

CORRESPONDENCE PERTAINING TO
DOYLE HARTMAN - A. L. CHRISTMAS NO. 1
UNORTHODOX LOCATION APPLICATION

990' FNL and 460' FWL (D)
Section 18, T-22-S, R-37-E
Lea County, New Mexico

1. Doyle Hartman's July 27, 1989 letter to New Mexico Oil and Gas Conservation Division pertaining to 148-acre Non-Standard Eumont Proration Unit Application and corresponding Unorthodox Eumont (Gas) Location Application.
2. Doyle Hartman's August 10, 1989 letter to Marathon Oil Company responding to telephone call from Marathon about Hartman's A. L. Christmas No. 1 Unorthodox Location Application.
3. Marathon's letter dated August 16, 1989 to New Mexico Oil and Gas Conservation Division officially opposing Hartman's A. L. Christmas Unorthodox Location Application.
4. Doyle Hartman's letter of August 30, 1989 to New Mexico Oil and Gas Conservation Division exploring an expedited administrative approval of a Eumont location consisting of 990' FNL and 610 FWL Section 18, T-22-S, R-37-E.
5. Marathon's September 6, 1989 letter to the New Mexico Oil and Gas Conservation Division responding to Hartman's letter to the New Mexico Oil and Gas Conservation Division of August 30, 1989.

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>Hartman</u>	EXHIBIT NO. <u>1</u>
CASE NO.	<u>9766</u>

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

July 27, 1989

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Victor T. Lyons
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

_____ EXHIBIT NO. _____

CASE NO. _____

Re: A. L. Christmas No. 1
W/2 W/2 Section 18
T-22-S, R-37-E
Lea County, New Mexico
(148-acre proration unit)
1. Non-Standard Proration Unit
2. Unorthodox Location
3. Notice of Section 103
Infill Application

Gentlemen:

We are in the process of filing Forms C-101 and C-102 with the Oil Conservation Division District I Office for permission to drill our newly proposed A. L. Christmas No. 1 well as an infill Eumont (Gas) well at a non-standard Eumont (Gas) location consisting of 990' FNL & 460' FWL (D), Section 18, T-22-S, R-37-E, Lea County, New Mexico.

We hereby request administrative approval for reactivation of the previously approved 148-acre Eumont (gas) non-standard proration unit consisting of the W/2 W/2 Section 18, T-22-S, R-37-E, Lea County, New Mexico, which was previously dedicated to Gulf Oil Company's now abandoned A. L. Christmas "C" No. 5, situated in L-18-22S-37E, and which will now be dedicated to the proposed A. L. Christmas No. 1 well (D-18-22S-37E). The existing 148-acre non-standard proration unit was dedicated to the A. L. Christmas "C" No. 5 after a Commission hearing in 1956 by OCD Order NSP-341.

We are also requesting approval of an unorthodox Eumont (gas) location consisting of 990' FNL & 460' FWL (D) because of the existence of various surface obstructions as discussed in detail below:

1. The 148-acre non-standard proration unit consisting of the W/2 W/2 Section 18 contains four (4) contiguous lots instead of four (4) contiguous 40-acre tracts and therefore, the width of the existing proration unit is 1220' instead of the standard 1320' for a full 40-acre square.

New Mexico Oil Conservation Division
A. L. Christmas No. 1
July 27, 1989
Page 2

In light of the rectangular shape of the existing proration unit and the fact that the width of the proration unit is only 1220' wide, it is therefore impossible to simultaneously drill a well 660' from both the east and west lease lines of the proration unit.

2. Each of the lots comprising the W/2 W/2 Section 18 contains two (2) previously existing wellbores (some of which are currently producing and several of which are now abandoned, but nevertheless restricting the number of locations available for a new well).
3. A high voltage power line located approximately 600' FWL of Section 18 runs essentially north and south through the center of the W/2 W/2 Section 18. The high voltage power line (and the safety aspects associated therewith) becomes a major hindrance to placing a well along the center-line of the subject proration unit. Chevron (Gulf), in the past and apparently in the interest of safety, has placed its A. L. Christmas "C" wells approximately 150' away from the power line.
4. Texaco has a pipeline that crosses Unit D diagonally from northwest to southeast and essentially crosses over the location consisting of 990' FNL and 800' FWL of Section 18. Furthermore, Shell also has a pipeline that crosses Unit D from southwest to northeast approximately 100' northwest of our proposed infill location.

Due to a combination of the geometry of the existing 148-acre proration unit, (including a width of only 1220'), the existence of numerous wellbores, a high-voltage power line, the necessary drilling rig layout, and the proximity to two pipelines, the proposed location of 990' FNL & 460' FWL Section 18 appears to be a safe and reasonable location for the proposed infill well.

Furthermore, if the proposed well is completed as a commercial producer and in compliance with any currently applicable requirements of the Natural Gas Policy Act of 1978, an application if required will be submitted to the New Mexico Oil Conservation Division to obtain administrative approval for the well as a Section 103 infill well.

Three copies of a color-coded land map outlining the previously approved 148-acre Eumont (Gas) proration unit (NSP-341) as well as the proposed location of our A. L. Christmas No. 1 infill well are enclosed for your review. Supplementing the enclosed color-coded land plat is a companion table describing by tract number and color all Eumont (gas) proration units (including the operators of the Eumont gas rights) that offset the proposed A. L. Christmas No. 1 infill well. Also included on the companion table are Marathon's McDonald State A/C 2 No. 11 (A-13-22S-36E) and No. 26 (J-13-22S-36E) wells, both of which are high GOR Eumont casinghead wells that produce from the Eumont (Penrose) gas interval.

Complete copies of this application have also been sent by certified mail to

New Mexico Oil Conservation Division
A. L. Christmas No. 1
July 27, 1989
Page 3

all offsetting parties owning Eumont (Gas) rights as described on the enclosed plat and table. The following is a list of the offsetting Eumont (Gas) operators:

Presidio Exploration, Inc.
5613 DTC Parkway, Suite 750
Englewood, Colorado 80111-3035

Meridian Oil, Inc.
#6 Desta Drive
Midland, Texas 79701

Chevron USA, Inc.
Post Office Box 1150
Midland, Texas 79702

Attention: Mr. Alan W. Bohling
Division Proration Engineer

Amerada Hess Corporation
Post Office Box 840
Seminole, Texas 79360

Attention: Mr. Gilbert E. Miller

Kirby Exploration of Texas
Post Office Box 1745
Houston, Texas 77251

ARCO Oil and Gas Co.
Post Office Box 1610
Midland, Texas 79702

Attention: Mr. Craig Payken
Area Engineer

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

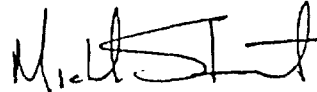
Attention: Mr. Clifford A. Miller
District Engineer

Thank you for your consideration in this matter.

New Mexico Oil Conservation Division
A. L. Christmas No. 1
July 27, 1989
Page 4

Very truly yours,

DOYLE HARTMAN



Michael Stewart
Engineer

MS/mw
Enclosure

cc: New Mexico Oil Conservation Division
District I Office
Post Office Box 1980
Hobbs, New Mexico 88240

Attention: Mr. Jerry Sexton

Mr. J. E. Gallegos
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Mr. Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

Mr. William P. Aycock
1207 W. Wall
Midland, Texas 79701

Mr. Harold Swain
Doyle Hartman, Oil Operator
Post Office Drawer M
Jal, New Mexico 88252

