

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

October 7, 2004

CERTIFIED MAIL (RECEIPT NO. 7004 0750 0000 6928 4376), FEDEX & Fax

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

**Re: Administrative Application for
240-acre Non-standard Jalmat P.U.**

Proposed State "LMT" Non-Standard Jalmat P.U.

NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E

Lea County, New Mexico

(240 acres)

**[NMOCD Order No. R-5701, Approved 04/11/1979 &
Administrative Order NSL-4665(SD), Approved 11/26/2001 &
Administrative Order SD-04-03, Approved 05/05/2004]**

Mr. Stogner:

By copy of this letter, Doyle Hartman hereby makes application for the approval of a new 240-acre, non-standard Jalmat (Gas) proration unit consisting of the NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E, Lea County, New Mexico. The State "LMT" No. 9 and State "LMT" No. 11 Jalmat (Gas) wells are the only active producers situated on the proposed non-standard Jalmat (Gas) proration unit.

Portions of the new 240-acre, non-standard Jalmat (Gas) proration unit were part of the 320-acre, non-standard Jalmat (Gas) proration unit comprising the N/2 Section 36, T-23-S, R-36-E. The 320-acre, non-standard Jalmat (Gas) proration unit was approved by NMOCD Order R-5701, dated April 11, 1978 (copy enclosed). Administrative Order NSL-4665(SD) (copy enclosed), corresponding to the 320-acre State "LMT" Jalmat (Gas) proration unit, granted approval to simultaneously dedicate State "LMT" Nos. 9, 10 and 11 to the subject 320-acre, non-standard Jalmat (Gas) proration unit. Administrative Order SD-04-03 (copy enclosed) granted approval to dedicate the State "LMT" No. 5 well to the 320-acre, non-standard Jalmat (Gas) proration unit. The State "LMT" No. 5 was to be a replacement for the State "LMT" No. 10 well, which was to be abandoned. The subject order also approved for an infill Jalmat (Gas) well, the State "LMT" No. 12, to be drilled within the W/2 NW/4 Section 36, T-23-S, R-36-E.

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
October 7, 2004
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This past summer, Doyle Hartman recompleted the State "LMT" No. 5 well as a Jalmat (Oil) well. Instead of abandoning the State "LMT" No. 10 well, Doyle Hartman performed an air-foam clean-out, and lowered the rods and tubing below the perforations in the subject well. As a result of the remedial work, the State "LMT" No. 10 was reclassified as a Jalmat (Oil) well.

Since the State "LMT" Nos. 5 and 10 are Jalmat (Oil) wells, Doyle Hartman respectfully requests to subtract the E/2 NE/4 from the N/2 of Section 36, forming a new non-standard Jalmat (Gas) proration unit consisting of the NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E. We also request to dedicate the production from the State "LMT" Nos. 9, 10 and 12 (pending drilling and completion) wells to the proposed 240-acre, non-standard Jalmat (Gas) proration unit. In addition, we also request the respective production from the State "LMT" Nos. 5 and 10 be dedicated to their respective 40-acre tracts. Please refer to the enclosed Acreage Ownership Plat and the corresponding Adjacent and Diagonal Jalmat Operators Table.

Notice of this administrative application, and our request for written waiver (as enclosed herewith), has been sent by certified mail to the applicable diagonal and adjacent offset Jalmat operators, which operators are as follows:

- 1) Lewis B. Burleson, Inc.
Box 2479
200 N. Loraine, Suite 600
Midland, Texas 79702
Attn: Lewis B. Burleson, President
Certified Mail Receipt No. 7004 0750 0000 6928 4314 (Mailed October 7, 2004)

- 2) Burgundy Oil & Gas, Inc.
401 W. Texas, Suite 1003
Midland, Texas 79701
Attn: Bob Statton, Vice-President Reservoir Engineering
Certified Mail Receipt No. 7004 0750 0000 6928 4321 (Mailed October 7, 2004)

- 3) BP America
Box 1610
600 N. Marienfeld
Midland, Texas 79701
Attn: Dave McKenna, Operations Center Manager
Certified Mail Receipt No. 7004 0750 0000 6928 4338 (Mailed October 7, 2004)

