

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

March 15, 1978

NSP-1089
Rule 5(C) 3. B1670
April 20, 1978

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: R. L. Stamets

Re: Request for Non-Standard
Proration Unit
Gulf-Greer No. 1
SW/4 Section 21
T-22-S, R-37-E
Lea County, New Mexico

Gentlemen:

On March 7, 1978, I filed a C-101 and C-102 with NMOCC for permission to drill a 3675-foot Jalmat Gas test to be located 1980' FSL and 990' FWL Sec. 21, T-22-S, R-36-E, Lea County, New Mexico. Upon the successful completion of the subject well as a Jalmat Gas producer, I am requesting that the NMOCC approve a 160-acre non-standard spacing unit for the proposed well consisting of the SW/4 Section 21.

The acreage being dedicated to my Gulf-Greer No. 1 was previously dedicated to Gulf's H. D. Greer No. 1 located 1980' FSL and 1980' FWL of Sec. 21. At the initiation of Conoco's South Eunice Unit waterflood, the H. D. Greer No. 1 was abandoned in the Jalmat Gas Pool and was recompleted as a water injection well in the South Eunice Pool. The present designation for H. D. Greer No. 1 is the South Eunice Unit No. 18.

Three copies of a plat showing the location of the newly proposed well and spacing unit are enclosed.

Copies of this application and plat have also been sent to all offsetting operators owning Jalmat Gas rights. A list of these operators is as following:

Sun Oil Company
Box 1861
Midland, Texas 79702
Attn: Mr. John Hawks

Dallas McCasland
1000 Ave. N
Eunice, New Mexico 88231

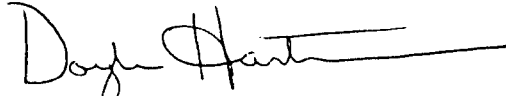
March 15, 1978

New Mexico Oil Conservation Commission
R. L. Stamets
continued

Continental Oil Company
Box 1959
Midland, Texas 79701

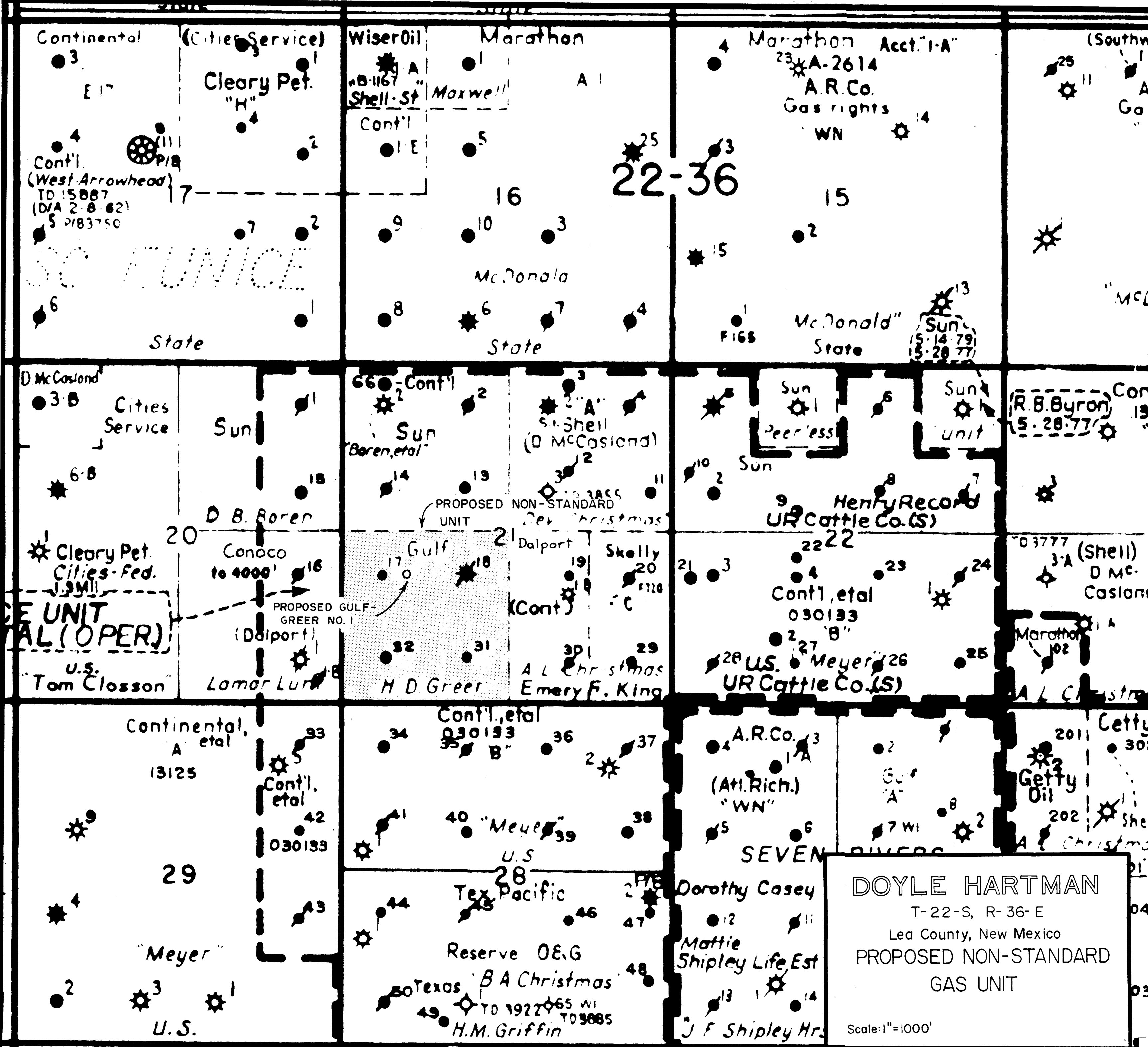
Dalport Oil Corporation
3471 First National Bank Bldg.
Dallas, Texas 75202
Attn: W. L. Todd, Jr.