Chevron USA, Inc.
Post Office Box 670
Hobbs, New Mexico 88240

Attention: Mr. J. C. Prindle
Joint Venture Coordinator

P.O. Box 2098

Santa Fe, New Mexico 87504-2038

All Distances must be from the outer boundaries of the section

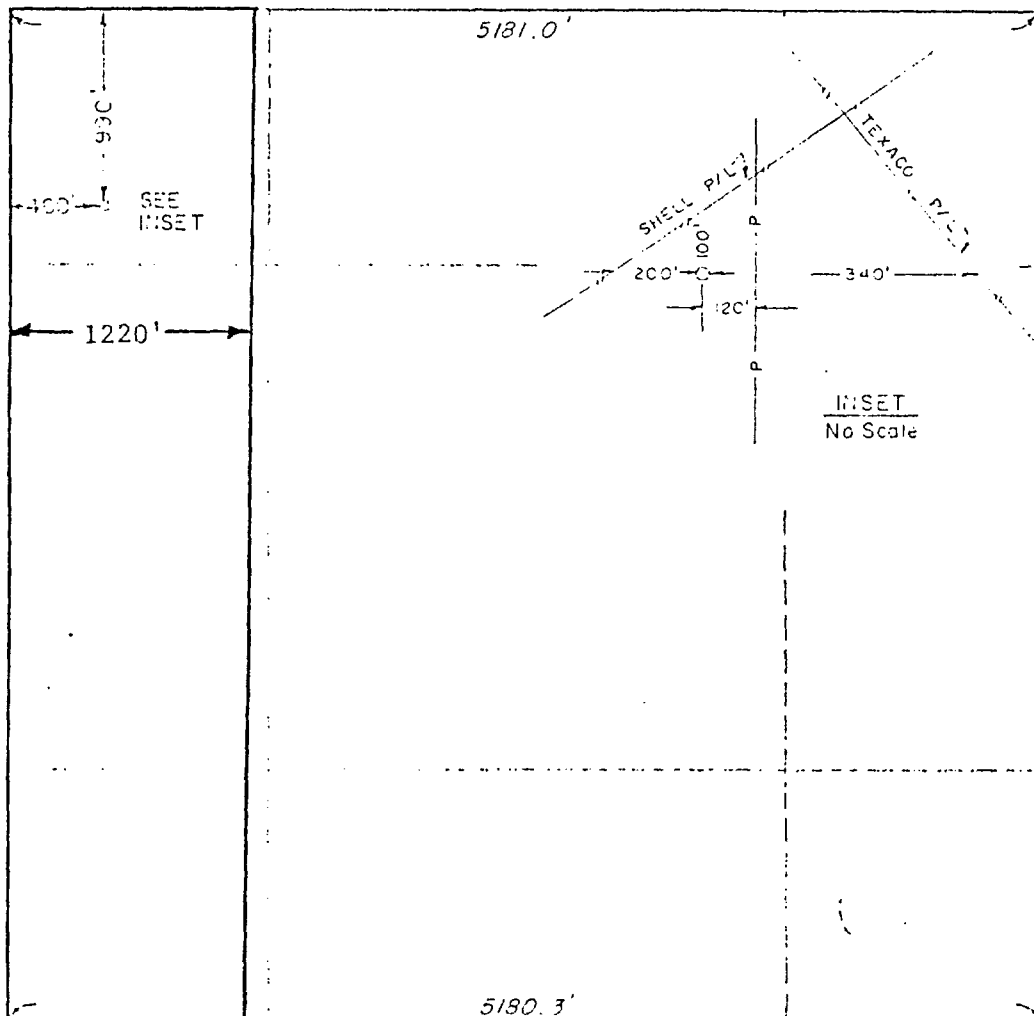
INSTRUCTIONS
1. On Rio Hatos Rd., Ariz. NM 87410

Operator		Lease		Well No.	
Dorle Hartman, Oil Operator		A.L. Christmas		1	
Lot Letter	Section	Township	Range	County	
D	18	22 South	37 East	NMPM, Utah	
Actual Surface Location of Well					
990	feet from the	North	line and	500	feet from the
Ground level Elev	Producing Formation	Pool			North
					line
					Dedicated Acreage:
3434.5	Queen (Penrose)	Eumont (Gas)		148	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease or different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force pooling, etc.?

Yes No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and trust descriptions which have actually been consolidated. (Use reverse side of this form if necessary)

For all other interests, the wellhead interests have been consolidated (by communitization, unitization, forced pooling, or otherwise) or until a non standard unit, dominating such interest, has been approved by the Division.



I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature: Michael Stewart
Printed Name: Michael Stewart
Position: Engineer
Company: Doyle Hartman, Oil Operator
Date: 7-26-89

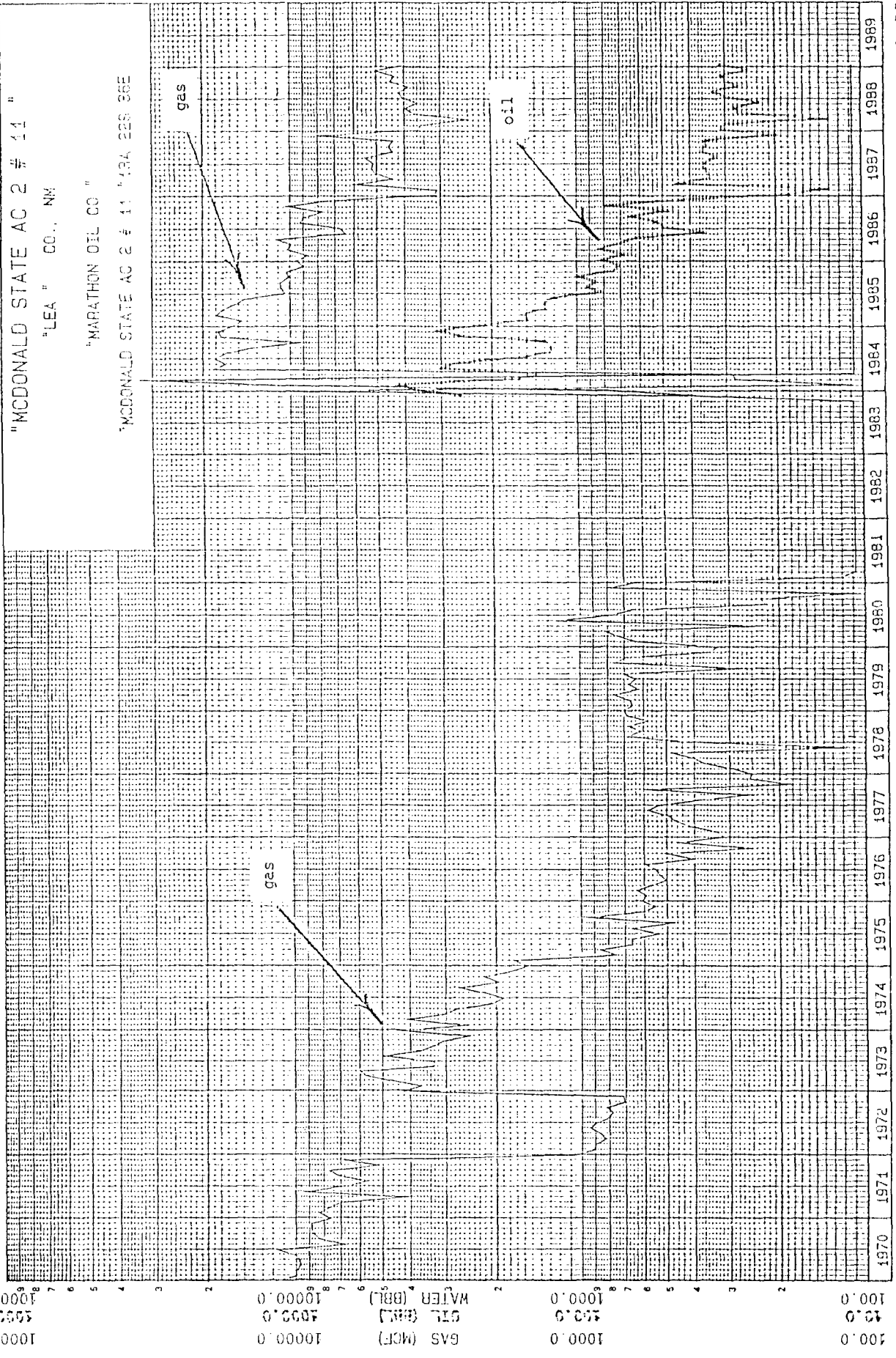
I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me, or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date: July 25, 1929
 Submitted by: [illegible]
 President: [illegible]



