



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 22, 2004

Mark E. Fesmire, P.E.

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-04-10

Dear Mr. Hartman:

Reference is made to the following: (i) your initial application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on March 29, 2004 (*administrative application reference No. pMES0-412735351*); (ii) the Division's response by letter from Mr. Michael E. Stogner, Engineer/Hearing Officer in Santa Fe, on May 6, 2004 **denying** this application; (iii) your re-submittal of an amended form of this application on July 14, 2004; and (iv) the Division's records in Santa Fe, including the file on Division Administrative Order SD-80-12: all concerning Doyle Hartman's plans for additional development of the Jalmat Gas Pool (79240) within the existing non-standard 160-acre gas spacing unit comprising the NE/4 of Section 22, 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.

This 160-acre unit was initially established by Division Order No. R-520, issued in Case No. 673 on August 12, 1954, and currently has dedicated thereon the following two wells:

- (1) your New Mexico "AA" State Well No. 1 (**API No. 30-025-09374**), located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 22; and
- (2) your New Mexico "AA" State Well No. 4 (**API No. 30-025-09377**), located at a standard infill gas well location 660 feet from the North line and 1855 feet from the East line (Unit B) of Section 22, which well was the subject of Division Administrative Orders SD-80-12, dated November 10, 1980.

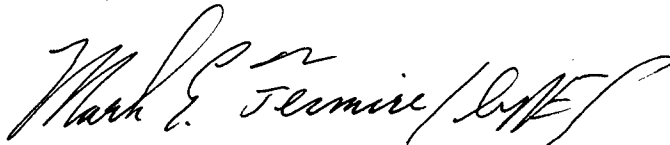
It is the Division's understanding that the above-described New Mexico "AA" State Well No. 4 in Unit "B" is to be replaced with your proposed New Mexico "AA" State Well No. 7 to be drilled at a standard infill gas well location, either: (i) 660 feet from the North line and 810 feet from the East line (Unit A) of Section 22; or (ii) 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 22. FURTHER, once Jalmat gas production is established in the New Mexico "AA" State Well No. 7, the New Mexico "AA" State Well No. 4 will be abandoned.

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 160-acre non-standard gas spacing unit from both the above-described New Mexico "AA" State Wells No. 1 and 7.

IT IS FURTHER ORDERED HOWEVER THAT the provisions of Division Administrative Order SD-80-12, as to the above-described New Mexico "AA" State Well No. 4, shall remain in affect until such time as the proposed New Mexico "AA" State Well No. 7 is successfully completed within the Jalmat Gas Pool and commences producing. At that time the provisions of Division Administrative Order SD-80-12 shall become null and void and that said order is 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: SD-80-12