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
October 7, 2004
Page 3

- 4) Westbrook Oil Company
Box 2264
1320 N. West County Road
Hobbs, New Mexico 88241
Attn: V.H. Westbrook, Vice-President
Certified Mail Receipt No. 7004 0750 0000 6928 4345 (Mailed October 7, 2004)

- 5) Gruy Petroleum Mgmt. Co.
P.O. Box 14097
Irving, Texas 75014
Attn: R. Douglas Cronk, Sr. V.P. Operations
Certified Mail Receipt No. 7004 0750 0000 6928 4352 (Mailed October 7, 2004)

- 6) ChevronTexaco
15 Smith Road
Midland, Texas 79705
Attn: Greg Hild, NM Area Manager
Certified Mail Receipt No. 7004 0750 0000 6928 4369 (Mailed October 7, 2004)

Very truly yours,

DOYLE HARTMAN, Oil Operator


Steve Hartman
Engineer

cc: New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
Attn: Donna Mull
1625 French Drive
Hobbs, NM 88240

Adjacent and Diagonal Jolmet Operators
 Doyle Hartman-operated
 Proposed State "LAT" Jolmet P.U.
 NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E
 Las County, New Mexico
 (240 acres)

[MERCED Order No. R-4761, Approved 04/11/1978 &
 Administrative Order NGL-4828(20), Approved 1/18/2001 &
 Administrative Order SD-04-03, Approved 03/08/2004]

| Tract | Color Code | Operator | Jolmet P.U. Description | Lease Name | Well No. | Jolmet Well Location(s) | No. of Active Wells | Offset Well Spacing (acres/well) |
|------------------|--------------|--------------------------|--|-------------------------------------|-------------------------|--|---------------------|----------------------------------|
| 1 | Orange | Lewis B. Burleson, Inc. | S/2 Section 25 T-23-S, R-36-E (320 acres) | Lym "B-25" | 1" 2 3 5 | J-25-23S-36E M-25-23S-36E P-25-23S-36E L-25-23S-36E | 3 | 106.7 |
| 2 | Brown | Burgundy Oil & Gas, Inc. | Section 26 & NE/4 Section 27 T-23-S, R-36-E (800 acres) | Lym "B-1" | 1 3 4* 7 17 | J-26-23S-36E C-26-23S-36E M-26-23S-36E A-27-23S-36E A-26-23S-36E | 4 | 200.0 |
| 3 | Light Purple | BP America | NW/4, SW/4 NE/4, E/2 NE/4, NE/4 SE/4 Section 35, T-23-S, R-36-E (320 acres) | John P. Combat "WN" | 1Y 2 3 4 5 | H-35-23S-36E G-35-23S-36E A-35-23S-36E E-35-23S-36E I-35-23S-36E | 5 | 64.0 |
| 4 | Light Blue | Westbrook Oil Co. | W/2 SW/4 Section 36 T-23-S, R-36-E (80 acres) | Penroc State "Q" | 1 | L-36-23S-36E | 1 | 80.0 |
| 5 | Light Green | Gruy Petroleum Mgmt. Co. | NE/4 & W/2 Section 36, T-23-S, R-36-E (80 acres) | Mariño State | 1 | N-36-23S-36E | 1 | 80.0 |
| 6 | Pink | Gruy Petroleum Mgmt. Co. | SE/4 Section 36 Section 36, T-23-S, R-36-E (160 acres) | Holt Mexico State Com | 1 | O-36-23S-36E | 1 | 160.0 |
| 8 | Dark Purple | ChevronTexaco | SW/4, W/2 SE/4, SE/4 SE/4 Section 31 & S/2 SW/4 Section 32 T-23-S, R-37-E (366 acres) | E E Blinberry "A" Federal NCT-1 Com | 2* 4 5 87* | I-31-23S-37E L-31-23S-37E N-31-23S-37E K-31-23S-37E | 2 | 175.0 |
| 8 | Dark Green | Doyle Hartman | NW/4 & W/2 NE/4 Section 31, T-23-S, R-37-E (236 acres) | Cowden "C" | 4 | C-31-23S-37E | 1 | 236.0 |
| 9 | Dark Blue | Doyle Hartman | W/2 SW/4, SE/4 SW/4 & SW/4 SE/4 Section 30, T-23-S, R-37-E (160 acres) | Cowden "B" | 4 | L-30-23S-37E | 1 | 160.0 |
| Offset Total/Avg | | | | | | | 19 | 132.2 |