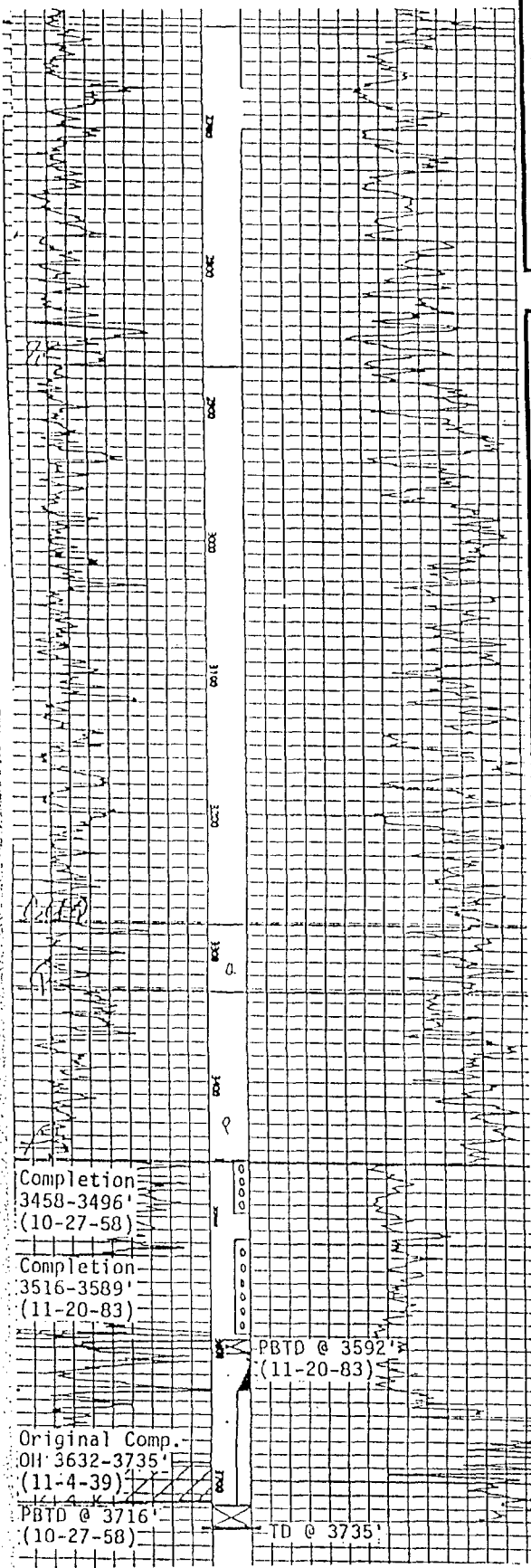
PRODUCTION

Date: 07/26/89
Time: 15.45.04



DOYLE HARTMAN
Oil Operator

YEARS



COMPANY Marathon

WELL Mc Donald State AC-2 No. 11

FIELD Eumont Gas / Arrowhead Oil

LOCATION 330 FNL & 330 FEL (A)
Section 13, T-22-S, R-36-E

COUNTY Lea

STATE New Mexico

ELEVATIONS: KB _____
DF 3452
GL 3441

COMPLETION RECORD

SPUD DATE 10-19-39 COMP. DATE 11-16-39

TD 3735 PBTD _____

CASING RECORD 9 5/8 @ 362, w/175
7 @ 3632, w/600

PERFORATING RECORD OH: 3632 - 3735

STIMULATION

IP F = 38 BOPD + 700 MCFPD

GOR _____ GR _____

TP _____ CP _____

CHOKE _____ TUBING _____ @ _____

REMARKS 10-28-58: PBTD @ 3716.
A/1500 OH. Per @ 3610. Perf 3458 -
96. A/750. SOW/10,000 + 10,000.
C F/6700 MCFPD. Dual Completed.

11-23-62: T.A'd. Arrowhead.

12-1-83: CIBP @ 3592. Perf
3516-89. A/1500. F/40 BOPD +
91 BWPD. SOW/40,000 + 45,000.
Eumont Oil Pool.

COMPANY Marathon

WELL McDonald State A/C 2 No. 26

FIELD Eumont

LOCATION 1980 FSL & 1980 FEL (J)
Section 13, T-22-S, R-36-E

COUNTY Lea

STATE New Mexico

ELEVATIONS: KB _____
DF _____
GL _____

COMPLETION RECORD

SPUD DATE 12-12-57 COMP. DATE 2-20-58

TD 3705 PBTD 3462

CASING RECORD 9 5/8 @ 351 w/ 250
5 1/2 @ 3704 w/ 1310

PERFORATING RECORD Perf: 3186-3440

STIMULATION A/1000
SDF/40,000 + 40,000

IP F = 1042 MCFPD

GOR _____ GR _____

TP 71.5 CP 840

CHOKE 1/4 TUBING _____ @ _____

REMARKS Lower Penrose tested w/R.
8-29-83: Drilled out cement &
BP to 3473: A/3000, Perfs 3528-94
w/2164. Tested/30 BOPD + 50 BWPD
w/Eumont (3186-3440) included.
PBTD @ 3100.

Original Comp.
3186-3440'
(2-28-58)

Completion
3523-3594'
(8-29-83)

Attempted Comp.
3616-3696' Sqzd.
(2-28-58)

PBTD @ 3600'
(8-29-83)

TD @ 3705'

Date: 07/26/99
Time: 16:37.43

PRODUCTION

File: MCDON.DS
Get#: 3



DOYLE HARTMAN
Oil Operator

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

July 27, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Offset Eumont (Gas) Operators
A. L. Christmas No. 1
W/2 W/2 Section 18, T-22-S, R-37-E
Lea County, New Mexico
(148 acres)

We respectfully request your approval of our administrative request before the New Mexico Oil Conservation Division (see attached letter dated July 27, 1989) to reactivate the previously approved 148-acre Eumont (Gas) proration unit consisting of the W/2 W/2 Section 18, T-22-S, R-37-E, Lea County, New Mexico. Said proration unit will be dedicated to Doyle Hartman's newly proposed A. L. Christmas No. 1 well, to be drilled at an unorthodox Eumont (Gas) location consisting of 990' FNL & 460' FWL (D) Section 18, T-22-S, R-37-E.

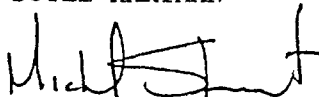
This letter will also serve as your notice of our intention to ultimately qualify our A. L. Christmas No. 1 as a Section 103 infill well under the Natural Gas Policy Act of 1978, if necessary.

Please indicate your approval of our requests by signing one (1) copy of this waiver and returning it in the enclosed stamped, self-addressed envelope at your earliest convenience.

Thank you for your consideration in this matter.

Very truly yours,

DOYLE HARTMAN



Michael Stewart
Engineer

MS/mw
Enclosure

A. L. Christmas No. 1
Offset Eumont (Gas) Operators
July 27, 1989
Page 2

Approved this _____ day of _____, 1989

Presidio Exploration, Inc.

By: _____

Title: _____

Meridian Oil, Inc.

By: _____

Title: _____

Chevron USA, Inc.

