

James H. Isbell

OIL PROPERTIES

727 MIDLAND TOWER BUILDING

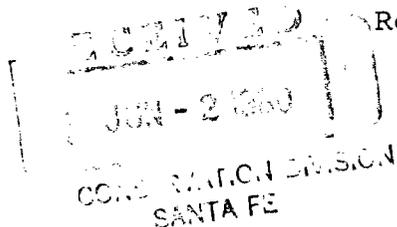
MIDLAND, TEXAS 79701

AREA CODE 915/684-3933

May 28, 1980

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

Attention: Mr. Joe D. Ramey
Director



Re: Case No. 6846
Order No. R-6333
NE/4 Section 13
T-21-S, R-36-E, N.M.P.M.
Lea County, New Mexico
Gutman #1 and #2 Wells

Gentlemen:

This is to confirm our telephone conference of Wednesday, May 28, 1980, relative to the captioned matter and your verbal response to certain questions raised by my letter of May 13, 1980. In this connection, you have advised that it was the intention of the Oil Conservation Division in its captioned order that a reasonable period of time to evaluate the #2 well (the first well drilled) would be given prior to drilling the second well. I am advised by Mr. Hartman's offices that the well was hooked up Tuesday, May 27, and to date there has been no period for evaluation. As you recall, I also advised you by my May 13 letter that to date we have been unable to agree on the terms of an operating agreement although I have sent to Mr. Hartman an executed agreement and my attorney has attempted to negotiate on my behalf in an effort to obtain a compromise.

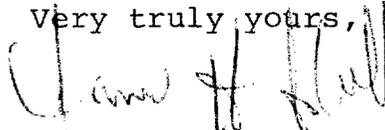
I am enclosing a copy of a letter from Mr. Hartman dated May 22, 1980, stating that "we have been advised by our attorney that although some parties have paid their invoiced share of the development costs, in the event they have not signed the operating agreement by the deadline date of May 31, 1980, they will still be considered non-consenting parties. If this happens, each non-consenting party's prepayment will be refunded." In this connection, you have advised me that this is not the case. I have also been advised by counsel that the force-pooling order does not become applicable simply

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
May 28, 1980
Page 2

because Mr. Hartman's form of operating agreement has not been executed. For the record, I wish to state that I do intend to participate in the #1 well if, after a reasonable period of time, the production data indicates that it would be economically and geologically advisable to drill the second well. I have signed an AFE and have paid my share of the costs for the #1 well. I have requested copies of invoices for costs attributable to the #1 well from Mr. Hartman and, to date, I have received no invoices.

With the above matters in mind, it appears that the only reasonable way to clarify these questions would be for me to file an action on behalf of myself and others before the Oil Conservation Division requesting a determination of that body as to whether Mr. Hartman is in compliance with the above referenced order. In this connection, my attorney will be in contact with the Division; however, please advise me if my understanding of the situation is incorrect.

Very truly yours,



James H. Isbell

JHI:lh

cc: Mr. Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

Mr. Conrad Coffield, Esq.
Hinkle, Cox, Eaton, Coffield & Hensley
1000 First National Bank Tower
Midland, Texas 79701

Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

May 22, 1980

CERTIFIED MAIL

All Non-Consenting Parties
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: NE/4 Section 13, T-21-S,
R-36-E, Lea County, N.M.

Gentlemen:

Reference is made to our recent compulsory pooling of all unpooled interests in the NE/4 Section 13, T-21-S, R-36-E, Lea County, New Mexico (NMOCD Order No. R-6333).

On May 1, 1980 we mailed each party by registered mail a final request for prepayment and also asked that each party who wished to voluntarily join in the drilling of the first well return a signed copy of the AFE and Detail Well Estimate for the well, along with a signed copy of the Operating Agreement covering the NE/4 Section 13 as furnished to you on April 1, 1980, and a check for each party's invoiced share of the estimated development cost. We have been advised by our attorney that although some parties have paid their invoiced share of the development costs, in the event they have not signed the Operating Agreement by the deadline date of May 31, 1980, they will still be considered non-consenting parties. If this happens, each non-consenting party's prepayment will be refunded.

We would appreciate your prompt attention in this matter since there are only nine days remaining before the deadline.

Very truly yours,



Doyle Hartman

DH/mh

James H. Isbell
OIL PROPERTIES

727 MIDLAND TOWER BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915/684-3933

April 10, 1980

Mr. Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

Re: Gutman Nos. 1 and 2 Wells
Lea County, New Mexico

Dear Sir:

I am enclosing herewith an executed original and copy of your proposed operating agreement (containing certain revisions) relating to the subject well. If it meets with your approval, please execute the original, returning it to me and retaining the copy for your files.