* Inactive/Abandoned Well

Entered April 11, 1978

JRH

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. 6197
Order No. R-5701

APPLICATION OF AMERADA HESS CORPORATION
FOR A NON-STANDARD PRORATION UNIT, AN
UNORTHODOX 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 April 5, 1978, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 11th day of April, 1978, 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, Amerada Hess Corporation, seeks approval of a 320-acre non-standard gas proration unit comprising the N/2 of Section 36, Township 23 South, Range 36 East, NMPM, to be simultaneously dedicated to its State LMT Well No. 5 at an unorthodox location in Unit A of said Section 36 and its Well No. 2 in Unit F.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 6197
Order No. R-5701

(5) That Administrative Order No. NSP-744, which approved a 320-acre non-standard unit to be dedicated to applicant's above-described Well No. 5 only, should be superseded.

IT IS THEREFORE ORDERED:

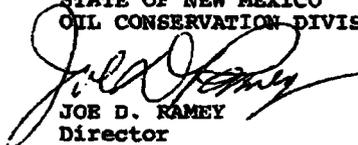
(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 36, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Amerada Hess Corporation State LMT Well No. 5 at an unorthodox location in Unit A and to its State LMT Well No. 2 in Unit F both in said Section 36.

(2) That Administrative Order No. NSP-744 is hereby superseded.

(3) 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 E A L

jr/



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Jennifer A. Salisbury
Cabinet Secretary

November 26, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Apache Corporation
2000 Post Oak Boulevard - Suite 100
Houston, Texas 77056-4400
Attention: Debra J. Anderson
Debra.Anderson@Apachecorp.com

Telefax No. (713) 296-7156

Administrative Order NSL-4665(SD)

Dear Ms. Anderson:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on November 5, 2001 (*application reference No. pKRVO-130946346*); and (ii) the records of the Division in Santa Fe, including the files on Division Administrative Orders NSP-1193, NSP-1194, and NSP-1517(L)(SD): all concerning Apache Corporation's request for an unorthodox infill Jalmat gas well location within an existing lay-down 320-acre non-standard gas spacing and proration unit ("GPU") comprising the N/2 of Section 36, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

The rules and procedures currently governing the Jalmat Gas Pool (79240) include but are not necessarily limited to:

- (i) the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (ii) Division Rule 605.B (2) (b);
- (iii) Division Rules 104.D (2) and 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999;
- (iv) Division Rules 1207.A (2) and (3); and
- (v) the amended Stipulated Declaratory Judgment of the First Judicial District Court in Santa Fe County, New Mexico issued on July 11, 2001 in Hartman vs. Oil Conservation Division, Cause No. D-0101-CV-9902927 ("Stipulated Declaratory Judgment").

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

- (1) Apache Corporation's existing State LM "T" Well No. 9 (API No. 30-025-26616), located at a standard gas well location for this GPU 780 feet from the North line and 1860 feet from the West

Administrative Order NSL-4665(SD)
Apache Corporation
November 26, 2001
Page 2

line (Unit C) of Section 36, which was the subject of Division Administrative Orders NSP-1194, dated May 26, 1980, and NSP-1517(L)(SD); and

- (2) existing State LM "T" Well No. 10 (API No. 30-025-26617), located at an unorthodox gas well location for this 320-acre GPU 1860 feet from the North line and 780 feet from the East line (Unit H) of Section 36, which was the subject of Division Administrative Orders NSP-1193, dated May 26, 1980, and NSP-1517(L)(SD).

By the authority granted me under the provisions of the rules, regulations, and directives currently governing the Jalmat Gas Pool, the following described well recently drilled by Apache Corporation at an unorthodox infill gas well location within this 320-acre GPU is hereby approved:

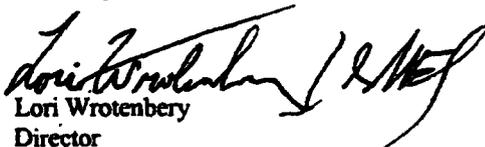
**State LM "T" Well No. 11
1150' FNL & 1750' FEL (Unit B)
(API No. 30-025-35366)**

Also, Apache Corporation is hereby authorized to simultaneously dedicate Jalmat gas production from the State LM "T" Well No. 11 with the existing State LM "T" Wells No. 9 and 10. Furthermore, Apache Corporation is permitted to produce the allowable assigned the subject 320-acre GPU from all three wells in any proportion.