By: _____

Title: _____

Amerada Hess Corporation

By: _____

Title: _____

Kirby Exploration of Texas

By: _____

Title: _____

Marathon Oil Company

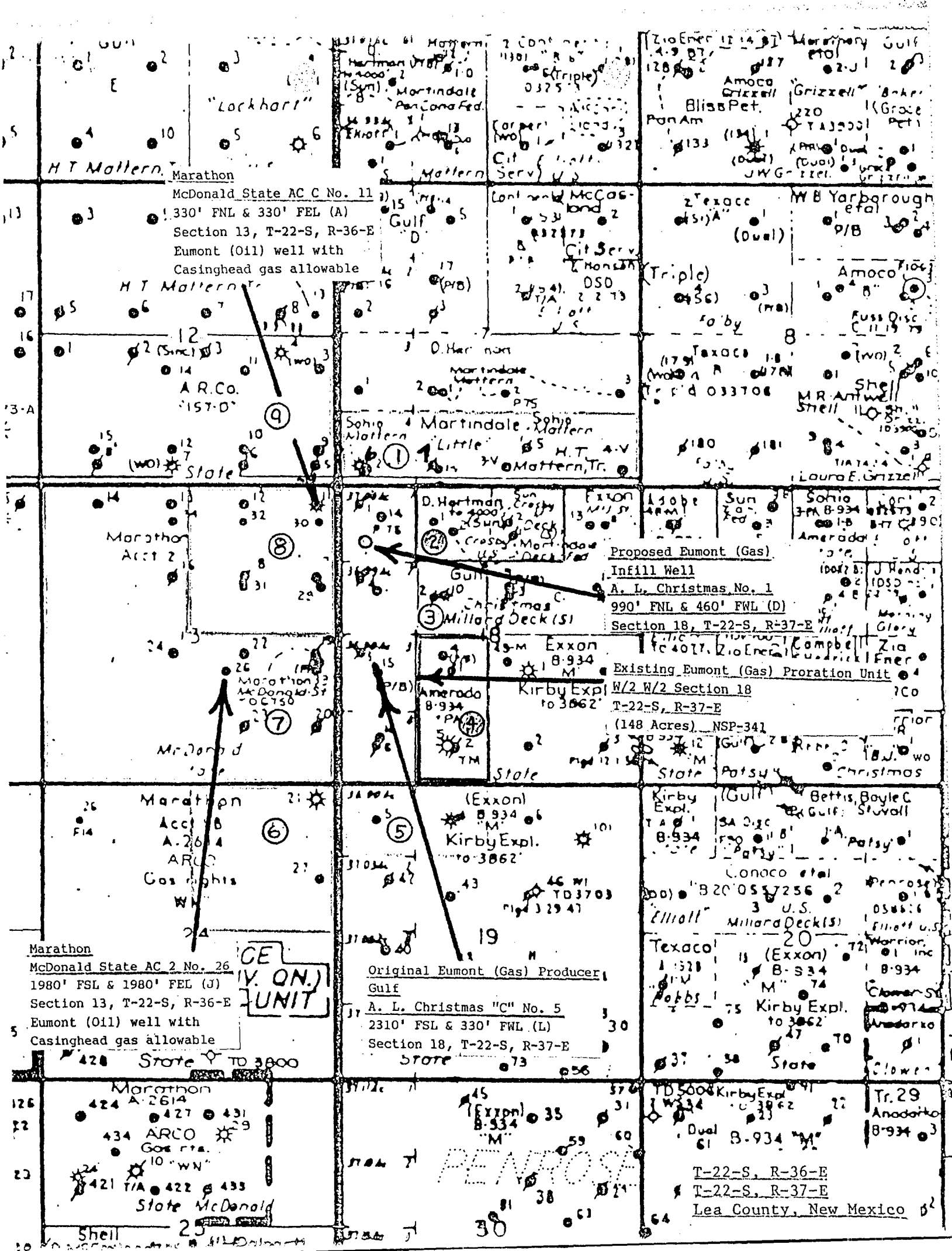
By: _____

Title: _____

OFFSET EUMONT (GAS) OPERATORS
A. L. Christmas No. 1
W/2 W/2 Section 18, T-22-S, R-37-E
Lea County, New Mexico
(148 Acres)

Tract No. 1 (Green)	Operator Presidio Exploration, Inc.	Lease & Well Name(s) Mattern No. 7	Gas Well Location(s) N-7-22S-37E	Unit Description S/2 S/2 Section 7, T-22-S, R-37-E	Number of Acres 160
2 (Red)	Meridian Oil, Inc.	Ruby S. Crosby No. 1	C-18-22S-37E	NW/4 NE/4, NE/4 NW/4 Section 18, T-22-S, R-37-E	80
3 (Orange)	Chevron, U.S.A.	Christmas Lease	Non-Producing Non-Dedicated	SE/4 NW/4 Section 18, T-22-S, R-37-E	40
4 (Purple)	Amerada Hess Corp.	State PA #5	N-18-22S-37E	E/2 SW/4 Section 18, T-22-S, R-37-E	80
5 (Pink)	Kirby Exploration of Texas, Inc.	State "M" Lease	Non-Producing Non-Dedicated	N/2 NW/4 Section 19, T-22-S, R-37-E	80
6 (Blue)	ARCO Oil & Gas	McDonald WN State #21	A-24-22S-36E	NE/4 Section 24, T-22-S, R-36-E	160
7 (Orange)	Marathon Oil Company	McDonald State A/C 2 #26	J-13-22S-36E	*NW/4, S/2 Section 13 T-22-S, R-36-E	480
8 (Blue)	Marathon Oil Company	McDonald State A/C 2 #11	A-13-22S-36E	*NE/4 Section 13 T-22-S, R-36-E	160
9 (Pink)	ARCO Oil & Gas	State 157 D #4 State 157 D #7	I-12-22S-36E M-12-22S-36E	S/2 Section 12, T-22-S, R-36-E	320

*Currently classified as Eumont (Penrose) oil wells with a casinghead gas allowable.



"Lockhart"

H T Mattern

Marathon

McDonald State AC C No. 11

330' FNL & 330' FEL (A)

Section 13, T-22-S, R-36-E

Eumont (Oil) well with

Casinghead gas allowable

H T Mattern

A.R.Co.

157-D

Marathon

Acct 2

McDonald

Marathon

Acct 8

A.2614

ARCO

Gas rights

WN

Marathon

McDonald State AC 2 No. 26

1980' FSL & 1980' FEL (J)

Section 13, T-22-S, R-36-E

Eumont (Oil) well with

Casinghead gas allowable

State TO 3800

Marathon

424 A.2614

427

431

434 ARCO

Gas rta.

10 "WN"

421 T/A

422

433

State McDonald

Shell

Original Eumont (Gas) Producer

Gulf

A. L. Christmas "C" No. 5

2310' FSL & 330' FWL (L)

Section 18, T-22-S, R-37-E

State

T-22-S, R-36-E

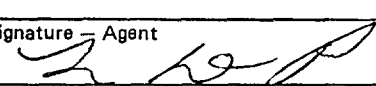
T-22-S, R-37-E

Lea County, New Mexico

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑

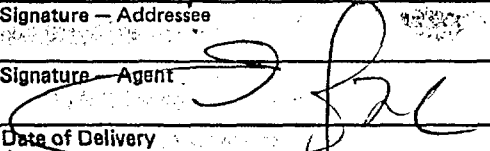
3. Article Addressed to: Chevron USA, Inc. P. O. Box 1150 Midland, Texas 79702 Attention: Alan W. Bohling A. L. Christmas #1 8-30-89	4. Article Number 9248 449170 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	SEP 6 1989
7. Date of Delivery 9-5-89	

PS Form 3811, Mar. 1987 ★ U.S.G.P.O. 1987-178-268 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery

3. Article Addressed to: Kirby Exploration of Texas P. O. Box 1745 Houston, Texas 77251 A. L. Christmas #1 8-30-89	4. Article Number 9963 183 571 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	SEP 1 1 1989
7. Date of Delivery SEP 7 - 1989	

PS Form 3811, Feb. 1987 DOMESTIC RETURN RECEIPT

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Craig Payken ARCO Oil and Gas Company P. O. Box 1610 Midland, Texas 79702 A. L. Christmas #1 8-30-89		4. Article Number P 699 101 628 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED !	
5. Signature — Addressee X		8. Addressee's Address (ONLY if requested and fee paid) SEP 1 1989	
6. Signature — Agent X <i>[Signature]</i>			
7. Date of Delivery 8-31-89			

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑

3. Article Addressed to: Presidio Exploration, Inc. 5613 DTC Parkway, Suite 750 Englewood, Colorado 80111-3035 A.L. Christmas #1 8-30-89		4. Article Number P 963 449 168 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED .	
5. Signature — Addressee X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X			
7. Date of Delivery SEP 1 1989			

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Gilbert Miller Amerada Hess Corporation P. O. Box 840 Seminole, Texas 79360 A. L. Christmas #1 8-30-89		4. Article Number P 963 183 570 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and DATE DELIVERED .	
5. Signature — Addressee X <i>[Signature]</i>		8. Addressee's Address (ONLY if requested and fee paid) 1989 USPO	
6. Signature — Agent X			
7. Date of Delivery 9-1-89			

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: Mr. John F. Strong Marathon Oil Company P. O. Box 552 Midland, Texas 79702 A. L. Christmas #1 8-30-89	4. Article Number P 248 449 167 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) <div style="text-align: center; font-size: 1.2em;">SEP 1 1989</div>
6. Signature — Agent <i>Sammy Edwards</i>	
7. Date of Delivery 8-31-89	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery
↑(Extra charge)↑ ↑(Extra charge)↑

3. Article Addressed to: Meridian Oil, Inc. #6 Desta Drive Midland, Texas 79705 A. L. Christmas #1 8-30-89	4. Article Number P 248 449 169 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) <div style="text-align: center; font-size: 1.2em;">SEP 1 1989</div>
6. Signature — Agent <i>W. W. Wells</i>	
7. Date of Delivery	

PS Form 3811, Mar. 1987

★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Mr. Clifford A. Miller Marathon Oil Company P. O. Box 552 Midland, Texas 79702 A.L. Christmas #1 8-30-89	4. Article Number Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Addressee X	8. Addressee's Address (ONLY if requested and fee paid) <div style="text-align: center; font-size: 1.2em;">SEP 1 1989</div>
6. Signature — Agent <i>Sammy Edwards</i>	
7. Date of Delivery 8-31-89	

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 10, 1989

CERTIFIED, RETURN RECEIPT REQUESTED

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attention: Mr. Kent Craig

Re: Doyle Hartman's
Proposed Infill Well
A.L. Christmas No.1
W/2 W/2 Section 18
T-22-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to our letter to the New Mexico Oil Conservation Division dated July 27, 1989 (copy enclosed) wherein we requested reinstatement of the 148-acre Eumont proration unit consisting of the W/2 W/2 Section 18, T-22-S, R-37-E, which was previously approved by the NMOCD under Order NSP-341 and was originally dedicated to Chevron's (Gulf's) A.L. Christmas "C" No. 5 well located 2310' FSL and 330' FWL of Section 18, T-22-S, R-37-E. In our letter to the NMOCD of July 27, 1989, we also requested approval for an unorthodox location for our proposed A.L. Christmas No. 1 infill Eumont gas well and gave a detailed explanation for our request.

