



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary

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

Attention: Steve Hartman
Engineer

November 5, 2004

Mark E. Fesmire, P.E.
Director

Oil Conservation Division

Telefax No. (432) 682-7616

Administrative Order NSP-1517-A (SD)

Dear Mr. Hartman:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on October 8, 2004 (*administrative application reference No. pSEM0-428252076*); and (ii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-516 and 516-A, NSP-744, NSP-1193, NSP-1194, NSP-1517 (L) (SD), NSL-4665 (SD), and SD-04-03 and Division Case No. 6197 (see Division Order No. R-5701): all concerning your request to decrease the acreage of an existing non-standard 320-acre gas spacing unit in the Jalmat Gas Pool (79240) comprising the N/2 of Section 36, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, by deleting therefrom the 80 acres comprising the E/2 NE/4 of Section 36.

Your application has been duly filed under the provisions of the "*Special Pool Rules for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001.

The subject 320-acre unit was established by Division Administrative Order NSP-1517 (L) (SD), dated November 2, 1987 for the following two wells:

- (1) State LM "T" Well No. 9 (API No. 30-025-26616), located at a standard gas well location 780 feet from the North line and 1860 feet from the West line (Unit C) of Section 36, which well was the subject of Division Administrative Orders NSP-1194, dated May 26, 1980, and NSP-1517 (L) (SD); and
- (2) State LM "T" Well No. 10 (API No. 30-025-26617), located at a location considered "unorthodox" at that time, but now under Rule 3 (A) (2) of the special rules currently governing the Jalmat Gas Pool is "standard," 1860 feet from the North line and 780 feet from the East line (Unit H) of Section 36, which well was also the subject of Division Administrative Orders NSP-1193, dated May 26, 1980.

By Division Administrative Order NSL-4665 (SD), dated November 26, 2001, a third Jalmat gas well for this unit, the State LM "T" Well No. 11 (API No. 30-025-35366), located at an unorthodox infill gas well location 1150 feet from the North line and 1750 feet from the East line (Unit B) of Section 36, was approved.

Division Administrative Order SD-04-03 issued May 5, 2004 authorized:

(1) a fourth Jalmat gas well for this unit, the State LM "T" Well No. 12, located to be drilled at a standard infill gas well location, pursuant to Rule 3 (A) (2) of the special rules governing the Jalmat Gas Pool, within either the NW/4 NW/4 (Unit D) or the SW/4 NW/4 (Unit E) of Section 36; and

(2) that the above-described State LM "T" Well No. 10 in Unit "H" of Section 36 be replaced by recompleting the temporarily abandoned OXY USA Inc. Myers Langlie Mattix Unit Well No. 63, formerly known as and to be redesignated the State LM "T" Well No. 5 (API No. 30-025-09476), located at a standard infill gas well location 660 feet from the North and East lines (Unit A) of Section 36, which well was also the subject of Division Administrative Order NSP-744.

Division Administrative Order SD-04-03 further provided that once Jalmat gas production was established in the State LM "T" Well No. 5, the State LM "T" Well No. 10 would be abandoned.

It is the Division's understanding that the two above described: (i) State LM "T" Well No. 5 in Unit "A" of Section 36 has been recompleted as a Jalmat "oil" well and its corresponding 40-acre standard oil spacing and proration unit comprising the NE/4 NE/4 of Section 36 is to be omitted from this 320-acre non-standard gas unit at this time; and (ii) State LM "T" Well No. 10 in Unit "H" of Section 36, after remedial work was performed, was reclassified as a Jalmat "oil" well and its corresponding 40-acre standard oil spacing and proration unit comprising the SE/4 NE/4 of Section 36 is also to be omitted from this 320-acre non-standard gas unit.

By the authority granted me under the provisions of Rules 4 (C) and (D) of the special rules governing the Jalmat Gas Pool, the following described 240-acre non-standard gas spacing unit is hereby approved:

LEA COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
Section 36: W/2 NE/4 and NW/4.

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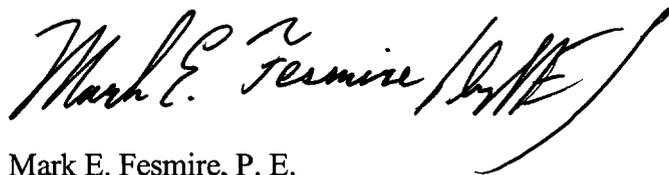
Division Administrative Order NSP-1517-A (SD)

Further, by the authority granted me under the provisions of Rules 4 (B) and (D) of the special rules governing the Jalmat Gas Pool, Doyle Hartman, Oil Operator, is hereby authorized to simultaneously dedicate Jalmat gas production to this 240-acre non-standard gas spacing unit from the above-described State LM "T" Wells No. 9, 11, and 12.

It is further ordered that: (i) all provisions applicable to the location exception for the above-described State LM "T" Well No. 11, not in conflict with this order, shall remain in full force and affect until further notice; and (ii) Division Administrative Orders SD-04-03 and NSP-1517 (L) (SD), now deemed obsolete to a spacing unit that does not exist, are hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe
Mr. J. E. Gallegos, Legal Counsel for Doyle Hartman – Santa Fe
File: Division Administrative Order NSP-516
Division Administrative Order NSP-516-A
Division Administrative Order NSP-744
Division Administrative Order NSP-1193
Division Administrative Order NSP-1194
Division Administrative Order NSP-1517 (L) (SD)
Division Administrative Order NSL-4665 (SD)
Division Administrative Order SD-04-03
Division Case No. 6197