All provisions applicable to the subject GPU in Division Administrative Order NSP-1517(L)(SD), not in conflict with this order, shall remain in full force and affect 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,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: NSP-1193
NSP-1194
NSP-1517(L)(SD)



NSL-4665(50)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 5, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

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

Telefax No. (432) 682-7616

Attention: **Doyle Hartman**

Administrative Order SD-04-03

Dear Mr. Hartman:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on March 29, 2004 (*administrative application reference No. pMES0-412647138*); 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), and NSL-4665 (SD) and Division Case No. 6197 (see Division Order No. R-5701: all concerning your plans for additional development of the Jalmat Gas Pool (79240) within the existing non-standard 320-acre lay-down gas spacing unit comprising the N/2 of Section 36, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

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) your 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) your State LM "T" Well No. 10 (API No. 30-025-26617), located at a standard gas well location 1860 feet from the North line and 780 feet from the East line (Unit H) of Section 36, which well was the subject of Division Administrative Orders NSP-1193, dated May 26, 1980, and NSP-1517 (L) (SD).

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.

Doyle Hartman, Oil Operator

Division Administrative Order SD-04-03

May 5, 2004

Page 2

It is the Division's understanding that the above-described State LM "T" Well No. 10 (API No. 30-025-26617) in Unit "H" is to 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 the subject of Division Administrative Order NSP-744. Further, once Jalmat gas production is established in the State LM "T" Well No. 5, the State LM "T" Well No. 10 will be abandoned.

It is further understood that you propose to drill the State LM "T" Well No. 12 as this unit's fourth active Jalmat gas well at a standard 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.

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 is hereby authorized to simultaneously dedicate Jalmat gas production to this 320-acre non-standard gas spacing unit from the above-described State LM "T" Wells No. 5, 9, 11, and 12. Furthermore, all provisions applicable to the subject 320-acre non-standard gas spacing unit in Division Administrative Orders NSP-1517 (L) (SD) and NSL-4665 (SD), not in conflict with this order, shall remain in full force and affect until further notice.

The provisions of Division Administrative Order NSL-4665 (SD), as to the above-described State LM "T" Well No. 10, shall remain in affect until such time as the State LM "T" Well No. 5 is successfully completed within the Jalmat Gas Pool and commences producing.

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

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MS/mes

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: NSP-1517 (L) (SD)
~~NSL-4665 (SD)~~

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

October 7, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED**ADJACENT AND DIAGONAL JALMAT OPERATORS**

Proposed State "LMT" Non-Standard Jalmat P.U.
NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
Lea County, New Mexico
(240 acres)

Re: Notice and Waiver Request for Non-Standard Jalmat Proration Unit

Gentlemen:

This letter shall serve as (1) our written notice, and (2) request for written waiver, pertaining to our herein enclosed administrative application to the New Mexico Oil Conservation Division, for approval of a new 240-acre, non-standard Jalmat proration unit, consisting of the NW/4, W/2NE/4 Section 36, T-23-S, R-36-E, Lea County, New Mexico.

If you are agreeable to granting a written waiver for our herein proposed administrative application, we respectfully request that you execute this letter (at your earliest convenience), in the space provided below, and promptly return one executed copy in the self-addressed stamped envelope enclosed herewith. The second copy of this letter, as well as the enclosed copy of our administrative application, to the NMOCD, shall be retained for your files.

Yours very truly,

DOYLE HARTMAN, Oil Operator



Steve Hartman
Engineer

**Adjacent and Diagonal Jalmat Operators
Notice and Waiver Request for Proposed State "LMT" Non-Standard Jalmat P.U.
October 7, 2004
Page 2**

APPROVAL IS HEREBY GRANTED

Signature

Company Name

Date

cc: Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

ADJACENT AND DIAGONAL JALMAT OPERATORS

Notice and Waiver Request
Non-Standard Jalmat Proration Unit
Proposed State "LMT" Non-Standard Jalmat P.U.
NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
Lea County, New Mexico
(240 acres)

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15 Smith Road
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RECEIVED

OCT 08 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

CERTIFIED MAIL (RECEIPT NO. 7004 0750 0000 6928 4376), FEDEX & Fax

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

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240-acre Non-standard Jalmat P.U.**