Today, you talked with Mike Stewart of our office about our application for an unorthodox location and implied that we should move the existing high voltage powerline that runs north-south along the centerline of the W/2 W/2 Section 18, T-22-S, R-37-E so that our proposed A.L. Christmas can be drilled along the centerline of the W/2 W/2 Section 18. Like Marathon, it is also our opinion that a high voltage powerline should not have been built at a location that prohibits the drilling of new wells at orthodox well locations as per the rules and regulations of the NMOCD; but the powerline in question is now in place and furthermore, it does not belong to us.

Because of the geometry of the subject 148-acre proration unit, if a well cannot be drilled along the centerline of the W/2 W/2

Marathon Oil Company
A.L. Christmas No. 1
August 10, 1989
Page 2

Section 18, it then becomes necessary to move the proposed location in either an easterly or westerly direction which means that a well must be drilled closer than 610 feet from the east or west lease lines of the A.L. Christmas lease. The width of the W/2 W/2 Section 18 is 1220 feet and therefore, the centerline of the W/2 W/2 Section 18 is 610 feet from the east and west lease lines.

We are also enclosing for your review an acreage ownership plat depicting the proposed location for our A.L. Christmas No. 1 located in D-18-22S-37E as well as the location of Marathon's existing McDonald State No. 11 located in A-13-22S-36E. As you can see from the enclosed plat, your McDonald State No. 11 is situated 330 feet from the common lease line separating our two leases whereas our proposed location is situated 460 feet from the same lease line.

A review of the enclosed geologic cross-section shows that both your McDonald State No. 11 and our proposed A.L. Christmas No. 1 (once completed) will have completion intervals consisting of the Eumont Penrose interval. However, because the McDonald State No. 11 is classified as a Eumont oil well, the subject well is entitled to a daily casinghead allowable of 800 MCFPD. Based on an average daily allowable for a 160-acre Eumont gas well for the year 1988 of 237 MCFPD, a Eumont oil well in 1988 was entitled to an allowable that was 14.9 times greater, on an acreage basis, than a Eumont gas well producing from the very same zone.

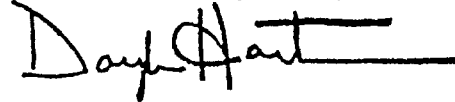
We believe that the NMOCD's definition of correlative rights implies that an operator should be afforded the opportunity to produce his fair share of the reserves from a reservoir so long as that operator is willing to avail himself of the opportunity. Marathon's McDonald State No. 11 well is a Eumont Penrose producer that is situated 130 feet closer to the common lease line between our leases than we are proposing for our A.L. Christmas No. 1. Marathon's McDonald State No. 11 also has a substantial allowable advantage over our proposed A.L. Christmas No. 1 Eumont gas well being that the McDonald State No. 11 is classified as a casinghead well and is entitled to an allowable of 800 MCFPD/well. Surely Marathon is not suggesting at this time that our proposed A.L. Christmas No. 1 should receive an additional allowable penalty over and above the penalty that it will already suffer relative to the McDonald State No. 11 because of the existing high voltage line that runs north and south along the centerline of the W/2 W/2 Section 18, T-22-S, R-37-E.

Since the proposed A.L. Christmas No. 1 is being drilled on a farmout from Chevron and time is of the essence in commencing the subject well due to a previously agreed-to farmout deadline, we respectfully request that you promptly approve and return our

Marathon Oil Company
A.L. Christmas No. 1
August 10, 1989
Page 3

application of July 27, 1989. If we can be of any further assistance to you in this matter, please let us know.

Very truly yours,



Doyle Hartman

DH/ps
Enclosures

cc: Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attention: Mr. John F. Strong
Mid-Continent Manager

Chevron USA Inc.
Post Office Box 1150
Midland, Texas 79702
Attention: Mr. Alan W. Bohling
Division Proration Engineer

Chevron USA Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. R.C. Anderson

Mr. Victor T. Lyons
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Gallegos Law Firm
141 East Palace Avenue
Santa Fe, New Mexico 87501
Attention: Mr. J. E. Gallegos

Mr. Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

Mr. James A. Davidson
Post Office Box 494
Midland, Texas 79702

Marathon Oil Company
A.L. Christmas No. 1
August 10, 1989
Page 4

Mr. James E. Burr
2505 Emerson Drive
Midland, Texas 79705

Ms. Ruth Sutton
2826 Moss
Midland, Texas 79705

Mr. Larry Nermyr
Post Office Box 4106
Sidney, Montana 59270

Mid-Continent Region
Exploration United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

August 16, 1989

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

AIRBORNE OVERNIGHT DELIVERY

Attention: Mr. Victor T. Lyons

Re: Doyle Hartman's Application for Unorthodox Well Location
Our Lease NM-106 - McDonald State Lease A-2614
All of Section 13, T-22-S, R-36-E,
Our South Eunice Area
Lea County, New Mexico

Gentlemen:

Reference is made to Doyle Hartman's (Hartman) July 27, 1989, Application for Administrative Approval for an unorthodox location for a Eumont (Gas) well at a non-standard Eumont (Gas) location of 990' FNL and 460' FWL of Section 18, T-22-S, R-37-E, N.M.P.M., Lea County, New Mexico.

Please be advised that upon review of Hartman's Application, Marathon is not opposed to said unorthodox location provided that a 30% penalty is imposed on the allowable for said well.

Should you have any questions concerning the above, please advise.

Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script, appearing to read 'C. R. Hubacher'.

C. R. Hubacher
District Engineer

CRH/SMD;mmc'

cc: BH

OH

JEG

W. Little

xc: Mr. S. C. Schraub
Mr. J. L. Benson
Mr. L. D. Garcia
Doyle Hartman

P. O. Box 10426

Midland, Texas 79702-0426

Attn: Mr. Michael Stewart

AUG 17 1989

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 30, 1989

VIA TELEFAX/HAND DELIVERED/FEDERAL EXPRESS

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Attention: Mr. Michael Stogner
Hearing Examiner

Re: Doyle Hartman
A. L. Christmas No. 1
W/2 W/2 Section 18
T-22-S, R-37-E
1. Nonstandard P.U.
2. Unorthodox Location

Gentlemen:

Reference is made to our proposed A. L. Christmas No. 1 infill Eumont gas well and to our application to the NMOCD dated July 27, 1989 for reinstatement of the previously approved 147.96-acre non-standard standup Eumont gas proration unit consisting of the W/2 W/2 Section 18, T-22-S, R-37-E (NSP-341) which is to be dedicated to our newly proposed A. L. Christmas No. 1 infill Eumont Gas well and which was previously dedicated to Chevron's (Gulf's) A. L. Christmas "C" No. 5 Eumont gas well located at an unorthodox Eumont gas location consisting of 2310' FSL and 330' FWL Section 18. Reference is also made to our application of July 27, 1989 to the NMOCD for an unorthodox Eumont gas well location for our proposed infill well consisting of 990' FNL and 460' FWL Section 18 and to our letter to the NMOCD dated July 27, 1989 and to our letter to Marathon Oil Company dated August 10, 1989 wherein the necessity for the proposed unorthodox location was discussed in detail.

For tax reasons, and in an effort to begin replacing the oil and gas reserves that we recently sold to Meridian Oil Producing Inc., it is our plan to drill a total of ten new wells in Lea County, New Mexico during 1989. So as to stay on schedule with our planned drilling program, it is important that the proposed A. L. Christmas No. 1 well be drilled in the near future. Therefore, in an effort to facilitate the drilling of the A. L. Christmas No. 1 well and to accommodate Marathon Oil Company's unreasonable objection to our originally proposed location for our A. L. Christmas No. 1 well consisting of 990' FNL and 660' FWL of Section 18, we are today talking with Chevron in Hobbs in an effort to obtain permission to modify the routing of Chevron's high voltage power line that runs north and

south down the center of the prveiously approved proposed 147.96-acre standup Eumont proration unit consisting of the W/2 W/2 Section 18. Today we are also talking to Commercial Electric Company in Hobbs about the economic feasibility of moving Chevron's high voltage power line. As was thoroughly discussed in our previous correspondence concerning an unorthodox Eumont gas well consisting of 990' FNL and 460' FWL Section 18, Chevron's high voltage power line is presently restricting our access to the equivalent of an orthodox Eumont gas location for our proposed A. L. Christmas No. 1 well along the north-south centerline of the W/2 W/2 Section 18.

Assuming that Chevron is voluntarily agreeable to allowing us to alter the routing of their existing high voltage power line and also assuming that the movement of the line is economically practical, we hereby amend (in accordance with Rule 2(b)4 and 5(a) of the SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL) the proposed location for our A. L. Christmas No. 1 well to a location consisting of 990' FNL and 610' FWL Section 18, T-22-S, R-37-E which is the equivalent of an orthodox Eumont gas location for a 147.96-acre standup rectangle Eumont proration unit. A location consisting of 990' FNL and 610' FWL will place the well along the centerline of the 147.96-acre standup non-standard rectangular Eumont proration unit at a distance 990 feet south of the north line.

