to drill a 3,500' infill Jalmat (Gas) Pool test on the following so called "one-half free look" deal:

1. The well to be drilled, completed and placed on the sales line at no risk or expense to Gulf.

2. (a) Forty-five (45) days after the well is actually producing into pipeline, Gulf may elect to assign to operator one-half of its interest (retaining the other one-half). In this case, Gulf to pay its proportionate part of all costs; OR,

   (b) Forty-five (45) days after the well is actually producing into the pipeline, Gulf may elect to assign to operator all of its interest. In this case, Gulf to retain a gross override of 32.50% of 8/8, absorbing all present royalty so operator would receive a 67.50% net revenue interest.

3. In either case, rights earned only in the event of commercial production and limited both to gas and associated hydrocarbons

and from surface to 100' below total depth drilled (or to the base of the Jalmat Gas Pool, whichever is shallower).

4. The first well to earn 160 acres out of the above noted 320-acre tract with a second well to be drilled under the terms set out above if the first well is successful.

(B) Gulf to sell its interest in the above noted well and lease for $90,000.00 under the terms as set out in letter to you of May 15, 1981.

(C) Gulf to participate for its 25% interest in the drilling of a new Jalmat infill gas well under a new Operating Agreement naming Doyle Hartman as operator. I had planned to become Successor Operator in the S/2 Section 17, however, due to the many requirements involved in obtaining State of New Mexico approval, I have decided to turn the operations over to Mr. Hartman, who is an experienced operator in this area.

In this regard, AFE is enclosed for your consideration.

Please advise should you need any further information and please let me hear from you as soon as possible. As you know, rigs are in short supply and we need to locate one in the very near future.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

GAS PRODUCTION HISTORY

Date 7-14-80

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: 5-30-53 Original Completion Date: 6-25-53

Completion Interval (Gas):

Completion Date (Gas): 6-25-53 First Production (Gas):

Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	4569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
1977	12	55911	4659	4455.5	211.2	220	
1976	12	54515	4543	4399.5	183.2	190	
1975	12	60961	5080	4345.0	120.2	125	
1974	12	71967	5997	4284.1	262.2	275	
1973	12	74842	6237	4212.1	226.2	235	
1972	12	48456	4038	4055.2	196.2	200	
1971	12	38044	3170	4006.7	180.2	190	
1970	12	74522	6210	3968.7	285.2	300	
1969	12	128624	10719	3894.1	280.2	295	
1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3920
Feb.	2932	Aug.	3644
March	3256	Sept.	3695
April	2900	Oct.	4223
May	2409	Nov.	3535
June	3771	Dec.	3444

Production (Y-T-D) 29850 MCF

Days or Months (Y-T-D) 12 mos.

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2699
May	2496	Nov.	1834
June	2628	Dec.	1807

Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81 Page 2 of 2

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

1981 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF

Days or Months (Y-T-D) 3 mos.

19____ Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Avg. Rate (Y-T-D) 2003 MCF/mo.

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

10000

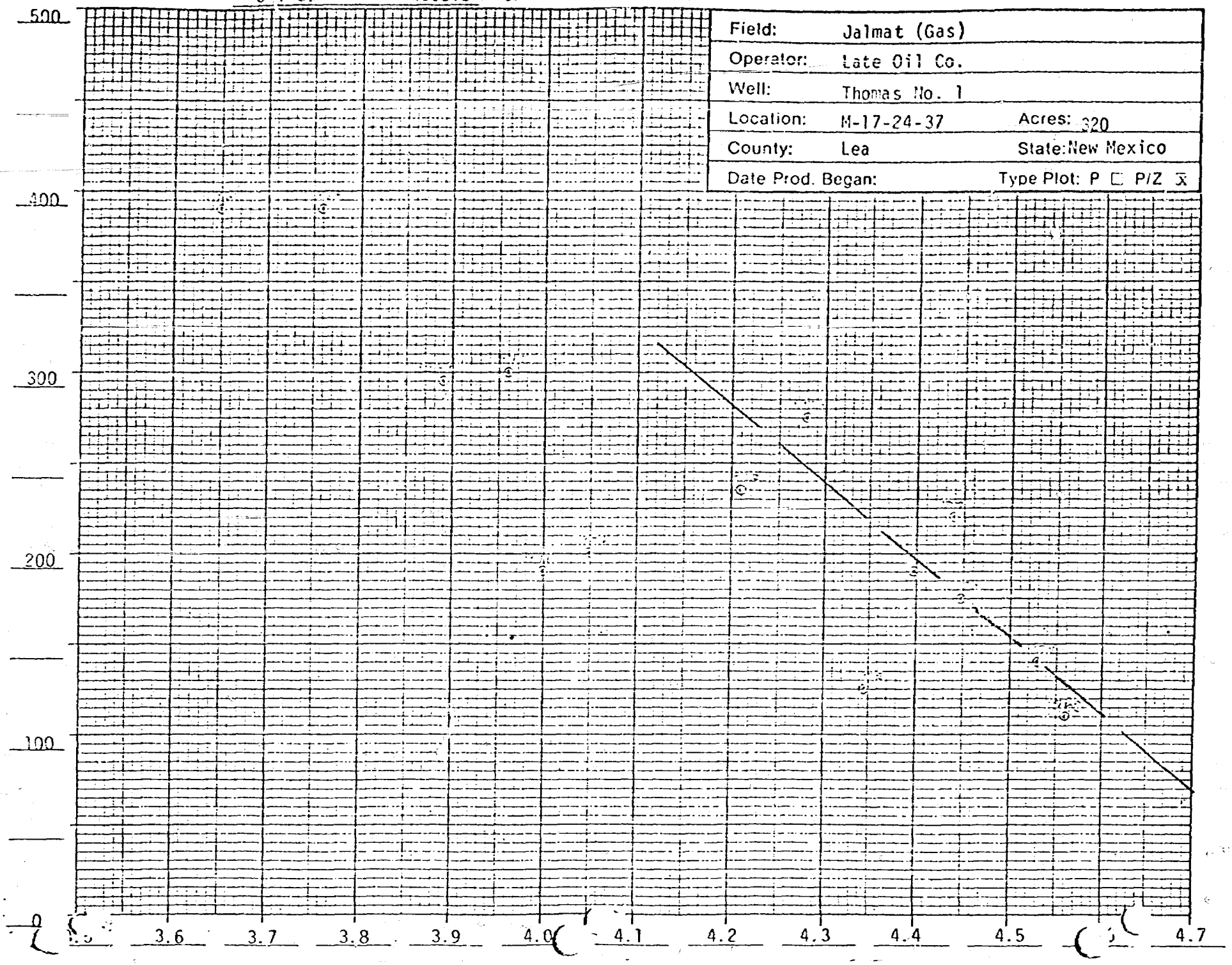
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19 71 | 19 72 | 19 73 | 19 74 | 19 75 | 19 76 | 19 77 | 19 78 | 19 | 19 80 | 19 81 | 19 82 | 19 83

Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ☐ P/Z ☒



AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2* W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: S/2 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 3050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing	4,900	4,900
5. Fuel ____ Water	6,700	6,700
6. Mud ____ Mud Logging	10,625	3,600
7. Cementing Service ____ Cement ____ Floats	315	---
8. Company Labor ____ Contract Labor	8,000	8,000
9. Digging Pits ____ Filling Pits		
10. Roads & Bridges ____ Dredging & Grading		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging		1,275
13. Trucking Cost	12,000	12,000
14. Development Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment	900	---
16. Swabbing and Testing	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:

18. Casing	400	Ft. of	8 5/8	@	7.75	Per Ft.	17,975	3,100
	3500	Ft. of	5 1/2	@	4.25	Per Ft.	11,725	
		Ft. of		@		Per Ft.	835	835
19. Tubing	3500	Ft. of	2 3/8	@	3.35	Per Ft.	535	
20. Casing Head							22,500	
21. Xmas Tree or Pumping Connections							1,550	
22. Pumping Unit							7,080	
23. Engine							2,285	
24. Sucker Rods								
25. Pump							3,250	
26. Tank Battery								
27. Separator or Dehydration Equip.							3,850	
28. Metering Equipment							2,975	
29. Flow Lines							5,850	
30. Other Water Tank								
Power Line								
Total Tangibles							80,410	3,935
TOTAL COST OF WELL							258,500	115,285

REMARKS: *The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well on the S/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date June 22, 1981

Approved _____ Title _____ Date _____

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 194
MIDLAND, TEXAS 79702

(915) 682-6182 - OFFICE
694-5472 - RESIDENCE

July 2, 1981

Gulf Oil Exploration & Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Steve Fly
Land Department

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

With regard to our telephone conversation, please find enclosed copy of my letter to Gulf of May 15, 1981, concerning the above described lease.

Please consider this letter in conjunction with my letter to you of June 22, 1981.

Thank you and I would appreciate hearing from you as soon as is conveniently possible.

Very truly yours,

James A. Davidson

JAD/mh

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. Box 194
MIDLAND, TEXAS 79702

May 15, 1981

Gulf Oil Exploration & Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Robert E. Griffith
Manager, Land

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Several years ago I purchased the 8.333% interest of J. N. Dunlavey in the above lease and I have now purchased the interests of Frank M. Late (8.333%), George Baker (8.333%), and Claud Aikman (25.00%), thereby bringing my total interest to 50% as to the Jalmat (Gas) rights in the S/2 Section 17, T-24S, R-37-E, Lea County, New Mexico.

Mr. Late is in the process of notifying you that I am becoming Successor Operator under the Operating Agreement. In this regard, I would appreciate it very much if you would furnish me a copy of the Operating Agreement.

Please consider this letter as my offer to purchase Gulf's 25.000% working interest (but not to include any part of your mineral interest) in the above noted lease for $90,000.00. Rights conveyed to be limited from surface to base of the Jalmat formation at approximately 3,450'.

I know from the Dunlavey purchase that the working interest owners in the S/2 Section 17 are receiving very little income from this lease. Attached is an updated Rate-Time Plot which shows that the No. 1 Thomas has experienced a significant decline in production over the past several years. Also attached is P/Z Plot which indicates limited remaining recoverable reserves in the S/2 Section 17.

Thank you for your consideration and please let me hear from you.

Very truly yours,

James A. Davidson

James A. Davidson

Enclosures as above

GAS PRODUCTION HISTORY

Date 7-14-80

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: 5-30-53 Original Completion Date: 6-25-53

Completion Interval (Gas):

Completion Date (Gas): 6-25-53 First Production (Gas):

Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	4569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
1977	12	55911	4659	4455.5	211.2	220	
1976	12	54515	4543	4399.5	183.2	190	
1975	12	60961	5080	4345.0	120.2	125	
1974	12	71967	5997	4284.1	262.2	275	
1973	12	74842	6237	4212.1	226.2	235	
1972	12	48456	4038	4055.2	196.2	200	
1971	12	38044	3170	4006.7	180.2	190	
1970	12	74522	6210	3968.7	285.2	300	
1969	12	128624	10719	3894.1	280.2	295	
1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3920
Feb.	2932	Aug.	3644
March	3256	Sept.	3695
April	2900	Oct.	4223
May	2409	Nov.	3535
June	3771	Dec.	3444

Production (Y-T-D) 29850 MCF

s or Months (Y-T-D) 12 mos.

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2699
May	2496	Nov.	1834
June	2628	Dec.	1807

Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81 Page 2 of 2

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

1981 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

19____ Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF Avg. Rate (Y-T-D) 2003 MCF/mo.

Days or Months (Y-T-D) 3 mos.