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**Lea County, New Mexico
(240 acres)**

**[NMOCD Order No. R-5701, Approved 04/11/1979 &
Administrative Order NSL-4665(SD), Approved 11/26/2001 &
Administrative Order SD-04-03, Approved 05/05/2004]**

Mr. Stogner:

By copy of this letter, Doyle Hartman hereby makes application for the approval of a new 240-acre, non-standard Jalmat (Gas) proration unit consisting of the NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E, Lea County, New Mexico. The State "LMT" No. 9 and State "LMT" No. 11 Jalmat (Gas) wells are the only active producers situated on the proposed non-standard Jalmat (Gas) proration unit.

Portions of the new 240-acre, non-standard Jalmat (Gas) proration unit were part of the 320-acre, non-standard Jalmat (Gas) proration unit comprising the N/2 Section 36, T-23-S, R-36-E. The 320-acre, non-standard Jalmat (Gas) proration unit was approved by NMOCD Order R-5701, dated April 11, 1978 (copy enclosed). Administrative Order NSL-4665(SD) (copy enclosed), corresponding to the 320-acre State "LMT" Jalmat (Gas) proration unit, granted approval to simultaneously dedicate State "LMT" Nos. 9, 10 and 11 to the subject 320-acre, non-standard Jalmat (Gas) proration unit. Administrative Order SD-04-03 (copy enclosed) granted approval to dedicate the State "LMT" No. 5 well to the 320-acre, non-standard Jalmat (Gas) proration unit. The State "LMT" No. 5 was to be a replacement for the State "LMT" No. 10 well, which was to be abandoned. The subject order also approved for an infill Jalmat (Gas) well, the State "LMT" No. 12, to be drilled within the W/2 NW/4 Section 36, T-23-S, R-36-E.

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
October 7, 2004
Page 2

This past summer, Doyle Hartman recompleted the State "LMT" No. 5 well as a Jalmat (Oil) well. Instead of abandoning the State "LMT" No. 10 well, Doyle Hartman performed an air-foam clean-out, and lowered the rods and tubing below the perforations in the subject well. As a result of the remedial work, the State "LMT" No. 10 was reclassified as a Jalmat (Oil) well.

Since the State "LMT" Nos. 5 and 10 are Jalmat (Oil) wells, Doyle Hartman respectfully requests to subtract the E/2 NE/4 from the N/2 of Section 36, forming a new non-standard Jalmat (Gas) proration unit consisting of the NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E. We also request to dedicate the production from the State "LMT" Nos. 9, 10 and 12 (pending drilling and completion) wells to the proposed 240-acre, non-standard Jalmat (Gas) proration unit. In addition, we also request the respective production from the State "LMT" Nos. 5 and 10 be dedicated to their respective 40-acre tracts. Please refer to the enclosed Acreage Ownership Plat and the corresponding Adjacent and Diagonal Jalmat Operators Table.

Notice of this administrative application, and our request for written waiver (as enclosed herewith), has been sent by certified mail to the applicable diagonal and adjacent offset Jalmat operators, which operators are as follows:

- 1) Lewis B. Burleson, Inc.
Box 2479
200 N. Loraine, Suite 600
Midland, Texas 79702
Attn: Lewis B. Burleson, President
Certified Mail Receipt No. 7004 0750 0000 6928 4314 (Mailed October 7, 2004)

- 2) Burgundy Oil & Gas, Inc.
401 W. Texas, Suite 1003
Midland, Texas 79701
Attn: Bob Statton, Vice-President Reservoir Engineering
Certified Mail Receipt No. 7004 0750 0000 6928 4321 (Mailed October 7, 2004)

- 3) BP America
Box 1610
600 N. Marienfeld
Midland, Texas 79701
Attn: Dave McKenna, Operations Center Manager
Certified Mail Receipt No. 7004 0750 0000 6928 4338 (Mailed October 7, 2004)

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
October 7, 2004
Page 3

- 4) Westbrook Oil Company
Box 2264
1320 N. West County Road
Hobbs, New Mexico 88241
Attn: V.H. Westbrook, Vice-President
Certified Mail Receipt No. 7004 0750 0000 6928 4345 (Mailed October 7, 2004)