The fact that a 147.96-acre Eumont proration unit is assigned under NMOCD prorationing rules (Rule 5(a)) an acreage factor of 0.9248 (or an allowable that is 92.48% of a full 160-acre Eumont proration unit) totally negates Marathon's unreasonable contention that our proposed well should be assigned an additional penalty because it is closer than 660 feet from the closet proration unit boundary line. The following calculation shows why an additional allowable penalty for a location of 990' FNL and 610' FWL would be a violation of the correlative rights of the onwers of the A. L. Christmas.

A = Proration Unit Area

A (Area) = L (Length) x W (Width)

A = AF x 160 x 43,560

A = 0.9248 x 160 x 43,560

A = 6,445,486.1 sq.ft.

L = 1 mile x 5280 feet/mile = 5280 feet

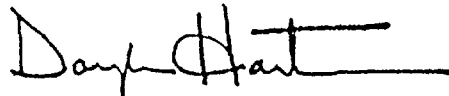
W = $\frac{A}{L}$

W = $\frac{A}{L} = \frac{6,445,486.1 \text{ sq.ft.}}{5280 \text{ ft}} = 1220.74 \text{ feet}$

and W/2 (centerline) = 1220.74 feet/2 = 610.36 feet

Therefore, since time is of the essence in us obtaining the necessary regulatory approval for the subject infill well and assuming that the two obstacles corresponding to the high voltage powerline will be successfully resolved, the Director's prompt administrative approval of our amended equivalent orthodox location is respectfully requested so that we can promptly proceed with the necessary building of a drilling rig pad for the subject well. In the event, that Chevron is not voluntarily agreeable to allowing us to move their power line and/or it appears that it is not economically feasible to move the power line, then in order to protect both our correlative rights as well as the correlative rights of the royalty owners corresponding to the subject 147.96-acre A. L. Christmas lease, we plan to proceed on September 20, 1989 with our scheduled hearing for the originally proposed unorthodox Eumont gas location for our A. L. Christmas No. 1 well consisting of 990' FNL and 460' FWL Section 18, T-22-S, R-37-E. We will promptly contact you after we have met with Chevron and Commercial Electric Company if it does appear that it is not feasible to drill along the north-south centerline of the W/2 W/2 Section 18, T-22-S, R-37-E.

Very truly yours,



Doyle Hartman

DH/lr

cc: Mr. Victor T. Lyons
Chief Engineer
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Chevron USA Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. R. C. Anderson

Chevron USA Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. Clint Morrill
New Mexico Area Superintendent

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attention: Mr. John F. Strong
Mid-Continent Manager

Presidio Exploration, Inc.
5613 DTC Parkway, Suite 750
Englewood, Colorado 80111-3035

Meridian Oil, Inc.
#6 Desta Drive
Midland, Texas 79705

Chevron USA, Inc.
Post Office Box 1150
Midland, Texas 79702
Attention: Mr. Alan W. Bohling
Division Proration Engineer

Amerada Hess Corporation
Post Office Box 840
Seminole, Texas 79360
Attention: Mr. Gilbert E. Miller

Kirby Exploration of Texas
Post Office Box 1745
Houston, Texas 77251

ARCO Oil and Gas Company
Post Office Box 1610
Midland, Texas 79702
Attention: Mr. Craig Payken
Area Engineer

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attention: Mr. Clifford A. Miller
District Engineer

Mr. James E. Burr
Post Office Box 50233
Midland, Texas 79710

Ms. Ruth Sutton
2826 Moss
Midland, Texas 79705

Mr. Larry Nermyr
Box 4106
Sidney, Montana 59270

New Mexico Oil Conservation Division
A. L. Christmas No. 1
Page 5

Mr. James A. Davidson
Post Office Box 494
Midland, Texas 79702

Gallegos Law Firm
141 East Palace Avenue
Santa Fe, New Mexico 87501
Attention: Mr. J. E. Gallegos
Ms. Joanne Reuter

Mr. Daniel Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

TABLE OF CONTENTS

Attached to and made a part of the NMOCD letter
Dated August August 30, 1989

1. NMOCD Form C-102 dated July 26, 1989 for Doyle Hartman proposed well A. L. Christmas No. 1
2. Plat showing location of proposed A. L. Christmas No. 1, (D) Section 18, T-22-S, R-37-E
3. Log indicating anticipated completion interval for the proposed Doyle Hartman A. L. Christmas No. 1
4. Pages 17 and 18 of the SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL
5. NMOCD notification of a 148-acre Eumont allowable assigned to the A. L. Christmas "C" #5-L 18-22-37 dated January 18, 1957
6. NMOCD Form C-128 Well Location and/or Gas Proration Plat on the Gulf Oil Corporation A. L. Christmas NCT-C No. 5 dated October 30, 1956
7. Doyle Hartman letter dated July 27, 1989 to New Mexico Oil Conservation Division on the proposed A. L. Christmas No. 1
8. Doyle Hartman letter dated August 10, 1989 to Marathon Oil Company on the proposed A. L. Christmas No. 1

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87501-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Section 18, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico

Oil Operator: Doyle Hartman, Oil Operator

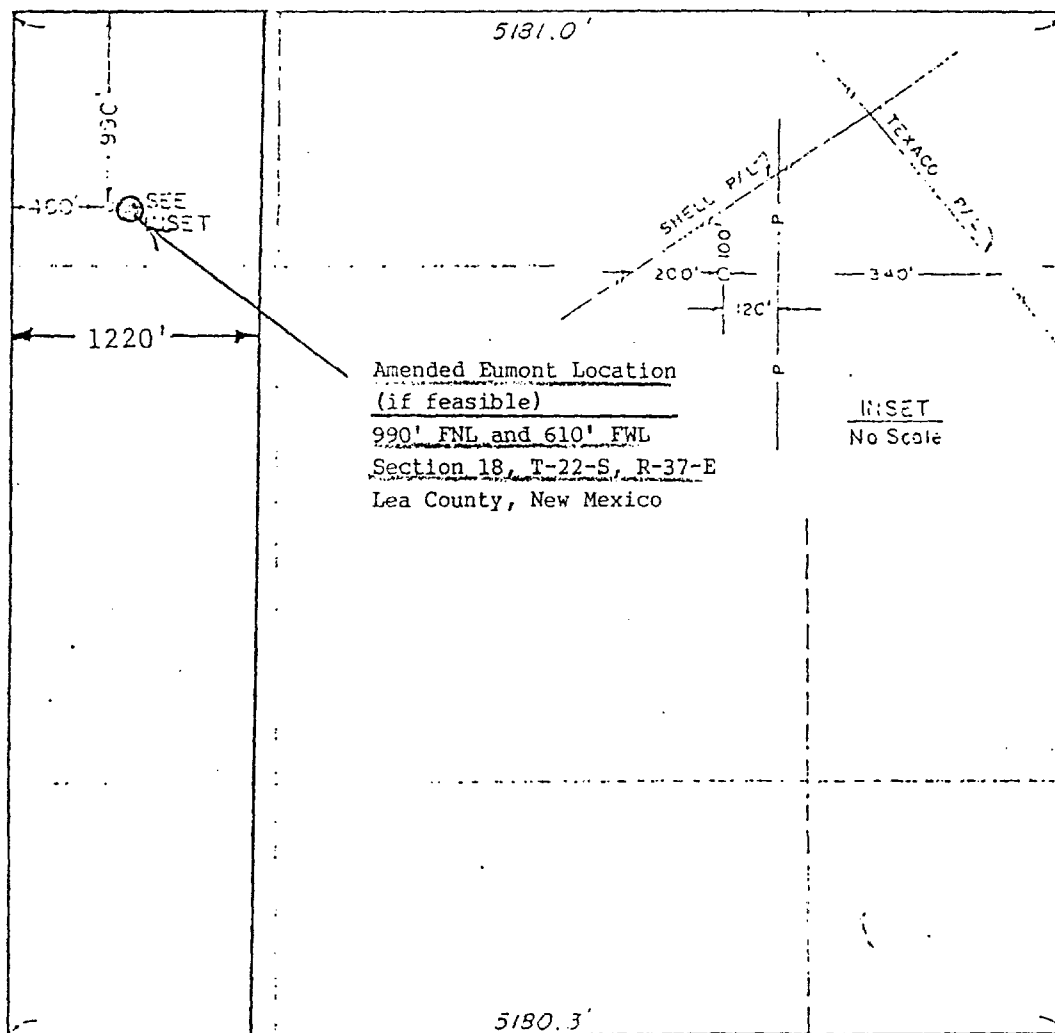
Well No. 1

Producing Formation: Queen (Penrose)

Pool: Eumont (Gas)

Dedicated Acreage: 148 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, forced pooling, etc.?
Yes ☐ No ☐ If answer is "yes" type of consolidation _____
If answer is "no" list the owners and their descriptions which have actually been consolidated. (Use reverse side of this form if necessary)
Locally pooled or unitized - the well must all interests have been consolidated (by communitization, unitization, forced pooling, or otherwise) or until a resolution is made, dominating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Michael Stewart
Engineer
Company: Doyle Hartman, Oil Operator
Date: 7-26-89

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of a well survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 25, 1989
Signature: John W. West
Professional Engineer



Marathon Oil Company
McDonald State No. 11
330 FNL & 330 FEL (A)

Section 13, T-22-S, R-36-E
(Eumont Penrose completion)

Note: 1. 330' from common lease line
2. Average allowable advantage
over a 160-acre Eumont gas
well in 1988 of 17,175 MCF/mo.