M-17-24-37

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

10000

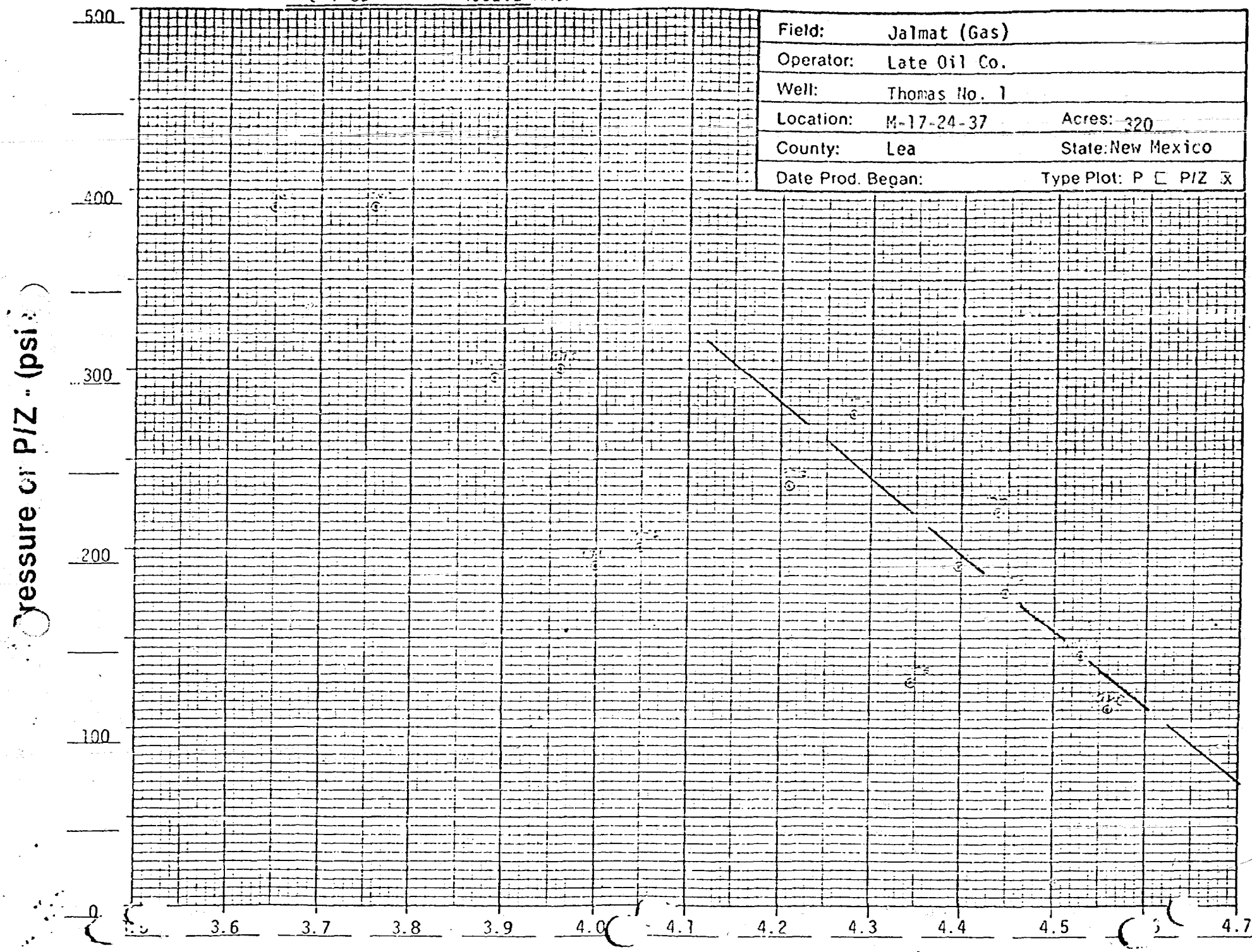
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19 71 | 19 72 | 19 73 | 19 74 | 19 75 | 19 76 | 19 77 | 19 78 | 19 80 | 19 81 | 19 82 | 19 83

Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ⊏ P/Z x̄



JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 – OFFICE
694-5472 – RESIDENCE

July 24, 1981

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Steve Fly
Land Department

Re: S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our previous correspondence and particularly to my letter to you of June 22, 1981, concerning the infill drilling operations in the S/2 Section 17, T-24-S, R-37-E.

Due to the problems involved in scheduling rigs as well as the scarcity of tubular goods, we are at this time making every effort to obtain a rig.

Therefore, it would be very much appreciated if you would consider the three alternatives previously presented to you; ie, sell your interest in this lease for $90,000.00, farmout under the so-called "one-half free look" deal, or participate in the proposed well(s) under a new operating agreement. Please advise as soon as possible as to your answer.

In this regard generally, we have filed the necessary New Mexico Oil Conservation Division forms to change the operator of the present well and 320-acre proration unit from Late Oil Company to Doyle Hartman. Copies of these forms will be furnished to you after final appoval by the New Mexico Oil Conservation Division.

Thank you for your consideration and please let me know should you need any further information in this regard.

Very truly yours,

James A. Davidson

JAD/mh

4

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6462 - OFFICE
694-5472 - RESIDENCE

July 31, 1981

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Steve Fly
Land Department

Re: S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please refer to our previous correspondence concerning the above described lease (formerly the Late Oil Company-Thomas Lease) and particularly my letter to you of July 24, 1981, and be advised as follows:

1. Enclosed is a copy of the approved NMOCD Form C-104 changing the operator from Late Oil Company to Doyle Hartman (P. O. Box 10426, Midland, Texas 79702). This form was also furnished per my letter to you of July 24, 1981.

2. The operator is preparing to stake two 3,500' "infill" Jalmat wells on this lease located at the following locations:

   (a) Thomas No. 2--1,880' FSL and 990' FWL

   (b) Thomas No. 3--1,980 FSL and 1,980 FEL

3. El Paso Natural Gas Company has been advised of these proposed wells in order to have that company secure the necessary pipeline right-of-way.

4. The operator is in the process of scheduling a rig to drill these locations.

5. The operator's lawyer and independent consulting engineer are working on the necessary applications and related paperwork in order to qualify these wells as Section 103 "infill" wells under the Natural Gas Policy Act of 1978.

Therefore, please let me hear from you regarding the three alternatives set out in my letter to you of July 24, 1981, being (a) sell your interest; (b) farmout under the so-called "one-half free look" deal; and, (c) participate in the drilling under a new operating agreement.

In this regard, please furnish a copy of any present operating agreements you may have covering this tract so it can be referred to in operating the present well (ie, the No. 1 Thomas well).

Thank you and please let me hear from you.

Very truly yours,

James A. Davidson

JAD/mh

DISTRIBUTION			
SANTA FE			
FILE			
U.S.G.S.			
LAND OFFICE			
TRANSPORTER	OIL		
	GAS		
OPERATOR			
PRORATION OFFICE			

NEW MEXICO OIL CONSERVATION COMMISSION

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C
Effective 1-1-65

Operator
Doyle Hartman

Address
P. O. Box 10426 , Midland, Texas 79702

Reason(s) for filing (Check proper box)

New Well	[ ]	Change in Transporter of:			
Recompletion	[ ]	Oil	[ ]	Dry Gas	[X]
Change in Ownership	[X]	Casinghead Gas	[ ]	Condensate	[ ]

Other (Please explain)

If change of ownership give name and address of previous owner Late Oil Company P. O. Box 1239 Richardson, Texas 75080

DESCRIPTION OF WELL AND LEASE

Lease Name	Well No.	Pool Name, Including Formation	Kind of Lease	Lease No.
Thomas	1	Jalmat (Gas)	State, Federal or Fee Fee	

Location
Unit Letter M ; 660 Feet From The South Line and 660 Feet From The West

Line of Section 17 Township 24S Range 37E , NMPM, Lea County

DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil [ ] or Condensate [ ]	Address (Give address to which approved copy of this form is to be sent)
Name of Authorized Transporter of Casinghead Gas [ ] or Dry Gas [X]	Address (Give address to which approved copy of this form is to be sent)
El Paso Natural Gas Company	P. O. Box 1384 , Jal, New Mexico

If well produces oil or liquids, give location of tanks.	Unit	Sec.	Twp.	Rge.	Is gas actually connected?	When
					Yes	8/29/53

If this production is commingled with that from any other lease or pool, give commingling order number:

COMPLETION DATA

Designate Type of Completion – (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Resv.	Diff. Res

Date Spudded	Date Compl. Ready to Prod.	Total Depth	P.B.T.D.
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation	Top Oil/Gas Pay	Tubing Depth
Perforations			Depth Casing Shoe

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT

TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

OIL WELL

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pitot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Larry A. Kimmons
(Signature)

Engineer
(Title)

July 24, 1981
(Date)

OIL CONSERVATION COMMISSION

APPROVED JUL 27 1981, 19

BY Orig. Signed By Jerry Sexton

TITLE Dist. I Supv.

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepe well, this form must be accompanied by a tabulation of the devia tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for al able on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of o well name or number, or transporter, or other such change of condi

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 – OFFICE
694 5472 – RESIDENCE

August 5, 1981

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Steve Fly
Land Department

Re: Hartman (Late) Thomas Lease
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please refer to our previous correspondence concerning the above described lease.

I have not received a reply from you concerning my letter of July 31, 1981 wherein I proposed two 3,500' "infill" Jalmat wells and furnished the locations for these wells.

Also, I have checked with all working interest parties involved in the unitized Jalmat gas interval in the S/2 Section 17, and have failed to locate an operating agreement. Three of these parties state that in their opinion, there is not an operating agreement in existence which covers the S/2 of Section 17. I have asked both Cities and Gulf for a copy and to date have not received a reply from either company. Therefore, it appears that we need to prepare an operating agreement to cover the operation of the present well (Thomas No. 1). Please let me know immediately if I am in error in this regard.

Since my last letter, the Gordon Cone family has stated that they will cooperate in the drilling of the above noted proposed new wells. I need to hear from Cities and Gulf as soon as possible since the operator (Doyle Hartman) is in the process of docketing a hearing on August 26, 1981 at the NMOCD for approval for the above noted two "infill" wells. Please advise since time is of the essence in this matter due to the scarcity of rigs and tubular goods.

Very truly yours,

James A. Davidson

JAD/mh

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

August 10, 1981

Gulf Oil Exploration and Production Company
P. O. Box 670
Hobbs, New Mexico 88240

Attention: Ken Mallon

Re: Doyle Hartman
Late-Thomas Lease
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to my telephone conversation today with Clayburn Harrison concerning our proposal to drill two Jalmat infill wells on S/2 Section 17, T-24-S, R-37-E, Lea County, New Mexico.

In an attempt to help expedite Gulf's decision concerning our two proposed Jalmat infill wells, please find enclosed the following data concerning the Late Thomas Lease and in particular, the Late-Thomas No. 1 well:

1. Completion History
2. Gas Production History
3. Rate vs. Time Plot
4. P/Z Plot
5. Proration Plat
6. C-104 changing well name
7. C-104 changing operator
8. NMOCD well history file
9. Letter dated August 5, 1981 to Gulf Oil Exploration and Production Company from James A. Davidson.
10. Letter dated July 31, 1981 to Gulf Oil Exploration and Production Company from James A. Davidson.