- 5) Gruy Petroleum Mgmt. Co.
P.O. Box 14097
Irving, Texas 75014
Attn: R. Douglas Cronk, Sr. V.P. Operations
Certified Mail Receipt No. 7004 0750 0000 6928 4352 (Mailed October 7, 2004)

- 6) ChevronTexaco
15 Smith Road
Midland, Texas 79705
Attn: Greg Hild, NM Area Manager
Certified Mail Receipt No. 7004 0750 0000 6928 4369 (Mailed October 7, 2004)

Very truly yours,

DOYLE HARTMAN, Oil Operator



Steve Hartman
Engineer

cc: New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
Attn: Donna Mull
1625 French Drive
Hobbs, NM 88240

Proposed Jalmat (Gas) Proration Unit

State "LMT"

NW/4, W/2 NE/4

Section 36, T-23-S, R-36-E

(240 acres)

[NMOCD Order No. R-5701 (04/11/1978) &
Administrative Order NSL-4665(SD) (11/26/2001) &
Administrative Order SD-04-03 (05/05/2004)]

23S-36E

23S-37E

Recompleted Jalmat (Oil) Well

State "LMT" No. 5
660' FNL & 660' FEL (A)
Section 36, T-23-S, R-36-E

Existing Jalmat (Gas) Well

State "LMT" No. 9
780' FNL & 1860' FWL (C)
Section 36, T-23-S, R-36-E

Existing Jalmat (Oil) Well

State "LMT" No. 10
1860' FNL & 780' FEL (H)
Section 36, T-23-S, R-36-E

Existing Jalmat (Gas) Well

State "LMT" No. 11
1150' FNL & 1750' FEL (B)
Section 36, T-23-S, R-36-E

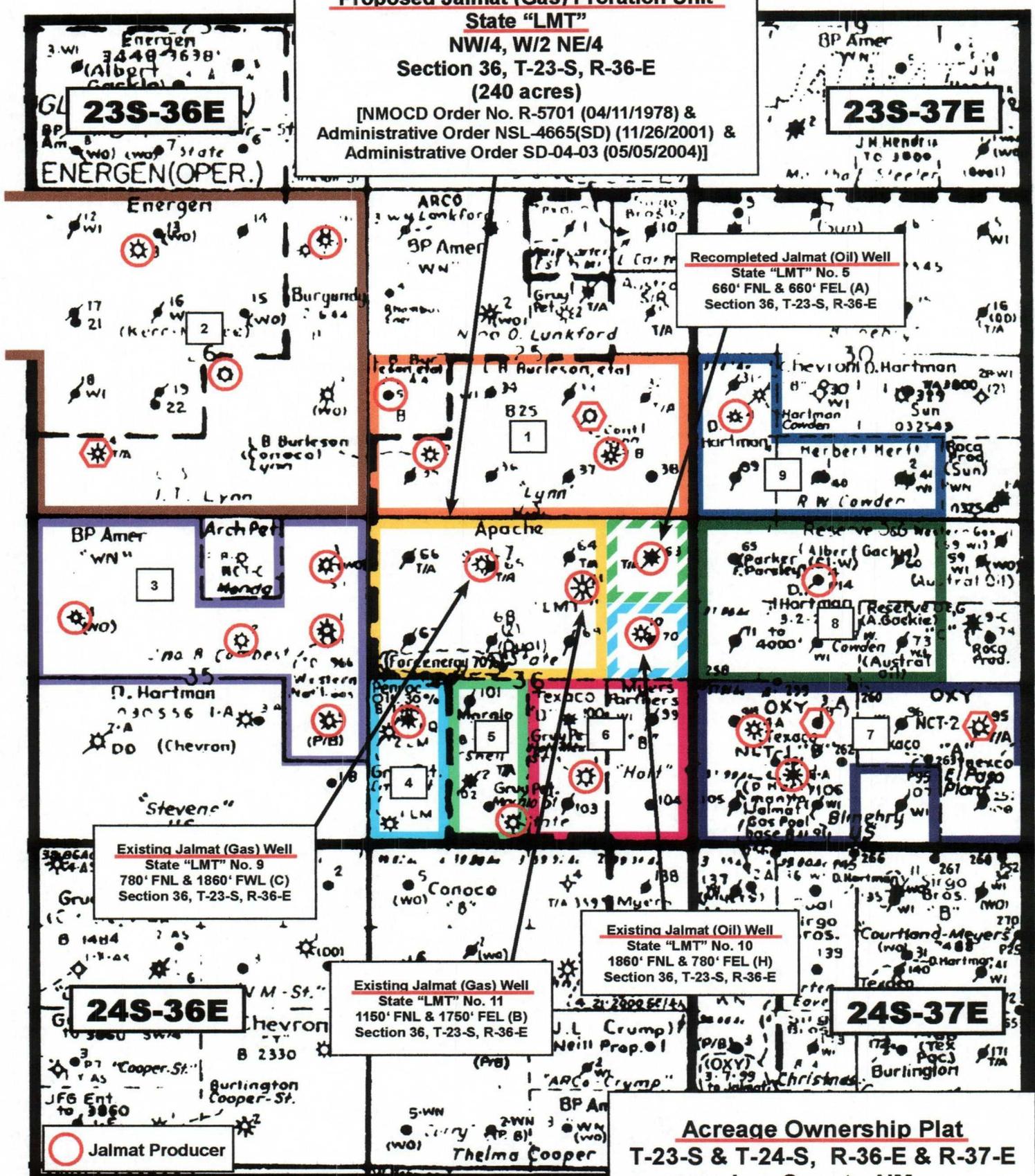
24S-36E

24S-37E

Acreage Ownership Plat

T-23-S & T-24-S, R-36-E & R-37-E
Lea County, NM

 Jalmat Producer



Adjacent and Diagonal Jalmat Operators
 Doyle Hartman-operated
 Proposed State "LMT" Jalmat P.U.
 NW/4, W/2 NE/4 Section 36, T-23-S, R-36-E
 Lea County, New Mexico
 (240 acres)
 [NMOC Order No. R-5701, Approved 04/11/1978 &
 Administrative Order NSL-4685(SD), Approved 11/28/2001 &
 Administrative Order SD-04-03, Approved 05/09/2004]

| Tract | Color Code | Operator | Jalmat P.U. Description | Lease Name | Well No. | Jalmat Well Location(s) | No. of Active Wells | Offset Well Spacing (acres/well) |