Upon receipt of your drilling well prognosis and proposed spud date, I will be happy to discuss an arrangement for the payment of drilling costs with you.

Very truly yours,

James H. Isbell

JHI:llh

Enclosures

*Delivered
4/10/80*

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

May 9, 1980

Michelle Hembree

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

Attention: Mr. Joe D. Ramey
Director

Re: Gutman No. 2
1650 FNL & 1980 FEL (G)
Section 13, T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

In accordance with NMOCD Order No. R6333 concerning force-pooling of all unconsolidated mineral interest in NE/4 Section 13, T-21-S, R-36-E, Lea County, New Mexico, please find enclosed a copy of our letter mailed May 1, 1980 to all parties who were force-pooled, enclosing AFE's, Operating Agreements, and final requests for prepayment.

As of this date, Arco Oil and Gas Company has agreed to voluntarily join in the drilling of the Gutman No. 2 (which is now logging at a total depth of 4213'), but none of the other force-pooled parties has responded to our request. They have, however, been notified daily of the drilling progress of the well.

If I can furnish anything further, please let me know.

MAY 13 1980
OIL CONSERVATION DIVISION
SANTA FE

Very truly yours,

DOYLE HARTMAN

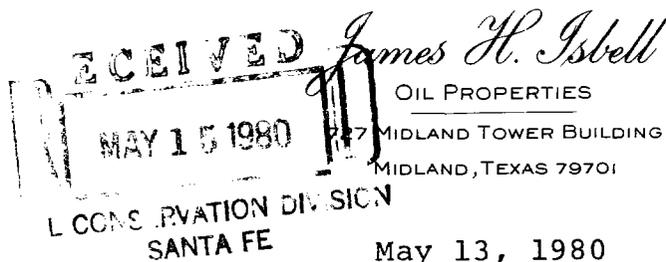
Michelle Hembree

Michelle Hembree
Administrative Assistant

/mh

Enclosures as above

cc: Mr. William F. Carr
Campbell and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501



AREA CODE 915/684-3933

May 13, 1980

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

Attention: Mr. Joe D. Ramey, Director

Re: Case No. 6846
Order No. R-6333
NE/4 Section 13
T-21-S, R-36-E, N.M.P.M.
Lea County, New Mexico

Gentlemen:

In connection with the captioned matter, I enclose herewith a photostatic copy of my check to Mr. Doyle Hartman in the amount of \$88,044.41 representing payment for estimated drilling and completion costs for the Gutman #2 well located in the S/2 of the captioned lands. I am also enclosing herewith a copy of a letter from myself to Mr. Hartman evidencing my efforts to reach a compromise agreement concerning an operating agreement covering the subject lands. My attorney, Mr. Conrad Coffield, of Hinkle, Cox, Eaton, Coffield & Hensley, has also attempted to negotiate on my behalf for a compromise operating agreement. To date, these efforts have not been successful. It, therefore, appears that I will not have the benefit of protection of an operating agreement.

I am also enclosing herewith a copy of an undated letter to all nonconsenting parties which in essence is a final request for prepayment. As I read this letter, it appears to request prepayment for both the wells No. 1 and No. 2. This is not in accordance with my reading of your captioned order.

With the above matters in mind, I wish to formally request the Commission to notify me as to whether prepayment for the #1 well is to be made prior to a determination of whether the #2 well is a commercial success. Further, in order to

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
May 13, 1980
Page 2

evaluate whether the #2 well is a commercial success, it will be necessary for me to obtain photostatic copies of invoices so that a reasonable cost figure for the #1 well can be estimated.

It is my position that there is no necessity for prepayment of drilling costs on the #1 well until it is determined that it would be "reasonable" to drill such well. Secondly, it is impossible to determine whether the #1 well would be economically successful until the reasonable costs of the #2 well has been determined. Without access to actual drilling costs, there is no way to calculate economics.

I am formally requesting a clarification of these matters in plenty of time to allow me to make a decision without encountering the possibility of being force pooled as to the second well (the Gutman #1 located in the N/2 NE/4 of the captioned acreage).