11. Letter dated July 24, 1981 to Gulf Oil Exploration and Production Company from James A. Davidson.

12. Letter dated July 2, 1981 to Gulf Oil Exploration & Production Company from James A. Davidson.

13. Letter dated June 22, 1981 to Gulf Oil Exploration & Production Company from James A. Davidson.

    This letter set out a farmout proposal to Gulf effective on each well separately as follows:

    1. The well to be drilled, completed and placed on the sales line at no risk or expense to Gulf.

    2. (a) Forty-five (45) days after the well is actually producing Gulf may elect to assign to operator one-half of its interest (retaining the other one-half). In this case, Gulf to pay its proportionate part of all costs; OR,

       (b) Forty-five (45) days after the well is actually producing into the pipeline, Gulf may elect to assign to operator all of its interest. In this case, Gulf to retain a gross override of 32.50% of 8/8, absorbing all present royalty so operator would receive a 67.50% net revenue interest.

    3. In either case, rights earned only in the event of commercial production and limited both to gas and associated hydrocarbons and from surface to 100' below total depth drilled (or to the base of the Jalmat Gas Pool, whichever is shallower).

    4. The first well to earn 160 acres out of the above noted 320-acre tract with a second well to be drilled under the terms set out above if the first well is successful.

14. Letter dated May 15, 1981 to Gulf Oil Exploration & Production Company from James A. Davidson.

If there is any further information we can furnish to help Gulf make its decision, please let us know.

Very truly yours,

Doyle Hartman

cc: Clayburn Harrison
Gulf Oil Production and Exploration Company
P. O. Box 670
Hobbs, New Mexico 88240

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 — OFFICE
694-5472 — RESIDENCE

August 10, 1981

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Steve Fly
Land Department

Re: Hartman-Late Thomas Lease
S/2 Section 17, T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Please refer to our visit in your office last week regarding my previous letters to you concerning the above described lease.

The following is a review of the "one-half free look" farmout proposal by us covering each of the two proposed wells on the above tract:

Gulf to farmout its interest in the above noted 320-acre tract with operator to drill a 3,500' infill Jalmat (Gas) Pool test on the following so called "one-half free look" deal:

1. The well to be drilled, completed and placed on the sales line at no risk or expense to Gulf.

2. (a) Forty-five (45) days after the well is actually producing into pipeline, Gulf may elect to assign to operator one-half of its interest (retaining the other one-half). In this case, Gulf to pay its proportionate part of all costs; OR,

   (b) Forty-five (45) days after the well is actually producing into the pipeline, Gulf may elect to assign to operator all of its interest. In this case, Gulf to retain a gross override of 32.50% of 8/8, absorbing all present royalty so operator would receive a 67.50% net revenue interest.

3. In either case, rights earned only in the event of commercial production and limited both to gas and associated hydrocarbons and from the surface to 100' below total depth drilled (or to the base of the Jalmat Gas Pool, whichever is shallower).

4. The first well to earn 160 acres out of the above noted 320-acre tract with a second well to be drilled under the terms set out above if the first well is successful.

In addition, we have previously proposed also that Gulf sell its interest in the lease or participate under a new Operating Agreement.

Please let me hear from you as soon as possible.

Very truly yours,

James A. Davidson

JAD/mh

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 - OFFICE
694 5472 - RESIDENCE

August 17, 1981

Gulf Oil Exploration and Production Company
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. David H. Messer

Re: Hartman-Late Thomas
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our previous correspondence regarding the above described lease.

We have now located an Operating Agreement dated February 1, 1956, which covers the above noted tract as to dry gas produced from the Jalmat Gas Field. This agreement does not contain a provision regarding operations by less than all parties, ie, a non-consent provision.

We have docketed a hearing for August 26, 1981 at the NMOCD for both wells covering simultaneous dedication, and a non-standard location for the Late-Thomas No. 2. This docket also provides for Force Pooling due to the time problem involved in both getting NMOCD approval and locating a rig.

We do not wish to force pool Gulf and request again that you either farmout under the so-called "one-half free look" farmout as previously proposed or participate in the drilling. In the later event, we have furnished you an AFE some time ago.

Thank you for your consideration and please let me hear from you.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

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JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6182 - OFFICE
694-5472 - RESIDENCE

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
~~HARRIMAN~~ EXHIBIT NO. 8
CASE NO. 7339
Submitted by DAVIDSON
Hearing Date 8/26/81

June 17, 1981

Mrs. Cathie Cone Auvenshine
Route 6, Box 79N
Austin, Texas 78737

Re: Late-Thomas No. 1
S/2 of Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mrs. Auvenshine:

The entire Gordon Cone family owns a 7.558125% working interest in the above well and corresponding 320-acre Jalmat (Gas) proration unit.

I have already purchased the interests of J. N. Dunlavey, George Baker, Claud Aikman, and Frank Late in the S/2 Section 17.

As an example, I paid Frank Late $ 30,000.00 for his 8.33333% interest, and on this basis, I would like to offer $ 27,210.00 for your above noted 7.558125% interest.

This would break down as follows:

Mrs. Kathleen Cone	$ 13,605.00	(3.77906%)
Clifford Cone	2,721.00	(0.75581%)
Douglas L. Cone	2,721.00	(0.75581%)
Kenneth G. Cone	2,721.00	(0.75581%)
Tom R. Cone	2,721.00	(0.75581%)
Cathie Auvenshine	2,721.00	(0.75581%)

This offer does not purport to purchase any part of your minerals. I am only proposing to purchase your working interest and would leave your mineral interest on a 25% royalty. This is somewhat involved and I will be glad to discuss this with you in greater detail.

In this regard, I know from the purchases that I have made that you are receiving very little income from this lease. Attached is an updated Rate-Time Plot which shows the Late No. 1 Thomas has experienced a significant decline in production over the past several years. Also, the attached P/Z plot shows the indicated remaining recoverable reserves under the 320-acre tract appear to be barely enough to justify the drilling of a new infill well which would be the only way to increase the remaining recoverable reserves from the lease. In this regard, the production from the entire Jalmat Pool is steadily declining.

Thank you for your consideration and please let me hear from you. I am writing Clifford Cone and Tom Cone separate letters.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6462 - OFFICE
694-5472 - RESIDENCE

June 17, 1981

Mr. Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late-Thomas No. 1
S/2 of Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Clifford:

The entire Gordon Cone family owns a 7.558125% working interest in the above well and corresponding 320-acre Jalmat (Gas) proration unit.

I have already purchased the interests of J. N. Dunlavey, George Baker, Claud Aikman, and Frank Late in the S/2 Section 17.

As an example, I paid Frank Late $ 30,000.00 for his 8.33333% interest, and on this basis, I would like to offer $ 27,210.00 for your above noted 7.558125% interest.

This would break down as follows:

Mrs. Kathleen Cone	$ 13,605.00	(3.77906%)
Clifford Cone	2,721.00	(0.75581%)
Douglas L. Cone	2,721.00	(0.75581%)
Kenneth G. Cone	2,721.00	(0.75581%)
Tom R. Cone	2,721.00	(0.75581%)
Cathie Auvenshine	2,721.00	(0.75581%)

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Thank you for your consideration and please let me hear from you. I am writing Tom Cone and Mrs. Auvenshine separate letters.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682 6442 - OFFICE
694 5472 - RESIDENCE

June 17, 1981

Mr. Tom R. Cone
P. O. Box 126
Southwest City, Missouri 64863

Re: Late-Thomas No. 1
S/2 of Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mr. Cone:

The entire Gordon Cone family owns a 7.558125% working interest in the above well and corresponding 320-acre Jalmat (Gas) proration unit.

I have already purchased the interests of J. N. Dunlavey, George Baker, Claud Aikman, and Frank Late in the S/2 Section 17.

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This would break down as follows:

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Kenneth C. Cone	2,721.00	(0.75581%)
Tom R. Cone	2,721.00	(0.75581%)
Cathie Auvenshine	2,721.00	(0.75581%)

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In this regard, I know from the purchases that I have made that you are receiving very little income from this lease. Attached is an updated Rate-Time Plot which shows the Late No. 1 Thomas has experienced a significant decline in production over the past several years. Also, the attached P/Z plot shows the indicated remaining recoverable reserves under the 320-acre tract appear to be barely enough to justify the drilling of a new infill well which would be the only way to increase the remaining recoverable reserves from the lease. In this regard, the production from the entire Jalmat Pool is steadily declining.

Thank you for your consideration and please let me hear from you. I am writing Clifford Cone and Mrs. Auvenshine separate letters.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

GAS PRODUCTION HISTORY

Ie 7-14-80

Operator: Late Oil Co.

Well: Thomas No. 1

Location: H-17-24-37

Pool: Jalmat (Gas)

Spud Date: 5-30-53 Original Completion Date: 6-25-53

Completion Interval (Gas):

Completion Date (Gas): 6-25-53 First Production (Gas):

Remarks: Proration unit for the subject Jalmat (Gas) well is the S/2 Section 17.

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)	P/Z	
1980	12	29850	2487	4569.5	104.2	110	
1979	12	41197	3433	4539.7	136.2	140	
1978	11	43084	3917	4498.5	169.2	175	
1977	12	55911	4659	4455.5	211.2	220	
1976	12	54515	4543	4399.5	183.2	190	
1975	12	60961	5080	4345.0	120.2	125	
1974	12	71967	5997	4284.1	262.2	275	
1973	12	74842	6237	4212.1	226.2	235	
1972	12	48456	4038	4055.2	196.2	200	
1971	12	38044	3170	4006.7	180.2	190	
1970	12	74522	6210	3968.7	285.2	300	
1969	12	128624	10719	3894.1	280.2	295	
1968	12	115038	9586	3765.5	365.2	390	
1967	10	138430	13843	3650.5	367.2	390	
1966	12	137296	11441	3512.1	N/A	N/A	
1965	12	261596	21799	3374.8	448.2	480	
1964	12	401581	33465	3113.2	N/A	N/A	
1963	10	296721	29672	2711.6	448	480	
1962	12	295134	24594	2414.9	N/A	N/A	
1961	11	349331	31757	2119.7	N/A	N/A	

19 79 Detail Summary

Jan.	3468	July	3920
Feb.	2932	Aug.	3644
March	3256	Sept.	3695
April	2900	Oct	4223
May	2409	Nov.	3535
June	3771	Dec.	3444

Production (Y-T-D) 29850 MCF

s or Months (Y-T-D) 12 mos.

19 80 Detail Summary

Jan.	3252	July	3080
Feb.	2712	Aug.	2767
March	2285	Sept.	2563
April	1727	Oct.	2699
May	2496	Nov.	1834
June	2628	Dec.	1807

Avg. Rate (Y-T-D) 2487 MCF/mo.

GAS PRODUCTION HISTORY

Date 4-8-81 Page 2 of 2

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

Pool: Jalmat (Gas)

Spud Date: Original Completion Date:

Completion Interval (Gas):

Completion Date (Gas): First Production (Gas):

Remarks:

Year	No. of Mos.	Annual Gas Production (MCF)	Avg. Gas Rate (MCF/mo.)	Cum. Gas Production (MMCF)	Annual SIP (psia)		
1981	3	6009	2003	4575.5	N/A		

19 81 Detail Summary

Jan.	1761	July	
Feb.	1506	Aug.	
March	2742	Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Production (Y-T-D) 6009 MCF

Days or Months (Y-T-D) 3 mos.

19 Detail Summary

Jan.		July	
Feb.		Aug.	
March		Sept.	
April		Oct.	
May		Nov.	
June		Dec.	

Avg. Rate (Y-T-D) 2003 MCF/mo.

Field: Jalmat (Gas)

Operator: Late Oil Co.