|------------------|--------------|--------------------------|--|-------------------------------------|-------------------------|--|---------------------|----------------------------------|
| 1 | Orange | Lewis B. Burtleson, Inc. | S/2 Section 25 T-23-S, R-36-E (320 acres) | Lynn "B-25" | 1* 2 3 5 | J-25-23S-36E M-25-23S-36E P-25-23S-36E L-25-23S-36E | 3 | 106.7 |
| 2 | Brown | Burgundy Oil & Gas, Inc. | Section 26 & NE/4 Section 27 T-23-S, R-36-E (800 acres) | Lynn "B-1" | 1 3 4* 7 17 | J-26-23S-36E C-26-23S-36E M-26-23S-36E A-27-23S-36E A-26-23S-36E | 4 | 200.0 |
| 3 | Light Purple | BP America | NW/4, SW/4 NE/4, E/2 NE/4, NE/4 SE/4 Section 35, T-23-S, R-36-E (320 acres) | John P. Combest "WN" | 1Y 2 3 4 5 | H-35-23S-36E G-35-23S-36E A-35-23S-36E E-35-23S-36E I-35-23S-36E | 5 | 64.0 |
| 4 | Light Blue | Westbrook Oil Co. | W/2 SW/4 Section 36 T-23-S, R-36-E (80 acres) | Penroc State "Q" | 1 | L-36-23S-36E | 1 | 80.0 |
| 5 | Light Green | Gruy Petroleum Mgmt. Co. | NE/4 & W/2 Section 36, T-23-S, R-36-E (80 acres) | Maralo State | 1 | N-36-23S-36E | 1 | 80.0 |
| 6 | Pink | Gruy Petroleum Mgmt. Co. | SE/4 Section 36 Section 36, T-23-S, R-36-E (160 acres) | Holt Mexico State Corn | 1 | O-36-23S-36E | 1 | 160.0 |
| 8 | Dark Purple | ChevronTexaco | SW/4, N/2 SE/4, SE/4 SE/4 Section 31 & S/2 SW/4 Section 32 T-23-S, R-37-E (358 acres) | E E Blinbrey "A" Federal NCT-1 Corn | 2* 4 5 97* | I-31-23S-37E L-31-23S-37E N-31-23S-37E K-31-23S-37E | 2 | 178.0 |
| 8 | Dark Green | Doyle Hartman | NW/4 & W/2 NE/4 Section 31, T-23-S, R-37-E (236 acres) | Cowden "C" | 4 | C-31-23S-37E | 1 | 236.0 |
| 9 | Dark Blue | Doyle Hartman | W/2 SW/4, SE/4 SW/4 & SW/4 SE/4 Section 30, T-23-S, R-37-E (160 acres) | Cowden "B" | 4 | L-30-23S-37E | 1 | 160.0 |
| Offset Total/Avg | | | | | | | 19 | 132.2 |