Amended Eumont Location
(if feasible)

990' FNL and 610' FWL
Section 18, T-22-S, R-37-E
Lea County, New Mexico

Proposed Location

Doyle Hartman

A. L. Christmas No. 1
990 FNL and 460 FWL (D)
Section 18, T-22-S, R-37-E
(Eumont Penrose completion)

Note: 460' from common lease line.

Proposed Proration Unit

A. L. Christmas No. 1
W/2 W/2 Section 18
T-22-S, R-37-E
Lea County, New Mexico
(148 acres)

Note: P.U. originally approved
by Order NSP-341.

ON. UNIT

T-22-S, R-36-E and R-37-E
Lea County, New Mexico

COMPANY Doyle Hartman

WELL A.L. Christmas No. 1
(Proposed well)

FIELD Eumont Gas Pool

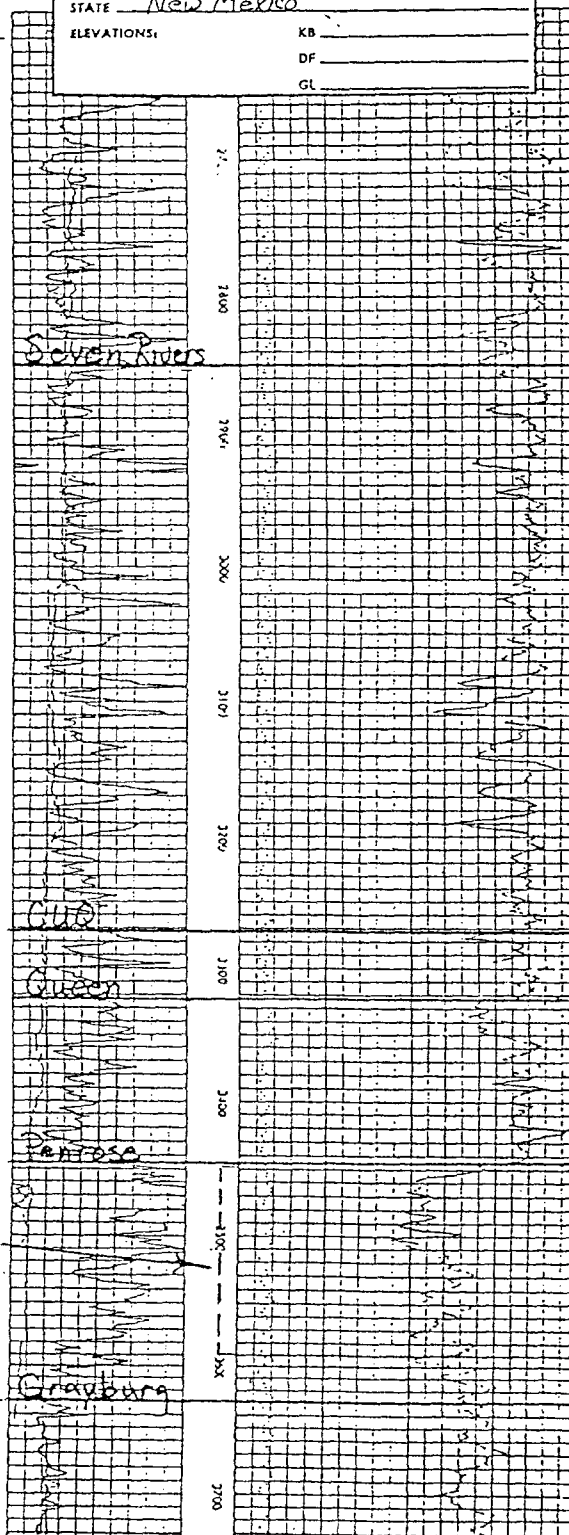
LOCATION 990 ENL & 460 FWL (D)
Section 18, T-22-S, R-37-E

Log from A.L. Christmas No. 14 in D-1A-275-37E

COUNTY Lea

STATE New Mexico

ELEVATIONS: KB _____
DF _____
GL _____



EUMONT
POOL

DOYLE HARTMAN
A.L. CHRISTMAS NO. 1
ANTICIPATED COMPLETION

COMPANY Marathon

WELL Mc Donald State AC-2 No. 11

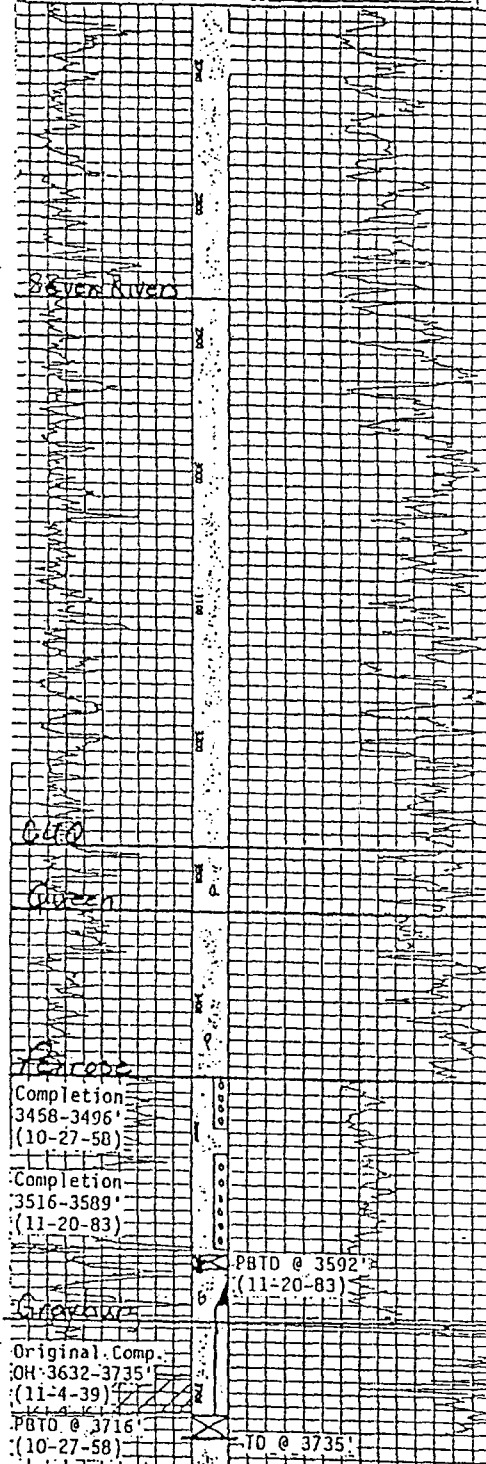
FIELD Eumont Gas / Arrowhead Oil

LOCATION 330 ENL & 330 FEL (A)
Section 13, T-22-S, R-36-E

COUNTY Lea

STATE New Mexico

ELEVATIONS: KB _____
DF 3452
GL 3441



Completion
3458-3496'
(10-27-58)

Completion
3516-3589'
(11-20-83)

PBTD @ 3592'
(11-20-83)

Original Comp.
OH 3632-3735'
(11-4-39)

PBTD @ 3716'
(10-27-58)

TO @ 3735'

RULE 2(a). A standard GPU in the Crosby-Devonian Gas Pool shall be 160 acres.

RULE 2(b). Each well completed or recompleted in the Crosby-Devonian Gas Pool shall be located no closer than 660 feet to any outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Crosby-Devonian Gas Pool.

SPECIAL RULES AND REGULATIONS FOR THE
EUMONT GAS POOL

The Eumont Gas Pool, Lea County, New Mexico, was created February 17, 1953, and gas proration in this pool became effective January 1, 1954. The Eumont Gas Pool now includes portions of the acreage once included in the Jalco and Langmat Pools (now Jalmat) and all of the acreage formerly in the Arrow and Hardy Pools.