Well: Thomas No. 1

Location: M-17-24-37

County: Lea State: New Mexico

Date Prod. Began: Acres: 320

Gas Production - MCF/month

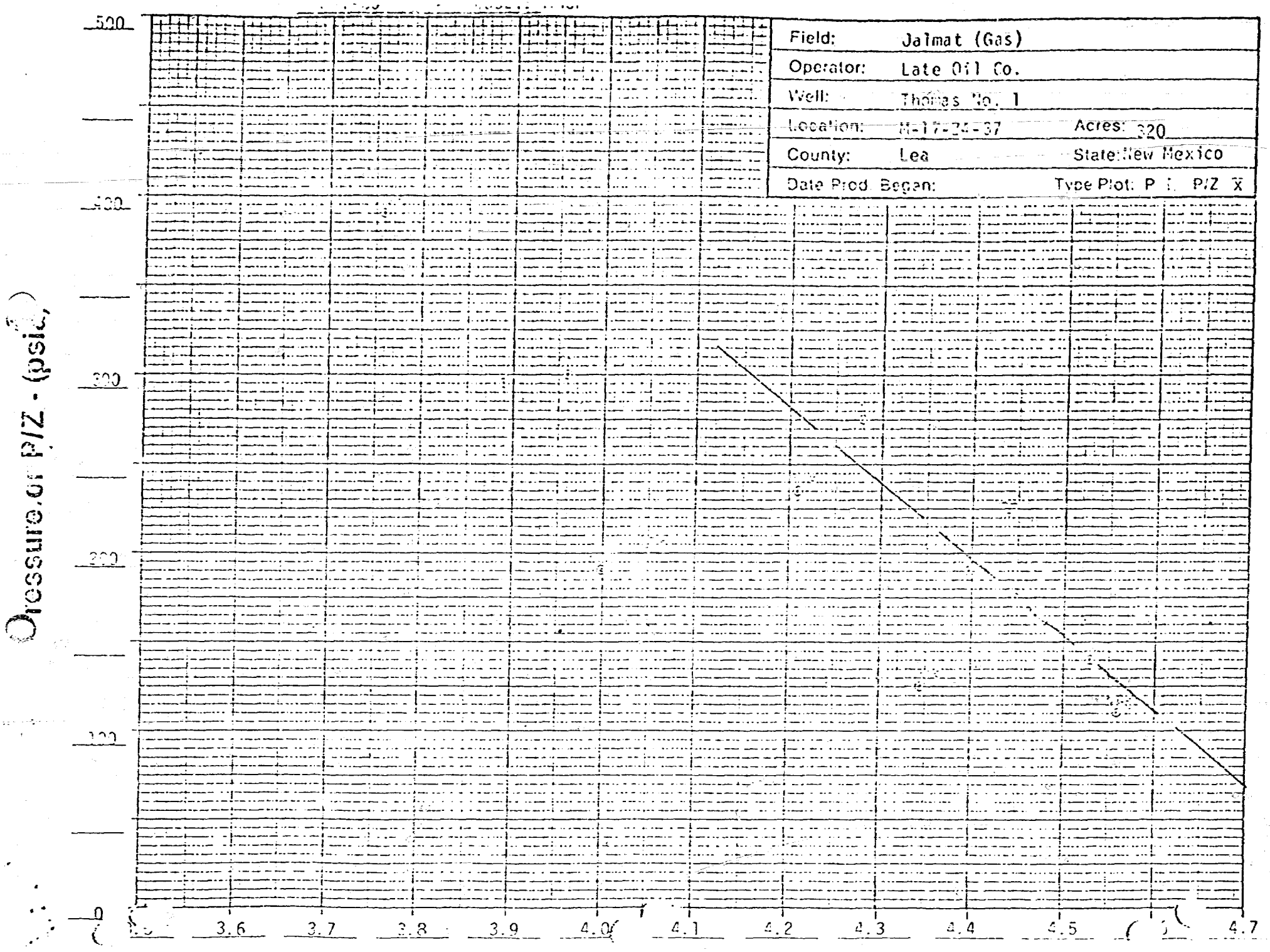
10000

1000

100

DEC. MAR. JUN. SEP. DEC. MAR. JUN. SEP. DEC. MAR. JUN. SEP.

Field:	Jalmat (Gas)
Operator:	Late Oil Co.
Well:	Thomas No. 1
Location:	M-17-24-37 Acres: 320
County:	Lea State: New Mexico
Date Prod. Began:	Type Plot: P ; P/Z X



JAMES A DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6182 - OFFICE
694-5472 - RESIDENCE

July 24, 1981

Mr. Tom R. Cone
P. O. Box 126
Southwest City, Missouri 64863

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mr. Cone:

Please refer to my letter to you of June 17, 1981, regarding the interest of the Gordon Cone family in the above noted lease.

Since none of the family members showed strong interest in selling their interest in the S/2 Section 17, I would like to propose two (2) 3,500' "infill" Jalmat wells on this lease under one of the two following alternatives:

I. (A) As to each well, each of the parties to farmout their interest on the following no risk, no expense arrangement that I call the "one-half free look" deal:

(1) The respective wells to be drilled, completed, and placed on the sales line at no risk or expense to the farming out party.

(2) (a) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator one-half of your interest (retaining the other one-half). In this case, you would promptly pay your proportionate part of actual costs; OR,

(b) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator all your interest. In this case, you would retain a net 1/8 of 8/8 override over and above all present royalty and burdens.

(3) Rights earned only in the event of commercial production and limited to 100' below total depth drilled.

(4) The first well to earn 160-acres with a second well to be drilled under the same terms if the first well is successful; OR,

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

[915] 682 6382 - OFFICE
694 5472 - RESIDENCE

July 24, 1981

Mrs. Cathie Cone Auvenshine
Route 6, Box 79N
Austin, Texas 78737

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mrs. Auvenshine:

Please refer to my letter to you of June 17, 1981, regarding the interest of the Gordon Cone family in the above noted lease.

Since none of the family members showed strong interest in selling their interest in the S/2 Section 17, I would like to propose two (2) 3,500' "infill" Jalmat wells on this lease under one of the two following alternatives:

I. (A) As to each well, each of the parties to farmout their interest on the following no risk, no expense arrangement that I call the "one-half free look" deal:

(1) The respective wells to be drilled, completed, and placed on the sales line at no risk or expense to the farming out party.

(2) (a) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator one-half of your interest (retaining the other one-half). In this case, you would promptly pay your proportionate part of actual costs; OR,

(b) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator all your interest. In this case, you would retain a net 1/8 of 8/8 override over and above all present royalty and burdens.

(3) Rights earned only in the event of commercial production and limited to 100' below total depth drilled.

(4) The first well to earn 160-acres with a second well to be drilled under the same terms if the first well is successful; OR,

JAMES A DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682 6282 - OFFICE
694 5472 - RESIDENCE

July 24, 1981

Mr. Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mr. Cone:

Please refer to my letter to you of June 17, 1981, regarding the interest of the Gordon Cone family in the above noted lease.

Since none of the family members showed strong interest in selling their interest in the S/2 Section 17, I would like to propose two (2) 3,500' "infill" Jalmat wells on this lease under one of the two following alternatives:

I. (A) As to each well, each of the parties to farmout their interest on the following no risk, no expense arrangement that I call the "one-half free look" deal:

(1) The respective wells to be drilled, completed, and placed on the sales line at no risk or expense to the farming out party.

(2) (a) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator one-half of your interest (retaining the other one-half). In this case, you would promptly pay your proportionate part of actual costs; OR,

(b) Forty-five (45) days after the well is actually producing into the pipeline, you may elect to assign to operator all your interest. In this case, you would retain a net 1/8 of 8/8 override over and above all present royalty and burdens.

(3) Rights earned only in the event of commercial production and limited to 100' below total depth drilled.

(4) The first well to earn 160-acres with a second well to be drilled under the same terms if the first well is successful; OR,

II. Each party to participate in the drilling of the wells under an Operating Agreement naming Doyle Hartman of Midland, Texas, as operator.

Authority for Expenditure (AFE) for each of the wells is attached.

If you elect to farmout as set out above, please evidence your agreement by signing below and returning one copy of this agreement to me.

If you elect to participate, please sign and return one copy of each of the attached AFEs to me.

I have written Tom Cone and Mrs. Auvenshine separate letters. Please advise Douglas Cone, Kenneth Cone, and Mrs. Kathleen Cone of my offer.

Thank you for your consideration.

Very truly yours,

James A. Davidson

JAD/mh

The undersigned agrees to farmout
per the terms set out above.

_____

Date: _____

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SW/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
14. Development Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.		
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
____ Ft. of ____ @ ____ Per Ft.	17,975	3,100
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	11,725	
20. Casing Head ____	835	835
21. Xmas Tree or Pumping Connections ____	535	
22. Pumping Unit ____	22,500	
23. Engine ____	1,550	
24. Sucker Rods ____	7,080	
25. Pump ____	2,285	
26. Tank Battery ____		
27. Separator or Dehydration Equip. ____	3,250	
28. Metering Equipment ____		
29. Flow Lines ____	3,850	
30. Other Water Tank	2,975	
Power Line	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 3 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SE/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
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15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

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18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.		
3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
____ Ft. of ____ @ ____ Per Ft.	17,975	3,100
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	11,725	
20. Casing Head ____	835	835
21. Xmas Tree or Pumping Connections ____	535	
22. Pumping Unit ____	22,500	
23. Engine ____	1,550	
24. Sucker Rods ____	7,080	
25. Pump ____	2,285	
26. Tank Battery ____		
27. Separator or Dehydration Equip. ____	3,250	
28. Metering Equipment ____		
29. Flow Lines ____	3,850	
30. Other Water Tank	2,975	
Power Line	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved _____ Title _____ Date _____

JAMES A DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 - OFFICE
694-5472 - RESIDENCE

July 24, 1981

RECEIVED JUL 27 1981

Mr. Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late-Thomas No. 1
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Mr. Cone:

Please refer to my letter to you of June 17, 1981, regarding the interest of the Gordon Cone family in the above noted lease.

Since none of the family members showed strong interest in selling their interest in the S/2 Section 17, I would like to propose two (2) 3,500' "infill" Jalmat wells on this lease under one of the two following alternatives:

1. (A) As to each well, each of the parties to farmout their interest on the following no risk, no expense arrangement that I call the "one-half free look" deal:

(1) The respective wells to be drilled, completed, and placed on the sales line at no risk or expense to the farming out party.

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(3) Rights earned only in the event of commercial production and limited to 100' below total depth drilled.

(4) The first well to earn 160-acres with a second well to be drilled under the same terms if the first well is successful; OR,

July 30, 1981

60-36-13L
60-36-13-M

Dear Mr. Davidson:

Thank you for your above letter and your letter to me dated June 17, 1981. At this time I am most probably going to want to join in the drilling of any wells on this property. I will probably advise other members of my family to do the same.

It was my understanding that my family had a 13/48ths mineral interest and a 30.23255814% of 10/96th lease in this property; although this property is somewhat cut up and I am not certain of my interest at this time. I would appreciate having the benefit of your calculations (fractional interests) for your determination of my 0.75581% WI in this property.

Your help in this matter would be appreciated.

Sincerely,

Clifford Cone

Copies: Kathleen Cone
Douglas Cone

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 - OFFICE
694 5472 - RESIDENCE

A-1

August 17, 1981

Mr. Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late-Thomas Lease
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Clifford:

Please refer to your note of July 30, 1981, attached to a copy of my letter to you of July 24, 1981, regarding the 0.75581% working interest credited to you in the above tract.

Please find enclosed copies of both our new title opinion and the Late division of interest, both of which correspond to the 0.75581% working interest previously credited to you. Please advise should you need anything further in regard to your note.

Generally, we are proceeding to get everything ready to drill both wells. We have a hearing scheduled for August 26, 1981, at the NMOCD in Santa Fe. We have included a request for Force Pooling in this docket but will, of course, delete each party from this proceeding as the AFE's come in. To date, we have only received a signed AFE from Tom Cone (as to the Gordon Cone Family).