Sincerely yours,


Doyle Hartman

DH/hw

cc: P. E. Corrigan (2)
Hugh Corrigan (1)
R. E. Galvin (3)



DOYLE HARTMAN

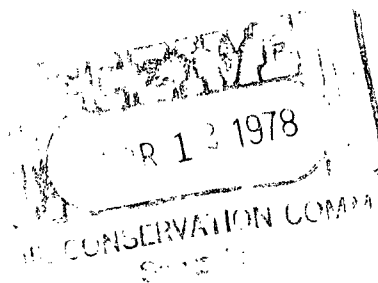
Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

April 06, 1978



Mr. E. L. Oshlo, Assistant Division Manager
Continental Oil Co.
Box 460
101 North Turner
Hobbs, New Mexico 88240

Re: Completion Interval
Gulf-Greer No. 1
1980' FSL & 990' FWL
Sec. 21, T-22-S, R-36-E
Lea County, New Mexico

Dear Mr. Oshlo:

I am in receipt of your letter of April 5, 1978, in which Conoco requests that we restrict the completion on our Gulf-Greer No. 1 well located in the SW/4 Sec. 21, T-22-S, R-36-E, Lea County, New Mexico to that portion of the Jalmat Gas Pool which lies above 232 feet above the top of the Queen formation or above the approximate depth of 3468 feet.

Enclosed for your review is a copy of a portion of the assignment from Gulf Oil Corporation that describes the acreage and vertical interval farmed out by Gulf to P. Edward Corrigan in Section 21, T-22-S, R-36-E. As you will notice in Gulf's farmout description, it is indicated that under section 2-(g) on page 3 of the Unit Agreement covering the South Eunice Unit that dry gas produced from the vertical limits of the Jalmat Gas Pool has been excepted from the definition of unitized substances.

Furthermore, in an effort to be more specific, I am enclosing for your review an actual copy of Section 2-(G) on page 3 of the Unit Agreement covering the South Eunice Unit. Underlined in red is that part of Section 2-(g) which excludes from the unitized substances any dry gas produced from the vertical limits of the Jalmat Gas Pool.