* Inactive/Abandoned Well

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

October 7, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

ADJACENT AND DIAGONAL JALMAT OPERATORS

**Proposed State "LMT" Non-Standard Jalmat P.U.
NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
Lea County, New Mexico
(240 acres)**

Re: Notice and Waiver Request for Non-Standard Jalmat Proration Unit

Gentlemen:

This letter shall serve as (1) our written notice, and (2) request for written waiver, pertaining to our herein enclosed administrative application to the New Mexico Oil Conservation Division, for approval of a new 240-acre, non-standard Jalmat proration unit, consisting of the NW/4, W/2NE/4 Section 36, T-23-S, R-36-E, Lea County, New Mexico.

If you are agreeable to granting a written waiver for our herein proposed administrative application, we respectfully request that you execute this letter (at your earliest convenience), in the space provided below, and promptly return one executed copy in the self-addressed stamped envelope enclosed herewith. The second copy of this letter, as well as the enclosed copy of our administrative application, to the NMOCD, shall be retained for your files.

Yours very truly,

DOYLE HARTMAN, Oil Operator



Steve Hartman
Engineer

Adjacent and Diagonal Jalmat Operators
Notice and Waiver Request for Proposed State "LMT" Non-Standard Jalmat P.U.
October 7, 2004
Page 2

APPROVAL IS HEREBY GRANTED

Signature

Company Name

Date

cc: Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

ADJACENT AND DIAGONAL JALMAT OPERATORS

Notice and Waiver Request
Non-Standard Jalmat Proration Unit
Proposed State "LMT" Non-Standard Jalmat P.U.
NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
Lea County, New Mexico
(240 acres)

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Attn: Bob Statton, Vice-President Reservoir Engineering
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- 3) BP America
Box 1610
600 N. Marienfeld
Midland, Texas 79701
Attn: Dave McKenna, Operations Center Manager
Certified Mail Receipt No. 7004 0750 0000 6928 4338 (Mailed October 7, 2004)

- 4) Westbrook Oil Company
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15 Smith Road
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DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

October 7, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

ADJACENT AND DIAGONAL JALMAT OPERATORS

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NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
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(240 acres)**

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Yours very truly,

DOYLE HARTMAN, Oil Operator



Steve Hartman
Engineer

Adjacent and Diagonal Jalmat Operators
Notice and Waiver Request for Proposed State "LMT" Non-Standard Jalmat P.U.
October 7, 2004
Page 2

APPROVAL IS HEREBY GRANTED

Signature

Company Name

Date

cc: Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

ADJACENT AND DIAGONAL JALMAT OPERATORS

Notice and Waiver Request
Non-Standard Jalmat Proration Unit
Proposed State "LMT" Non-Standard Jalmat P.U.
NW/4, W/2NE/4 Section 36, T-23-S, R-36-E
Lea County, New Mexico
(240 acres)

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

RECEIVED

OCT 18 2004

OIL CONSERVATION DIVISION

Oil Conservation Division
1220 S Francis Dr
Santa Fe, NM 87505

RE: Proposed;
MC
DHC
NSL
NSP X 50
SWD
WFX
PMX

Gentlemen:

I have examined the application for the:

Operator: Doyle Hartman
Lease & Well No. Unit-S-T-R: State LMT # 9-C-36-235-36e, State LMT # 11-B-36-235-36e, State LMT # 12-D-36-235-36e
API #: API # 30-025-2661, API # 30-025-3536, API # pending

And my recommendations are as follows:

OK

Yours very truly,

Chris Williams (Signature)

Chris Williams
Supervisor, District I