Thank you and please return signed AFE's from you and the other parties.

Regards.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

MAILING ADDRESS:
P. O. BOX 1239
RICHARDSON, TEXAS 75080

TELEPHONE (214) 234-9102

LATE OIL COMPANY

RICHARDSON, TEXAS 75080

August 3, 1981

THOMAS LEASE - SW/4 Section 17, T-24S, R-37E, Lea County, New Mexico
#60437-71510

	% INCOME FROM GAS PURCHASES	% OPERATING EXPENSE
Late Oil Company P. O. Box 1239 Richardson, Texas 75080	12.50000	8.330
Claud E. Aikman 1380 Midland National Bank Tower Midland, Texas 79701	37.50000	25.000
Gulf Oil Exploration & Production Co. JOINT INTEREST UNIT P. O. Box 1150 Midland, Texas 79702		25.000
Cities Service Company Remittance: P. O. Box 3238 Dallas, Texas 75285 Invoices: P. O. Box 300 Tulsa, Oklahoma 74102 Attn: Manager, Land Department	16.07900	17.450
George W. Baker P. O. Box 1712 Hobbs, New Mexico 88240	12.50000	8.330
Roswell Securities P. O. Box 837 Roswell, New Mexico J. D. Dunlavey	12.50000	8.330
Kathleen Cone P. O. Drawer 1509 Lovington, New Mexico 88260	3.22420	3.780
Hubert E. Clift Estate #1381 Bank of the Southwest National Assoc. P. O. Box 2629 Houston, Texas 77001	.97656	
Cathie Auvenshine Route 6, Box 79N Austin, Texas 78737	.64484	.756

DOYLE HARTMAN
OIL OPERATOR
AUG 4 1981

	% INCOME FROM GAS PURCHASES	% OPERATING EXPENSE
Clifford Cone P. O. Box 6010 Lubbock, Texas 79413	.64484	.756
Douglas Cone P. O. Box 6217 Lubbock, Texas 79413	.64484	.756
Kenneth G. Cone P. O. Drawer 1509 Lovington, New Mexico 88260	.64484	.756
Tom R. Cone P. O. Box 126 Southwest City, Missouri 64863	.64484	.756
A. L. Cone P. O. Box 871 Lubbock , Texas 79408	.52083	
Loraine Leftwich Estate San Angelo National Bank , Trustee P. O. Box 5291 San Angelo, Texas 76901	.48828	
Ralph Leftwich, Estate San Angelo National Bank, Trustee P. O. Box 5291 San Angelo, Texas 76901	.48828	

Late-Thomas Lease

WARREN D. BARTON
ATTORNEY AT LAW
315 Petroleum Building
MIDLAND, TEXAS 79701

Telephone 684 6273

P. O. Box 1964

June 23, 1981

STATE OF NEW MEXICO
COUNTY OF LEA
PROPERTY: Dunlavey, Baker et al Assignments

DRILLING OPINION

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

In Re: All of the Southwest One-quarter (SW/4) of Section 17, T-24-S, R-37-E, NMPM, Lea County, New Mexico, containing 160 acres, more or less, down to 3760 feet subsurface, as to dry gas rights only.

Dear Mr. Hartman:

You have furnished me with the following abstracts and instruments and have requested that I examine same and render to you therefrom a drilling opinion with respect to the captioned land.

ABSTRACTS EXAMINED:

1. Original Abstract of Title No. 5-1728-2-1378, prepared by Lovington Abstract Company, consisting of 9 pages, and certified from inception of the records to May 17, 1928, at 8:00 a.m. (covers SW/4 SW/4 of Section 17).

2. Supplemental Abstract of Title No. 32355, prepared by Lea County Abstract Company, consisting of 126 pages, and certified from May 17, 1928, at 8:00 a.m. to January 31, 1956, at 7:00 a.m.

3. Supplemental Abstract of Title No. 8-877, prepared by Lovington Abstract Company, consisting of 187 pages, and certified from January 31, 1956, at 7:00 a.m. to August 8, 1977, at 8:00 a.m. (covers SW/4 SW/4 of Section 17).

4. Supplemental Abstract of Title No. 1-1878-A, prepared by Lovington Abstract Company, consisting of 33 pages, and certified from August 8, 1977, at 8:00 a.m. to January 1, 1978, at 8:00 a.m. (covers SW/4 SW/4 of Section 17).

5. Complemental Abstract of Title No. 32,329, prepared by Lea County Abstract Company, consisting of 261 pages, and certified from inception of the records to May 17, 1928, at 8:00 a.m., and from January 31, 1956, at 7:00 a.m. to May 21, 1981, at 7:00 a.m. (when taken in conjunction with above abstracts).

INSTRUMENTS EXAMINED:

1. Xerox copy of assignment instrument from J. N. Dunlavey et ux to James A. Davidson, dated March 14, 1978, recorded in Book 309 at Page 263 of the Oil and Gas Records of Lea County, New Mexico.

2. Xerox copy of assignment instrument from George Baker et ux to James A. Davidson, dated May 1, 1981.

3. Xerox copy of proposed assignment of oil and gas leases from Claud E. Aikman et ux to James A. Davidson, unexecuted but dated May 15, 1981.

4. Xerox copy of proposed assignment of oil and gas leases from Frank M. Late et ux to James A. Davidson, unexecuted but dated May 15, 1981.

FEE SIMPLE TITLE:

(1) Surface:

John W. Hair, Jr., and
Charles A. Toby, Jr.----------All

(2) Minerals: (Including full leasing rights, bonuses, delay rentals, and royalty)

Cities Service Company----------5/8

Jeannette E. Clift----------5/96

Kathleen Cone----------13/96

Douglas Cone----------13/480

Clifford Cone----------13/480

Thomas R. Cone----------13/480

Kenneth G. Cone----------13/480

Cathie Auvenshine----------13/480

San Angelo National Bank, Trustee----------5/192

San Angelo National Bank, Successor-
Trustee Under the Will of Ralph W.
Leftwich, Deceased----------5/192

(3) Leasehold:

Claud E. Aikman----------1/4

Gulf Oil Corporation----------1/4

George W. Baker----------1/12

Frank Late----------1/12

J. N. Dunlavey----------1/12

Cities Service Company----------69.7675% of 1/4

Kathleen Cone----------15.1163% of 1/4 (3.7791)

Douglas Cone----------3.0232% of 1/4 (0.7558)

Clifford Cone----------3.0233% of 1/4

Thomas R. Cone----------3.0232% of 1/4

Kenneth G. Cone----------3.0233% of 1/4

Cathie Auvenshine----------3.0232% of 1/4

PATENT:

The S/2 of Section 17 was patented by the United States of America to Lewis P. Thomas on June 18, 1919, under Patent No. 687616, as containing 320 acres, and the patent was filed for record under Roswell 033544 in Book 3 at Page 175 of the Patent Records of Lea County, New Mexico, on January 16, 1923.

LIENS AND ENCUMBRANCES:

None.

TAXES:

No tax certificates have been furnished for this examination.

EASEMENTS AND RIGHTS-OF-WAY:

Several easements have been granted across the captioned land for a public highway, a pipeline owned by El Paso Natural Gas Company, another pipeline owned by Phillips Petroleum Company, a roadway and telephone and telegraph easement owned by Western Gas Company, and a water line easement owned by L. J. Calley and Malcolm Madison.

BASIC LEASES:

There are three oil and gas leases here involved, all of which are long past their primary terms and are still effective as being held by production from other parts of the lands covered by said leases. These leases are summarized as follows:

1. Hubert E. Clift et ux and Ralph W. Leftwich et ux granted a one-year primary term oil and gas lease to Cities Service Oil Company on December 3, 1951, by an instrument recorded in Book 96 at Page 542 of the Oil and Gas Records of Lea County, New Mexico. It provided for a 3/16 royalty and covered the SW/4 and W/2 SE/4 of Section 17. A 26/86 interest in this lease was assigned to Gordon M. Cone and wife, Kathleen Cone, later that same year, and they in turn assigned a 5/48 leasehold to Claud E. Aikman, down to 3760 feet, reserving a 1/8 overriding royalty interest when production on a monthly average exceeded a daily amount of 500 MCF and a 1/16 of 8/8 overriding royalty when production on a daily basis, averaged over the month, was below 500 MCF.

2. Gordon M. Cone and wife, Kathleen Cone, granted to Claud E. Aikman an oil and gas lease on the captioned land for a thirty-day primary term and a 1/8 overriding royalty interest when daily production, averaged over the month, exceeded 500 MCF and an overriding royalty interest of 1/16 of gross production when daily production, averaged over the month, fell below 500 MCF. This lease was dated April 28, 1953, and is recorded in Book 109 at Page 438 of the Oil and Gas Records of Lea County, New Mexico. The base royalty is 1/8 of gross production.

3. Cities Service Oil Company granted to Claud E. Aikman on April 28, 1953, an oil and gas lease for a thirty-day primary term with a 1/8 royalty, and the same overriding royalty reservation as reserved in the prior leases. This lease is recorded in Book 109 at Page 440 of the Oil and Gas Records of Lea County, New Mexico.

Claud E. Aikman et ux assigned a 1/2 interest in the above leases to Late Oil Company, which in turn assigned a 1/3 of its 1/2 interest to Roswell Security Company, which in turn assigned its interest to J. N. Dunlavey in 1964. The partnership of Late Oil Company was dissolved and George W. Baker was granted a 1/6 leasehold interest and Late Oil Company, a sole proprietorship of which Frank Late is the sole owner, was granted a 1/6 leasehold interest.

REQUIREMENTS

1.

When all of the assignment instruments listed above have been fully executed, acknowledged, and recorded, you will have under lease all of the mineral interests except those of Gulf Oil Corporation, Cities Service Company, and the Cone interests. The oil and gas leasehold interests earned by you in these assignments

will be of a 75% net revenue interest if the daily average production of gas, on a monthly basis, exceeds 500 MCF, except that the Clift and Leftwich lease in such gas will have a combined royalty and overriding royalty interest of 5/16 of gross production. I assume that you are in the process of obtaining farmout agreements from Gulf, Cities, and the Cone interests. I will be glad to examine such instruments when they have been procured.

2.

John O. Boyle, who owned a mineral interest in the captioned land, died testate sometime during 1967, and his Will was admitted to Probate in Dallas County, Texas. His Will devised everything to his wife, Verniece B. Boyle. Certified copies of the Will and the Order admitting the Will to Probate were filed in Lea County, New Mexico, and a waiver of administration was applied for and succession taxes in the amount of $40.06 were found to be due and payable to the State of New Mexico and presumably were paid. The only child mentioned in the Will of John O. Boyle is his son, John O. Boyle, Jr. No evidence is given in any of the filings in New Mexico as to whether or not there were other children who survived him. This interest has already been covered and included in the existing lease, but in the event of production, for division order purposes, it will be necessary that I be furnished with evidence that the succession taxes were paid to the State of New Mexico and with an heirship affidavit regarding the family history of John O. Boyle, Deceased.

3.

I assume that before commencing any drilling operations you will make satisfactory surface damage arrangements with the surface owners, and I further assume that you will cause an accurate survey to be made of the drillsite location. Advisory.

4.