A quick review of the geology in the SW/4 Sec. 21, T-22-S, R-36-E, shows that not only the entire Jalmat interval is a dry gas reservoir, but that also the upper portion of the South Eunice Pool was also originally a dry gas reservoir. It is apparent that the NMOCC's intent, when allowing the unitized interval for the South Eunice Unit to include the lower 132 feet of the Jalmat interval, was to provide Conoco a means of economically waterflooding those lower structural areas of the South Eunice Unit which originally contained oil in the lower 132 feet of the Jalmat interval. I do not believe that the NMOCC's ruling pertaining to the unitized interval for the South Eunice Unit was made for the purpose of sacrificing the remaining recoverable gas reserves in lower 132 feet of the Jalmat Gas Pool in Sec. 21, T-22-S, R-36-E for the benefit of the owners of the South Eunice Rights within the Unit Area. Because it is obvious that

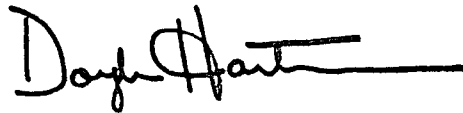
Page 2

Mr. E. L. Oshlo, Assistant Division Manager
Continental Oil Co.

a portion of the unitized interval within the South Eunice Unit is a dry gas reservoir, it is my hope that from the start of South Eunice Unit water injection that Conoco has acted as a prudent operator and made every effort possible to prevent water from entering the dry gas portions of the Jalmat interval.

At this time, we are presently drilling on our Gulf-Greer No. 1 at a total depth of 3036 feet. Since the subject well will reach total depth within a few days, if Conoco has any other comments concerning our proposed Jalmat Gas completion, please let me hear from you as soon as possible.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'Doyle Hartman', with a long horizontal stroke extending to the right.

Doyle Hartman

DH/hw

Enclosure

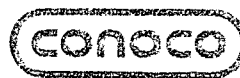
cc: New Mexico Oil Conservation Commission, Attn: Mr. R. L. Stamets
Box 2088
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

Gulf Energy and Minerals Co. - U.S.A.
Drawer 1150
Midland, Texas 79702
Attn: C. F. Kalteyer

Hugh Corrigan III,
P. O. Box 3388
Vero Beach, Florida 32960

Patrick Edward Corrigan
Box 76
Midland, Texas 79702



L. P. Thompson
Division Manager

E. L. Oshlo
Assistant Division Manager

Production Department
Hobbs Division
North American Production

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

APR 7 1978

April 5, 1978

Doyle Hartman, Oil Operator
Suite 508, C&K Petroleum Building
Midland, Texas 79701

Waiver

Dear Mr. Hartman:

Request for Non-Standard Proration Unit - Gulf-Greer No. 1, Section 21,
T-22-S, R-37-E, Lea County, New Mexico

Your application to the New Mexico Oil Conservation Commission dated March 15, 1978 on the above subject has been forwarded to us from our Midland office. You mention NMOCC permission to drill a 3675' Jalmat gas test on the proposed unit. We feel that we should call to your attention two possible problems in connection with your proposed total depth. First, the Jalmat gas pool extends from the top of the Tansill formation to a point 100' above the top of the Queen formation. A quick review of formation tops in this area indicates the Queen formation to be at a depth of approximately 3700'. Thus, the base of the Jalmat pool would be at about 3600'. Within the geographic area of the South Eunice Unit, however, the unitized interval extends from the base of the Queen to a point 232' above the top of the Queen formation. Assuming the Queen to be at 3700', you would have to confine your completion above a depth of 3468'.

We have no objection to your non-standard gas proration unit, but do request that you confine your completion to the interval which is not included within the South Eunice Unit. Since we do not have a copy of the assignment from Gulf to you, we would assume that Gulf has not assigned you intervals which have already been committed by them to the South Eunice Unit.

Yours very truly,

E. L. Oshlo

VTL/jj

CC: ✓ NMOCC, Box 2088, Santa Fe, New Mexico 87501
NMOCC, Box 1980, Hobbs, New Mexico 88240
Gulf Energy & Minerals Co.-U.S., ATTN: C. F. Kalteyer, Drawer 1150,
Midland, Texas 79702

OIL CONSERVATION COMMISSION
HOBBS DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE March 21, 1978

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____
NSP X

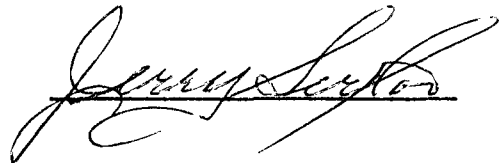
Gentlemen:

I have examined the application dated _____
for the Doyle Hartman Gulf Greer No. 1-L 21-22-36
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.----J.S.