Very truly yours,



James H. Isbell

JHI:llh

Enclosures

cc: Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

James H. Isbell
OIL PROPERTIES
727 MIDLAND TOWER BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915/684-3933

April 10, 1980

Mr. Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

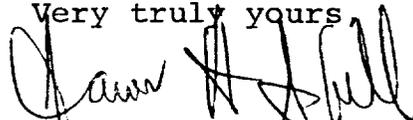
Re: Gutman Nos. 1 and 2 Wells
Lea County, New Mexico

Dear Sir:

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Upon receipt of your drilling well prognosis and proposed spud date, I will be happy to discuss an arrangement for the payment of drilling costs with you.

Very truly yours


James H. Isbell

JHI:llh

Enclosures

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

CERTIFIED MAIL

All Non-Consenting Parties
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: Final Request for Prepayment
Gutman No. 1 and No. 2
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico.

Gentlemen:

Please find enclosed two copies of an AFE and Detail Well Estimate for my proposed Gutman No. 1 and Gutman No. 2 plus a final request for prepayment of the estimated drilling and completion costs for the two wells. On April 30, 1980 the New Mexico Oil Conservation Division entered a favorable order concerning my application before the NMOCD (6846) wherein I had requested approval for a non-standard Eumont gas proration unit for the two proposed wells, two non-standard locations, and compulsory pooling of all non-consenting parties in the NE/4 Section 13. The effective date of the NMOCD order is April 30, 1980.

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 Gutman No. 1 and No. 2 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 NE/4 Section 13 as furnished to you on April 1, 1980, plus a check for your invoiced share of the estimated development cost.

If the second of the two proposed wells (Gutman No. 1) is not spudded within thirty days from today due to an extended evaluation period for the first well (Gutman No. 2), a revised AFE for the Gutman No. 1 will be furnished just prior to the spudding of the well. However, it is anticipated that an extended evaluation period for the Gutman No. 2 will not be necessary, and the Gutman No. 1 will probably be spudded shortly after completion of the Gutman No. 2, which is now drilling at a total depth of 1899 feet.

May 1, 1980
Page 2

Very truly yours,


Doyle Hartman

DH/mh
Enclosures as above

cc: Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

DOYLE HARTMAN

Oil Operator

SUITE 508

C & K PETROLEUM BUILDING
MIDLAND, TEXAS 79701

(915) 684-4011

CERTIFIED MAIL

All Non-Consenting Parties
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

Re: Final Request for Prepayment
Gutman No. 1 and No. 2
NE/4 Section 13, T-21-S, R-36-E
Lea County, New Mexico

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MAY 13 1980
SANTA FE

May 1, 1980
Page 2

Very truly yours,


Doyle Hartman

DH/mh
Enclosures as above

cc: Mr. William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87501

CAMPBELL AND BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL



POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

March 14, 1980

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Case 6846: Application of Doyle Hartman for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

This letter is to advise you that the applications filed on behalf of Doyle Hartman which were consolidated into the above-referenced case failed to list as a working interest owner Arco Oil and Gas Company. Arco owns a 6.25% working interest in each of the two units which are the subject matter of Mr. Hartman's compulsory pooling application. I, therefore, request that you treat this letter as an amendment to Mr. Hartman's application, thereby including Arco Oil and Gas Company among those whose interests we are seeking to force pool.

Your attention to this matter is appreciate.

Very truly yours,

A handwritten signature in cursive script that reads "William F. Carr". The signature is written in black ink and is positioned below the typed name.

William F. Carr

WFC:lr

cc: Mr. Doyle Hartman

RECEIVED
MARCH 23 1980
OIL CONSERVATION DIVISION
SANTA FE

James H. Isbell
OIL PROPERTIES
727 MIDLAND TOWER BUILDING
MIDLAND, TEXAS 79701

AREA CODE 915/684-3933

March 24, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Oil Conservation Division
New Mexico Department of
Energy and Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

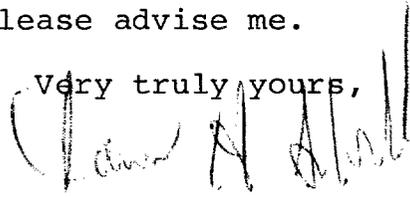
Re: Case #6846
NE/4 Section 13
T-21-S, R-36-E
Lea County, New Mexico

Gentlemen:

Please be advised that I have now obtained oil and gas leases on working interest owners D and E noted in the captioned case. I intend to join in the drilling of two wells, therefore, these parties should be officially dropped from these proceedings.

If you have any questions, please advise me.

Very truly yours,



James H. Isbell

JHI:llh

cc: Mr. Doyle Hartman
508 C & K Petroleum Building
Midland, Texas 79701