On February 1, 1956, by an instrument recorded in Book 152 at Page 496 of the Miscellaneous Records of Lea County, New Mexico, the lease owners and royalty owners of all mineral interests in the S/2 of Section 17 entered into a communitization agreement, whereby the dry gas and associated liquid hydrocarbons found within the vertical limits of the Jalmat Gas Field, and defined by the New Mexico Oil Conservation Commission, but not to exceed 3760 feet subsurface, were communitized as to the S/2 of Section 17, with such communitization to remain in effect so long as communitized substances are capable of being produced from the communitized area. The abstracts furnished for this examination cover only the SW/4 of Section 17, and it is possible that some instruments may have been recorded that only affect the mineral interest in the SE/4 of Section 17, for purposes of such instruments, but which in reality will affect the whole communitized area. In order to have complete coverage for this examination, it will be necessary that a complemental abstract be obtained which covers all instruments filed with regard to all of the S/2 of Section 17, when taken in conjunction with all of the abstracts listed above in this opinion.

5.

One of the assignment instruments which you are to earn, and which is listed above, has been drawn so that it recites that it is from Frank M. Late and wife, Valeria Baker. This is, of course, a typographical error and should

be corrected. The signature line for her execution and the acknowledgement are correct, but the opening paragraph of the instrument refers to her as Valeria Baker, and should be corrected. All of these assignment instruments are into James A. Davidson, and you should obtain from him an assignment of such interests after they have been executed, acknowledged, and recorded.

6.

You should determine that all lienable New Mexico taxes assessed against the captioned land and mineral interests have been paid.

This opinion cannot cover such matters as area, boundaries, location on the ground, or other matters which can be determined only by an actual ground survey.

I return herewith the abstracts and instruments mentioned above. When the farmout agreements and assignments into you have been obtained, I will be glad to render to you such further opinion as you may desire.

Yours very truly,

Warren D. Barton

Warren D. Barton

WDB/cs

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SW/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
14. Devolopment Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.	17,975	3,100
3500 Ft. of 5 1/2 @ 4.25 Per Ft.	11,725	
____ Ft. of ____ @ ____ Per Ft.	835	835
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	535	
20. Casing Head	22,500	
21. Xmas Tree or Pumping Connections	1,550	
22. Pumping Unit	7,080	
23. Engine	2,285	
24. Sucker Rods		
25. Pump	3,250	
26. Tank Battery		
27. Separator or Dehydration Equip.	3,850	
28. Metering Equipment	2,975	
29. Flow Lines	5,850	
30. Other Water Tank		
Power Line		
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Tom X' Cone Title WI owner Date Aug 4, 1981

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 3 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SE/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ___ Well Surveys 6,500	6,500	6,500
4. Testing ___		
5. Fuel ___ Water ___	4,900	4,900
6. Mud ___ Mud Logging ___	6,700	6,700
7. Cementing Service ___ Cement ___ Floats ___	10,625	3,600
8. Company Labor ___ Contract Labor ___	315	---
9. Digging Pits ___ Filling Pits ___	8,000	8,000
10. Roads & Bridges ___ Dredging & Grading ___		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ___		1,275
13. Trucking Cost ___	12,000	12,000
14. Devolopment Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ___	900	---
16. Swabbing and Testing ___	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:		
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3500 Ft. of 5 1/2 @ 4.25 Per Ft.		
___ Ft. of ___ @ ___ Per Ft.	17,975	3,100
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	11,725	
20. Casing Head ___	835	835
21. Xmas Tree or Pumping Connections ___	535	
22. Pumping Unit ___	22,500	
23. Engine ___	1,550	
24. Sucker Rods ___	7,080	
25. Pump ___	2,285	
26. Tank Battery ___		
27. Separator or Dehydration Equip. ___	3,250	
28. Metering Equipment ___		
29. Flow Lines ___	3,850	
30. Other Water Tank	2,975	
Power Line	5,850	
Total Tangibles	80,410	3,935
TOTAL COST OF WELL	258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Tom R. Cone Title W.I. owner Date aug. 4, 1981

JAMES A. DAVIDSON
Oil & Gas Properties
P. O. BOX 494
MIDLAND, TEXAS 79702

(915) 682-6482 – OFFICE
694-5472 – RESIDENCE

RECEIVED AUG 18 1981

August 17, 1981

Mr. Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late-Thomas Lease
S/2 Section 17,
T-24-S, R-37-E
Lea County, New Mexico

Dear Clifford:

Please refer to your note of July 30, 1981, attached to a copy of my letter to you of July 24, 1981, regarding the 0.75581% working interest credited to you in the above tract.

Please find enclosed copies of both our new title opinion and the Late division of interest, both of which correspond to the 0.75581% working interest previously credited to you. Please advise should you need anything further in regard to your note.

Generally, we are proceeding to get everything ready to drill both wells. We have a hearing scheduled for August 26, 1981, at the NMOCD in Santa Fe. We have included a request for Force Pooling in this docket but will, of course, delete each party from this proceeding as the AFE's come in. To date, we have only received a signed AFE from Tom Cone (as to the Gordon Cone Family).

Thank you and please return signed AFE's from you and the other parties.

Regards.

Very truly yours,

James A. Davidson

JAD/mh

Enclosures as above

60-36-13L
60-36-13-MI

August 20, 1981

Dear Mr. Davidson:

Please find enclosed two (2) counterparts each of the subject A.F.E. (for Late-Thomas #2 and Late-Thomas #3) for the interests of Douglas L. Cone and Clifford Cone. The same have been executed and are now returned for your further handling.

Sincerely,

Clifford Cone

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 2 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

LOCATION: SW/4 Section 17, T-24-S, R-37-E

DRILLING INTANGIBLES:	PRODUCER	DRY HOLE
1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
14. Devolopment Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:			
18. Casing 400 Ft. of 8 5/8 @ 7.75 Per Ft.			
3500 Ft. of 5 1/2 @ 4.25 Per Ft.			
____ Ft. of ____ @ ____ Per Ft.	17,975	3,100	
19. Tubing 3500 Ft. of 2 3/8 @ 3.35 Per Ft.	11,725		
20. Casing Head ____	835	835	
21. Xmas Tree or Pumping Connections ____	535		
22. Pumping Unit ____	22,500		
23. Engine ____	1,550		
24. Sucker Rods ____	7,080		
25. Pump ____	2,285		
26. Tank Battery ____			
27. Separator or Dehydration Equip. ____	3,250		
28. Metering Equipment ____			
29. Flow Lines ____	3,850		
30. Other Water Tank	2,975		
Power Line	5,850		
Total Tangibles	80,410	3,935	
TOTAL COST OF WELL	258,500	115,285	

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SW/2 Section 17, T-24-S, R-37-E

Kathleen Cone:	3.779069767% WI	$9768.90	$4356.70
Clifford Cone:	0.755813953% WI	$1953.78	$ 871.34
Douglas L. Cone:	0.755813953% WI	$1953.78	$ 871.34
Kenneth G. Cone:	0.755813953% WI	$1953.78	$ 871.34

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Clifford Cone Title OWNER (WI) Date AUGUST 19, 1981

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 3 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

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5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging		1,275
13. Trucking Cost	12,000	12,000
14. Devolopment Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment	900	---
16. Swabbing and Testing	6,175	---
17. Other Costs Surface Damages	1,500	1,500
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19. Tubing	3500	Ft. of	2 3/8	@	3.35	Per Ft.	11,725	
20. Casing Head							835	835
21. Xmas Tree or Pumping Connections							535	
22. Pumping Unit							22,500	
23. Engine							1,550	
24. Sucker Rods							7,080	
25. Pump							2,285	
26. Tank Battery								
27. Separator or Dehydration Equip.							3,250	
28. Metering Equipment								
29. Flow Lines							3,850	
30. Other Water Tank							2,975	
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Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Clifford Cone Title WI OWNER Date AUGUST 19, 1981

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

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25. Pump ____							2,285	
26. Tank Battery ____								
27. Separator or Dehydration Equip. ____							3,250	
28. Metering Equipment ____								
29. Flow Lines ____							3,850	
30. Other Water Tank							2,975	
Power Line							5,850	
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Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Douglas L Cone Title SELF Date 20 Aug 81

AUTHORITY FOR EXPENDITURE

DETAIL WELL ESTIMATE

LEASE NO. _____ APPR. NO. _____

LEASE NAME Thomas WELL NO. 3 W. I. 100%

COUNTY Lea STATE New Mexico FIELD Jalmat (Gas)

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1. Drilling Cost 3500 Feet @ 16.45 Per Foot	57,575	57,575
2. Day Work 5050	5,050	5,050
3. Coring Service ____ Well Surveys 6,500	6,500	6,500
4. Testing ____		
5. Fuel ____ Water ____	4,900	4,900
6. Mud ____ Mud Logging ____	6,700	6,700
7. Cementing Service ____ Cement ____ Floats ____	10,625	3,600
8. Company Labor ____ Contract Labor ____	315	---
9. Digging Pits ____ Filling Pits ____	8,000	8,000
10. Roads & Bridges ____ Dredging & Grading ____		
11. Acidizing 5550 Fracturing 43,010 Perforating 2,040	50,600	---
12. Plugging ____		1,275
13. Trucking Cost ____	12,000	12,000
14. Development Superintendence 20 days @ $ 300 /day	6,000	3,000
15. Rental Equipment ____	900	---
16. Swabbing and Testing ____	6,175	---
17. Other Costs Surface Damages	1,500	1,500
Lining Pits	900	900
Stake Location	350	350
Total Intangibles	178,090	111,350

WELL EQUIPMENT:								
18. Casing	400	Ft. of	8 5/8	@	7.75	Per Ft.		
	3500	Ft. of	5 1/2	@	4.25	Per Ft.		
	____	Ft. of	____	@	____	Per Ft.	17,975	3,100
19. Tubing	3500	Ft. of	2 3/8	@	3.35	Per Ft.	11,725	
20. Casing Head ____							835	835
21. Xmas Tree or Pumping Connections ____							535	
22. Pumping Unit ____							22,500	
23. Engine ____							1,550	
24. Sucker Rods ____							7,080	
25. Pump ____							2,285	
26. Tank Battery ____								
27. Separator or Dehydration Equip. ____							3,250	
28. Metering Equipment ____								
29. Flow Lines ____							3,850	
30. Other Water Tank							2,975	
Power Line							5,850	
Total Tangibles							80,410	3,935
TOTAL COST OF WELL							258,500	115,285

REMARKS: The subject well is to be drilled as a 3500-foot infill Jalmat (Gas) well in the SE/2 Section 17, T-24-S, R-37-E

Kathleen Cone:	3.779069767% WI	$9768.90	$4356.70
Clifford Cone:	0.755813953% WI	$1953.78	$ 871.34
Douglas L. Cone:	0.755813953% WI	$1953.78	$ 871.34
Kenneth C. Cone:	0.755813953% WI	$1953.78	$ 871.34

Originated by Larry A. Nermyr Title Engineer Date July 24, 1981

Approved Douglas L Cone Title SELF Date 20 Aug 81

DOYLE HARTMAN
Oil Operator
500 N. MAIN
P. O. BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

August 14, 1981

Tom R. Cone
P. O. Box 126
Southwest City, Missouri 64863

Re: Late Thomas Lease #1
S/2 Sec. 17, 24-S, 37-E
Lea County, New Mexico

To All Working Interest Participants:

Doyle Hartman Oil Operator, has recently purchased a leasehold interest in the Late Thomas #1 well, and has also been designated operator of this lease.

In reviewing the Operating Agreement dated February 1, 1956, we have discovered the producing overhead rate is established at $60.00 per month.

In reference to Exhibit A of the Operating Agreement, Line 12, Sub-paragraph E states "overhead rates may be amended from time to time by agreement between operator and non-operator if in practice, they are found to be insufficient or excessive".