Yours very truly,



ASSIGNMENT OF GAS RIGHTS

STATE OF NEW MEXICO |

COUNTY OF LEA |

This assignment and agreement made and entered into by and between GULF OIL CORPORATION, hereinafter referred to as "Assignor" or as "Gulf", and P. EDWARD CORRIGAN, hereinafter referred to as "Assignee", whether one or more, upon the following terms and conditions:

W I T N E S S E T H :

Leasehold Estate Assigned. Assignor, as the owner of the following described Lease insofar as it covers the land described below, to which Lease and its record reference is here made for all purposes:

Oil and Gas Lease dated April 9, 1927, executed by Henry D. Greer, as Lessor, in favor of F. E. Vosburg, as Lessee, covering, among other land, the SW/4 of Section 21, T-22-S, R-36-E, N.M.P.M., Lea County, New Mexico, and which Lease is recorded in Book 4, Page 628 of the Oil & Gas Lease Records of Lea County, New Mexico;

for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to it paid, the receipt of which is hereby acknowledged, does by these presents assign and transfer unto P. EDWARD CORRIGAN, as Assignee, the following described leasehold estate rights in and underlying the following described land:

Gulf's leasehold estate rights in the gas from the surface to a depth not to exceed 4,000 feet below the surface in the SW/4 of Section 21, T-22-S, R-36-E, N.M.P.M., Lea County, New Mexico, as further defined and limited below:

1. All gas rights from the surface to a depth 232 feet above the top of the Queen formation, such depth being at approximately 3,589 feet below the surface; and,
2. All dry gas and associated hydrocarbons produced from gas wells which are completed in and produce from the vertical limits of the Jalmat gas pool, as

defined in Oil Conservation Commission of the State of New Mexico Order No. R-1670, and being those gas rights excepted from the definition of "Unitized Substances" in SECTION 2 (g) on page 3 of the Unit Agreement covering the South Eunice Unit entered into on June 15, 1970, and of which Continental Oil Company is the Operator.

The gas rights herein assigned are subject to that certain Gas Purchase Agreement entered into between Gulf, as Seller, and Permian Basin Pipeline Company, as Buyer, on February 18, 1952, as amended.

It is specifically understood, however, that the rights herein assigned are subject to, and Assignor reserves unto itself, its successors and assigns, the right to use as much of the surface of the leasehold estate herein assigned as it deems necessary to explore for, develop, produce, save and market oil and gas from any portion of the leasehold estate covered by the above described Lease owned by Assignor and not herein assigned. All operations conducted by Assignor pursuant to the rights herein reserved shall be conducted so as not to interfere with Assignee's development and operation of the assigned leasehold estate.

This assignment is expressly made subject to the following conditions and covenants, to-wit:

1. Compliance with Lease Obligations. Assignee agrees to perform all obligations, express or implied, of Assignor under the above described Lease insofar as such obligations are applicable to the rights herein assigned, as well as all of the obligations hereof.

2. Test Well and Effect of Failure to Drill. Assignee obligates himself to begin within ninety (90) days from the effective date of this instrument the actual drilling of a test well in search of gas on the assigned premises. Assignee obligates himself to drill said test well with due diligence and dispatch, in a good and workmanlike manner to the depth hereinafter specified at the following location on the assigned leasehold estate:

Unit Agreement
South Eunice Unit

(c) "Secretary" is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.

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

(e) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey.

(f) "Unitized Formation" is defined as the interval between the base of the Queen formation to a point 232 feet above the top of the Queen formation; provided, that in no event shall the Unitized formation extend below a depth of 4000 feet from the surface of the ground. The top and the base of the Queen formation are shown at the depths of 3821' and 4023' respectively, on the Gamma-Ray-Sonic log run in the Continental Oil Company West Arrowhead Deep Unit Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of Section 17, Township 22 South, Range 36 East, N. M. P. M.

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

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

(i) "Tract Participation" is defined as that percentage of Unitized Substances produced from the Unitized Formation which is allocated to a Tract under this Agreement.

(j) "Unit Participation," of each Working Interest Owner, is defined as the sum of the percentages obtained by multiplying such Working Interest Owner's fractional Working Interest in each tract by the Tract Participation of such Tract.

(k) "Working Interest" is defined as the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil and gas lease, or otherwise held.