A. DEFINITIONS

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

B. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2(a) 1. A standard gas proration unit in the Eumont Gas Pool shall be 640 acres.

2. A standard oil proration unit in the Eumont Gas Pool shall be 40 acres.

RULE 2(b) 1. A gas well in the Eumont Gas Pool to which 640 acres is dedicated shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section or subdivision boundary line.

2. An oil well in the Eumont Gas Pool shall be located no nearer than 330 feet to the outer boundary of any governmental quarter-quarter section or subdivision boundary line.

(Any well drilled to and producing from the Eumont Gas Pool prior to August 12, 1954, at a location conforming with the spacing requirements effective at the time said well was drilled, shall be granted a tolerance not exceeding 330 feet with respect to the required distance from the boundary lines.)

RULE 2(b) 4. In establishing a non-standard gas proration unit in the Eumont Gas Pool, the location of the well with respect to the two nearest boundary lines thereof shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows: .

LOCATION	MAXIMUM ACREAGE
660-610 (equivalent of 640)	147.96 acres (rectangle)
660-660	160 acres
660-990	320 acres
990-990	600 acres

D. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 5. Acreage is the only proration factor in the Eumont Gas Pool.

(a) A 640 acre proration unit in the Eumont Gas Pool shall be assigned an Acreage Factor of 4.00; a 160 acre proration unit an Acreage Factor of 1.00, etc.

I. MISCELLANEOUS SPECIAL POOL RULES

RULE 26. Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Rules 503, 505, and 506 of the Division Rules and Regulations.

SPECIAL RULES AND REGULATIONS FOR THE

DUPLICATE

NEW MEXICO OIL CONSERVATION COMMISSION

P. O. BOX 2045

HOBBS, NEW MEXICO

Date Jan. 18, 1957

To:

Re: Gas Wells

Gulf Oil Corp.

This is:

Box 2167

A New Gas Well ()
An oil well converted to gas ()
An Oil-Gas Dual (X)
A Gas-Gas Dual ()

Hobbs, New Mex.

Gentlemen:

Form C-104 has been received on your A. L. Christmas "C" #5-L 18-22-37,
Lease and Well No. Unit S-T-R



But no allowable can be assigned this well until the following forms have been received:

Form C-110 _____

Plat _____

NSP Order _____

Affidavit of communitization _____

Notice of Connection _____

And a 148 acre allowable will be assigned in the Eumont Pool

under NSP Order No. 341

Filed 10/31/56

Filed 10/31/56

Application filed 12/19/56

Filed Not Needed

Date of connection 1/12/57

OIL CONSERVATION COMMISSION

E. J. Fischer

Engineer, District 1

Original-Operator
CC-File

Original-CCC, Santa Fe
CC-File, operator &
Transporter- PB

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Registration Plat

Date 10-30-56

Operator Gulf Oil Corporation Lease 40:12 Christmas #1 NCT-C

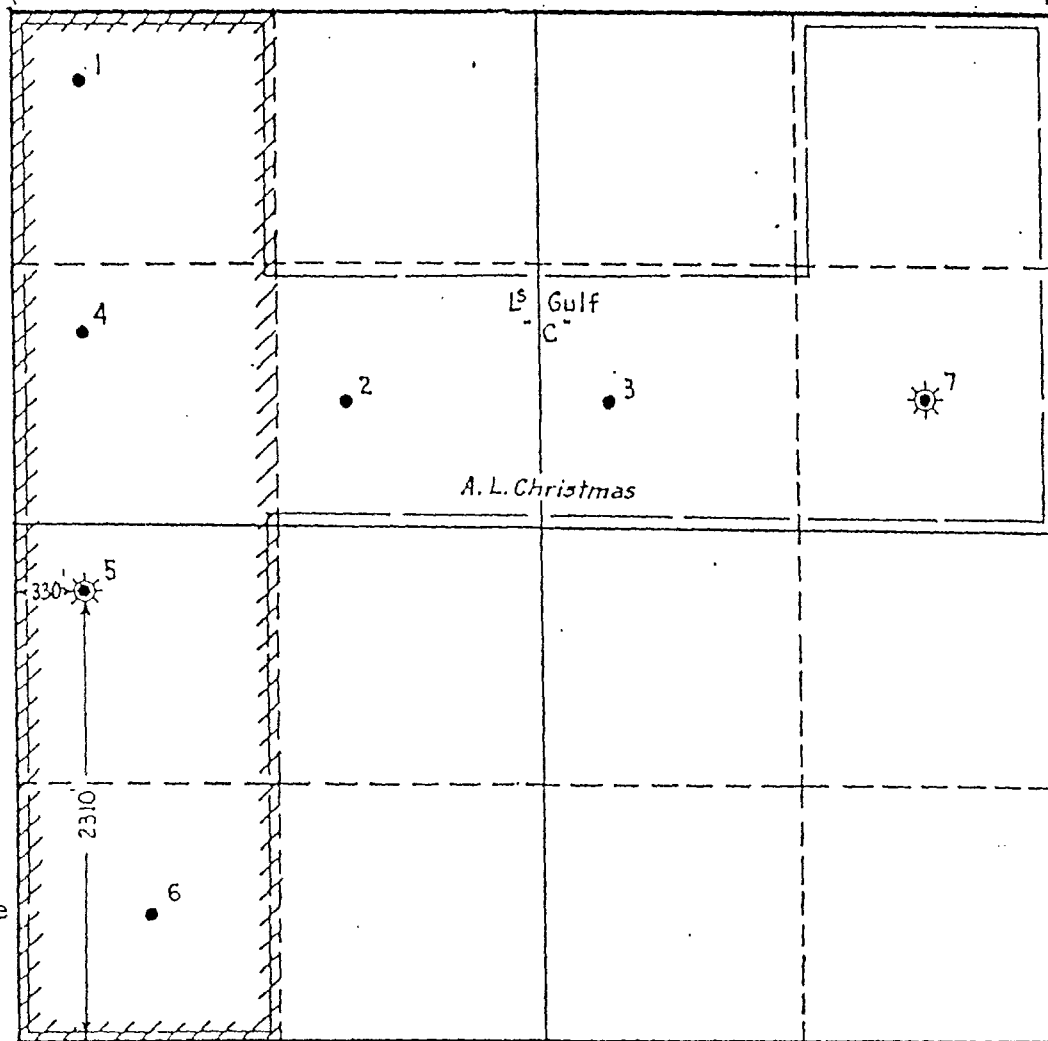
Well No. 5 Section 18 Township 22-S Range 37-E NMPM

Located 330 Feet From West Line, 2,310 Feet From South Line

Lea County, New Mexico. G. L. Elevation 3,450

Name of Producing Formation Queen Pool Eumont Gas Dedicated Acreage 160*

(Note: All distances must be from outer boundaries of Section)



*Hearing for a non-standard proration unit will be required

• - Oil Well

☼ - Dual (Gas-Oil)

— - Lease Line

//// - Acreage Dedicated

SCALE: 1" = 1000'

1. Is this Well a Dual Comp.? Yes X No

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No X

Name J. R. Sherman
Position Division Gas Engineer
Representing Gulf Oil Corporation
Address P. O. Box 1290, Fort Worth, Texas

This is to certify that the above plat was prepared from field notes of actual survey made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed
Registered Professional Engineer and Land Surveyor

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

September 6, 1989

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Attention: Mr. Michael E. Stogner

Re: Doyle Hartman's Application for Unorthodox Well Location
Our Lease NM-106 - McDonald State Lease A-2614
All of Section 13, T-22-S, R-36-E,
Our South Eunice Area
Lea County, New Mexico

Gentlemen:

Reference is made to Doyle Hartman's (Hartman) August 30, 1989, letter wherein the location of Hartman's proposed A. L. Christmas No. 1 well has been changed to 990' FNL and 610' FWL of Section 18, T-22-S, R-37-E, Lea County, New Mexico.


Upon review of the above location change, please be advised that Marathon is not opposed to the new location of the subject well.

Please be advised that if the proposed well is moved back to its original location (990' FNL & 460' FWL of Section 18), then Marathon will announce a protest.

Should you have any questions concerning the above, please advise.

Very truly yours,

MARATHON OIL COMPANY


W. O. Snyder
Production Manager,
Midland Operations

WOS/SMD:mmc'

xc: Mr. S. C. Schraub
Mr. J. L. Benson
Mr. L. D. Garcia
Doyle Hartman
P. O. Box 10426
Midland, Texas 79702-0426
Attn: Mr. Michael Stewart

SEP 8 1989