We are sure you will agree with us that $60.00 per month is insufficient at current economic levels. Therefore, we are requesting that you agree to increase the overhead rate to $250.00 per month, with the normal yearly escalation rate, which is set by the Employment and Earnings Guidelines and published by the U. S. Department of Labor in April of each year.

Enclosed you will find an extra copy of this letter. Please execute one copy and return it to our office. The extra copy may be kept for your files.

Thank you for your cooperation in this matter. If we may be of further assistance feel free to contact our office.

Sincerely,

DOYLE HARTMAN

James E. Burr

James E. Burr
Controller

AUG 24 1981

Tom R. Cone

Tom R. Cone

DOYLE HARTMAN
Oil Operator
500 N MAIN
P. O BOX 10426
MIDLAND, TEXAS 79702
(915) 684-4011

RECEIVED AUG 18 1981

August 14, 1981

Clifford Cone
P. O. Box 6010
Lubbock, Texas 79413

Re: Late Thomas Lease #1
S/2 Sec. 17, 24-S, 37-E
Lea County, New Mexico

To All Working Interest Participants:

Doyle Hartman Oil Operator, has recently purchased a leasehold interest in the Late Thomas #1 well, and has also been designated operator of this lease.

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Enclosed you will find an extra copy of this letter. Please execute one copy and return it to our office. The extra copy may be kept for your files.

Thank you for your cooperation in this matter. If we may be of further assistance feel free to contact our office.

Sincerely,

DOYLE HARTMAN

James E. Burr
Controller

DOYLE HARTMAN OIL OPERATOR RECEIVED

Clifford Cone

AUG 24 1981

August 19, 1981

Dear Mr. Burr:

I would appreciate having a copy of the above-mentioned Operating Agreement dated February 1, 1956. Without having a copy of it, I am unable to make a proper decision on this matter.

My specific concern is understanding what this increase will encompass. Since Mr. Hartman is in the process of drilling two more wells on this lease, I would like to know if the $250.00 is on a per well basis or only on the lease. Are we to expect a $250.00 lease operating cost or a $750.00 lease operating cost? Your help in answering this question will be appreciated.

Sincerely,

Clifford Cone

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 18, 1981

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
HARTMAN EXHIBIT NO. 9
CASE NO. 7339
Submitted by DAVIDSON
Hearing Date 8/26/81

Gulf Oil Exploration &
Production Company
Post Office Box 1150
Midland, Texas 79702

Attention: Robert E. Griffith

Re: New Mexico Oil Conservation Division
Case 7339

Gentlemen:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQ

7339

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

1. The following service is requested (check one.)
- ☒ Show to whom and date delivered.....¢
- ☐ 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)

2. ARTICLE ADDRESSED TO:
Gulf Oil Exploration &
Production Co., P.O. Box 1150
Midland, TX 79702

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 1117848 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY

POSTMARK AUG 26 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-300-169

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 18, 1981

Cities Service Company
Post Office Box 1919
Midland, Texas 79702

Attention: Mr. John Young

Re: New Mexico Oil Conservation Division
Case 7339

Gentlemen:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQ

7339

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☐ 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)

2. ARTICLE ADDRESSED TO:
Cities Service Company
Post Office Box 1919
Midland, TX 79702

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 1117849 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK AUG 20 1981 TX

CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO: 1979-303-848

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WAROLE

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

August 18, 1981

Mr. Kenneth G. Cone
Post Office Box 1509
Lovington, New Mexico 88260

Re: New Mexico Oil Conservation Division
Case 7339

Dear Mr. Cone:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

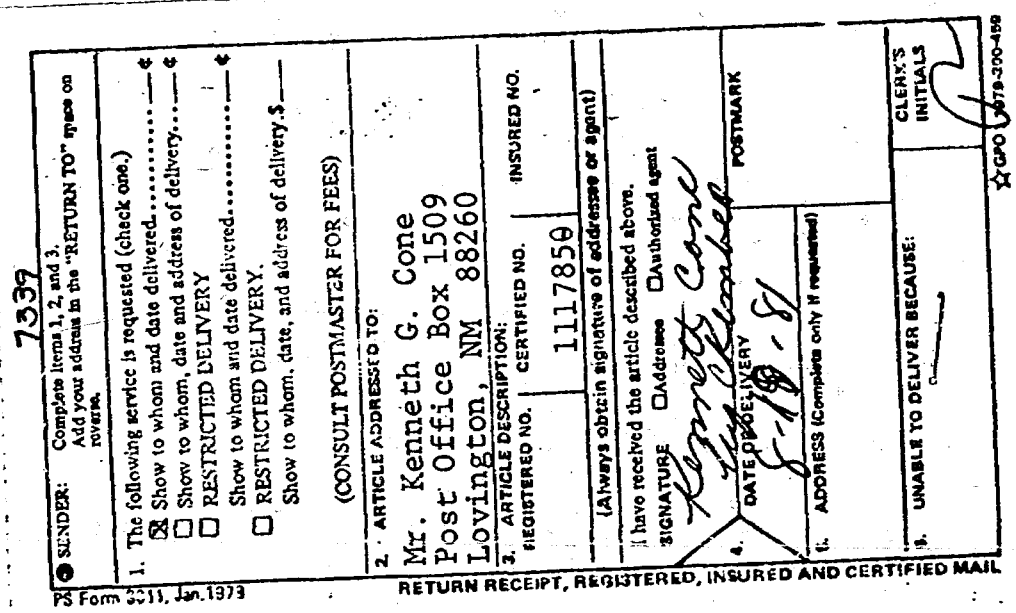
Very truly yours,

William F. Carr

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT R



CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 18, 1981

Mr. Douglas L. Cone
Post Office Box 6217
Lubbock, Texas 79413

Re: New Mexico Oil Conservation Division
Case 7339

Dear Mr. Cone:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQ

7339

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

1. The following service is requested (check one.)
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☐ Show to whom, date and address of delivery.....¢
☐ RESTRICTED DELIVERY
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☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery.$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Mr. Douglas L. Cone
Post Office Box 6217
Lubbock, Texas 79413

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 1117851 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Ina Cole

4. DATE OF DELIVERY 8-24-81
POSTMARK AUG 20 1981

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-300-499

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 18, 1981

Mrs. Kathleen Cone
Post Office Box 1509
Lovington, New Mexico 88260

Re: New Mexico Oil Conservation Division
Case 7339

Dear Mrs. Cone:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

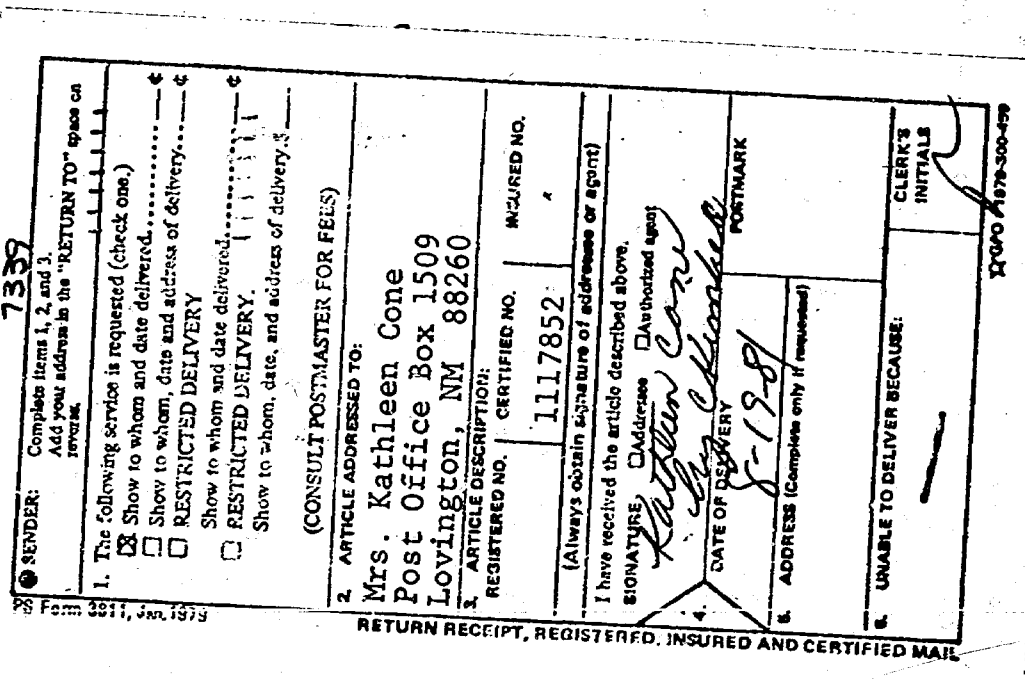
You may have an interest that will be affected by the above-referenced case.

Very truly yours,

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT RE


7339
SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one.)
☒ Show to whom and date delivered.....¢
☐ 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)
2. ARTICLE ADDRESSED TO:
Mrs. Kathleen Cone
Post Office Box 1509
Lovington, NM 88260
3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 1117852 | INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Kathleen Cone
4. DATE OF DELIVERY 8-18-81
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
POSTMARK
CLERK'S INITIALS
PS Form 3811, Jan. 1979
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 18, 1981

Mr. Tom R. Cone
Post Office Box 126
Southwest City, Missouri 64863

Re: New Mexico Oil Conservation Division
Case 7339

Dear Mr. Cone:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

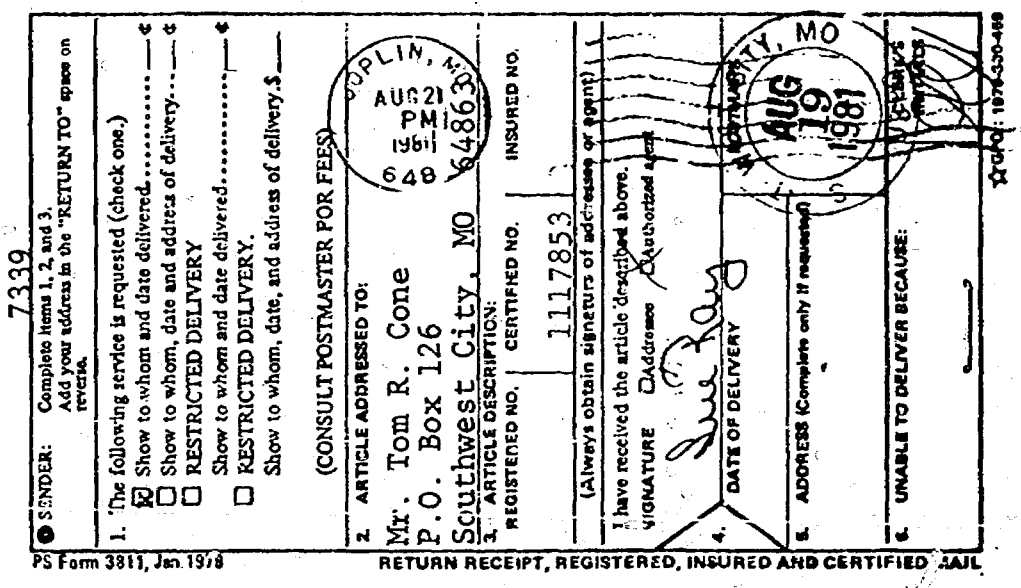
Very truly yours,

William F. Carr

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQ



CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 18, 1981

Mr. Clifford Cone
Post Office Box 6010
Lubbock, Texas 79413

Re: New Mexico Oil Conservation Division
Case 7339

Dear Mr. Cone:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQ

7339

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☐ Show to whom, date and address of delivery.....¢
☐ RESTRICTED DELIVERY
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☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Mr. Clifford Cone
Post Office Box 6010
Lubbock, TX 79413

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 1117854 | INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY 8-22-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK AUG 20 1981

CLERK'S INITIALS

PS Form 3811, Jan. 1978 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO: 1978-300-459

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

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

August 18, 1981

Ms. Cathie Cone Auvenshine
Route 6, Box 79-N
Austin, Texas 78737

Re: New Mexico Oil Conservation Division
Case 7339

Dear Ms. Auvenshine:

Enclosed is a copy of the docket for the August 26, 1981 Oil Conservation Division Examiner Hearing.

You may have an interest that will be affected by the above-referenced case.

Very truly yours,

William F. Carr

WFC:lr

Enclosure

CERTIFIED MAIL
RETURN RECEIPT REQUESTEI

P22 1117855

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO Cathie Cone
STREET AND NO. Auvenshine
P.O., STATE AND ZIP CODE

POSTAGE	$	
CONSULT POSTMASTER FOR FEES		
CERTIFIED FEE	¢	
OPTIONAL SERVICES		
SPECIAL DELIVERY	¢	
RESTRICTED DELIVERY	¢	
RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED	¢	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢	
TOTAL POSTAGE AND FEES	$	
POSTMARK OR DATE	8/18/81	

PS Form 3800, Apr. 1976

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
AUG 06 1981
OIL CONSERVATION DIVISION
SANTA FE

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

CASE 7339

APPLICATION

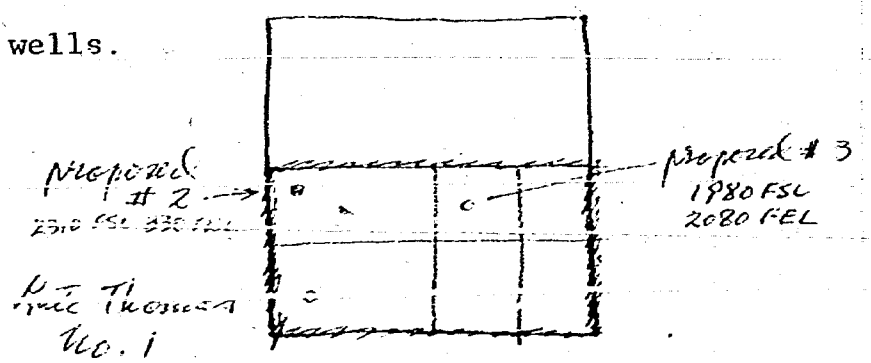
Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order (1) pooling all the mineral interests in the Jalmat formation in and under the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, (2) an unorthodox well location, and (3) simultaneous dedication, and in support thereof would show the Division:

1. Applicant is the operator of the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That a 320 acre spacing unit in the Jalmat Gas Pool, comprising the S/2 of said Section 17, is presently dedicated to the Late Thomas No. 1 Well located 660 feet from the South and West lines of said Section 17.

3. That the Late Thomas No. 1 Well is capable of only marginal production.

4. That this spacing unit is currently being drained by offsetting wells.



5. Applicant proposes to drill the Late Thomas No. 2 Well at an unorthodox location 2310 feet from the South line and 330 feet from the West line of said Section 17 and the Late Thomas No. 3 Well at an orthodox location 1980 feet from the South line and 2080 feet from the East line of said Section 17 to produce gas from the Jalmat Pool.

6. Applicant seeks approval to simultaneously dedicate said Late Thomas Wells No. 1, 2 and 3 to the standard spacing unit comprising the S/2 of said Section 17.

7. Applicant is the owner of 50% of the working interest in and under the S/2 of said Section 17, and applicant has the right to drill thereon.

8. Applicant proposes to dedicate the pooled unit to the above-referenced Late Thomas Wells No. 1, 2 and 3.

9. All wells on the proposed proration unit will be drilled at orthodox locations.

10. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 of said Section 17 except the following:

Gulf Oil Company	25%
Cities Service Company	17.44187%
Mrs. Kathleen Cone	3.77906%
Clifford Cone	0.75581%
Douglas L. Cone	0.75581%
Kenneth G. Cone	0.75581%
Tom R. Cone	0.75581%
Cathie Cone-Auvenshine	0.75581%

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

12. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the subject land, the mineral interests should be pooled, and applicant should be designated operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its Order (1) pooling the lands, including provisions designating the applicant as operator of the wells, providing for applicant to recover its costs of drilling, equipping and completing the wells, its cost of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by applicant in drilling, completing and equipping the wells, (2) approving the unorthodox location of the Late Thomas No. 2 Well, and (3) simultaneously dedicating the S/2 of said Section 17 to the Late Thomas Wells 1, 2 and 3 and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

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

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
AUG 06 1981
OIL CONSERVATION DIVISION
SANTA FE

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

CASE 7339

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order (1) pocling all the mineral interests in the Jalmat formation in and under the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, (2) an unorthodox well location, and (3) simultaneous dedication, and in support thereof would show the Division:

1. Applicant is the operator of the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That a 320 acre spacing unit in the Jalmat Gas Pool, comprising the S/2 of said Section 17, is presently dedicated to the Late Thomas No. 1 Well located 660 feet from the South and West lines of said Section 17.

3. That the Late Thomas No. 1 Well is capable of only marginal production.

4. That this spacing unit is currently being drained by offsetting wells.

5. Applicant proposes to drill the Late Thomas No. 2 Well at an unorthodox location 2310 feet from the South line and 330 feet from the West line of said Section 17 and the Late Thomas No. 3 Well at an orthodox location 1980 feet from the South line and 2080 feet from the East line of said Section 17 to produce gas from the Jalmat Pool.

6. Applicant seeks approval to simultaneously dedicate said Late Thomas Wells No. 1, 2 and 3 to the standard spacing unit comprising the S/2 of said Section 17.

7. Applicant is the owner of 50% of the working interest in and under the S/2 of said Section 17, and applicant has the right to drill thereon.

8. Applicant proposes to dedicate the pooled unit to the above-referenced Late Thomas Wells No. 1, 2 and 3.

9. All wells on the proposed proration unit will be drilled at orthodox locations.

10. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 of said Section 17 except the following:

Gulf Oil Company	25%
Cities Service Company	17.44187%
Mrs. Kathleen Cone	3.77906%
Clifford Cone	0.75581%
Douglas L. Cone	0.75581%
Kenneth G. Cone	0.75581%
Tom R. Cone	0.75581%
Cathie Cone-Auvenshine	0.75581%

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

12. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the subject land, the mineral interests should be pooled, and applicant should be designated operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its Order (1) pooling the lands, including provisions designating the applicant as operator of the wells, providing for applicant to recover its costs of drilling, equipping and completing the wells, its cost of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by applicant in drilling, completing and equipping the wells, (2) approving the unorthodox location of the Late Thomas No. 2 Well, and (3) simultaneously dedicating the S/2 of said Section 17 to the Late Thomas Wells 1, 2 and 3 and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

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

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OIL CONSERVATION DIVISION

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR COMPULSORY POOLING, UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

CASE 7339

APPLICATION

Comes now, DOYLE HARTMAN, by and through his undersigned attorneys and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order (1) pooling all the mineral interests in the Jalmat formation in and under the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, (2) an unorthodox well location, and (3) simultaneous dedication, and in support thereof would show the Division:

1. Applicant is the operator of the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That a 320 acre spacing unit in the Jalmat Gas Pool, comprising the S/2 of said Section 17, is presently dedicated to the Late Thomas No. 1 Well located 660 feet from the South and West lines of said Section 17.

3. That the Late Thomas No. 1 Well is capable of only marginal production.

4. That this spacing unit is currently being drained by offsetting wells.

5. Applicant proposes to drill the Late Thomas No. 2 Well at an unorthodox location 2310 feet from the South line and 330 feet from the West line of said Section 17 and the Late Thomas No. 3 Well at an orthodox location 1980 feet from the South line and 2080 feet from the East line of said Section 17 to produce gas from the Jalmat Pool.

6. Applicant seeks approval to simultaneously dedicate said Late Thomas Wells No. 1, 2 and 3 to the standard spacing unit comprising the S/2 of said Section 17.

7. Applicant is the owner of 50% of the working interest in and under the S/2 of said Section 17, and applicant has the right to drill thereon.

8. Applicant proposes to dedicate the pooled unit to the above-referenced Late Thomas Wells No. 1, 2 and 3.

9. All wells on the proposed proration unit will be drilled at orthodox locations.

10. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other working interest owners in the S/2 of said Section 17 except the following:

Gulf Oil Company	25%
Cities Service Company	17.44187%
Mrs. Kathleen Cone	3.77906%
Clifford Cone	0.75581%
Douglas L. Cone	0.75581%
Kenneth G. Cone	0.75581%
Tom R. Cone	0.75581%
Cathie Cone-Auvenshine	0.75581%

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

12. In order to permit the applicant to obtain its just and fair share of the hydrocarbons underlying the subject land, the mineral interests should be pooled, and applicant should be designated operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its Order (1) pooling the lands, including provisions designating the applicant as operator of the wells, providing for applicant to recover its costs of drilling, equipping and completing the wells, its cost of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by applicant in drilling, completing and equipping the wells, (2) approving the unorthodox location of the Late Thomas No. 2 Well, and (3) simultaneously dedicating the S/2 of said Section 17 to the Late Thomas Wells 1, 2 and 3 and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

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

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7339

Order No. R-6781

APPLICATION OF DOYLE HARTMAN
FOR COMPULSORY POOLING, UNORTHODOX
WELL LOCATION, AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of _____, 19 81, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Doyle Hartman, seeks an order pooling all mineral interests in the Jalmat Pool underlying the S/2 of Section 17, Township 24 South, Range 37 East NMPM, _____, Lea County, New Mexico, to be simultaneously dedicated to his Late Thomas Well No. 1 located in Unit M of said Section 17 and to ~~a~~ wells to

(3) That the applicant's request to dismiss that part of the subject case seeking an unorthodox location should be approved.

be drilled at an unorthodox location in Unit J and an unorthodox location in Unit L

(4) That the applicant is the owner and operator of the Late Thomas Well No 81 located in Unit M and proposes to drill two wells at orthodox locations in Unit J and Unit K, all in said Section 17.

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

(6) ~~(5)~~ That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(7) ~~(6)~~ That the applicant should be designated the operator of the subject well and unit.

(8) ~~(7)~~ That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(9) ~~(8)~~ That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(10) ~~(9)~~ That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(11) ~~(10)~~ That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(12) That $ 3500 ac per month while drilling and $ 350 ac per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(14) That upon the failure of the operator of said pooled unit to commence drilling of the first of the wells to be drilled and to which said unit is dedicated on or before January 1, 1982, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Jalmat Pool ~~xxxxxxxxxxx~~ formation underlying the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, ~~xxxxxxxxxxxxxxxxxxxx~~, Lea County, New Mexico, are hereby pooled to form a standard 320 - acre gas spacing and proration unit ~~to be dedicated to~~ ~~xxxxxxxxxxxxxxxxxxx

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within ~~120~~ 240 days after commencement ~~thereof~~ of the first well, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded. as to such undrilled or completed well.

(2) That Doyle Hartman is hereby designated the operator of the subject wells and unit.

(3) That after the effective date of this order and within 90 days prior to commencing either of said well, the operator shall furnish the Division and each known working interest owner in the subject unit an appropriate itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

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

(9) That $ 3500 per month while drilling and $ 350 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

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

(12) That all proceeds from production from the subject wells which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

(13) That that portion of the subject application seeking approval of an unorthodox Jalmat Gas Pool well located in Unit L of said Section 17 is hereby dismissed.