

GALLEGOS LAW FIRM

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Michael L. Oja**
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Harry T. Nutter
Mary Ann R. Burmester***

May 25, 1990

HAND DELIVERED

William J. LeMay, Chairman
Oil Conservation Commission
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
Santa Fe, New Mexico 87504

RECEIVED

MAY 25 1990

OIL CONSERVATION COM.
SANTA FE

RE: Application of Doyle Hartman for Approval of Rededication of
Acreage, Non-Standard Proration Units and Compulsory Pooling for
the Eumont Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed for filing please find the original and two copies of the referenced Application. Pursuant to Rule 1207, we have notified by certified mail, return receipt requested, those parties listed on Exhibit "C" to the Application as stated therein. We respectfully request you publish notice of the enclosed Application according to Rules 1204 and 1205.

As noted in the Application, we respectfully request a hearing before the Commission on June 21, 1990. This is imperative because the uncompensated drainage affecting the subject acreage should be offset as soon as possible and the Application seeks the unique remedy of compelling certain overriding royalty interest owners to bear a portion of the development costs.

Your prompt attention to this matter will be appreciated.

Sincerely,

GALLEGOS LAW FIRM

By *Harry T. Nutter*
HARRY T. NUTTER

HTN:ap

Enclosures

cc: Doyle Hartman, Oil Operator (w/enc.)

*Also admitted in the District of Columbia

**Also admitted in California

***Also admitted in Texas

† Admitted only in Colorado

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

**IN THE MATTER OF THE APPLICATION
OF DOYLE HARTMAN, OIL OPERATOR FOR
APPROVAL OF REDEDICATION OF ACREAGE,
NON-STANDARD PRORATION UNITS AND
COMPUSLORY POOLING, EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO.**

RECEIVED

MAY 25 1988

OIL CONSERVATION DIV.
SANTA FE

CASE NO. _____

APPLICATION

Applicant DOYLE HARTMAN, OIL OPERATOR hereby applies to the Oil Conservation Commission ("Commission") for an order approving the creation of one of two proposed non-standard proration units for the Eumont Gas Pool consisting of 160 acres, or alternatively 120 acres, both of the proposed non-standard proration units to comprise portions of Section 5, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Pursuant to §70-2-17 N.M.S.A. 1978, applicant also applies to the Commission for an order which pools all interests in the Eumont Gas Pool in and under the proposed non-standard proration unit and commits certain of those interests, including overriding royalty interests, to bear a portion of the costs of developing such unit. In addition, applicant seeks the appropriate rededication of lands presently comprising an adjacent non-standard Eumont gas proration unit within said Section 5. In support thereof, applicant would show the Commission, as follows:

1. Applicant is a working interest owner in the N/2 SE/4 of Section 5, Township 21 South, Range 36 East, Lea County, New Mexico and has the right to drill, develop or otherwise produce such tract.

2. Applicant is also a working interest owner in the S/2 SE/4 of said Section 5, which is currently embraced within an adjacent 240-acre non-standard Eumont gas proration unit, which unit is currently dedicated to a marginal well incapable of producing a 240-acre Eumont gas allowable, being the ARCO State "G" Well No. 1, located in Unit V of said Section 5.
3. Applicant proposes the creation of a non-standard proration unit for the Eumont Gas Pool comprising 160 acres, being the SE/4 of said Section 5, as shown on Exhibit "A" attached hereto.
4. In the alternative, applicant proposes the creation of a non-standard proration unit for the Eumont Gas Pool comprising 120 acres, being the N/2 SE/4 and the SE/4 SE/4 of said Section 5, as shown on Exhibit "B" attached hereto.
5. The N/2 SE/4 of said Section 5 has been and continues to be drained by wells from adjacent Eumont gas proration units, and the creation of one of the two non-standard gas proration units proposed herein is necessary to prevent waste, protect correlative rights and permit all parties to obtain their just and equitable share of the Eumont Gas Pool.
6. The oil and gas lease covering the N/2 SE/4 of said Section 5 is excessively burdened by a gross overriding royalty interest totalling 37.5 percent, which, combined with the 12.5 percent royalty interest,

renders it uneconomic to drill, develop and produce applicant's interest and the interest of other owners in the Eumont Gas Pool underlying the N/2 SE/4 of said Section 5 and has resulted in drainage of said lands for many years.

7. Applicant has sought to obtain the cooperation of all overriding royalty interest owners in reducing their overriding royalty interests in order to render it economically feasible to drill, develop and produce the Eumont Gas Pool underlying the N/2 SE/4 of said Section 5.
8. Less than all of the overriding royalty interest owners have voluntarily agreed to cooperate in order to render it economically feasible to drill, develop and produce the Eumont Gas Pool underlying the N/2 SE/4 of said Section 5.
9. The pooling of interests within either of the proposed non-standard gas proration units will prevent waste, protect correlative rights and permit all parties to obtain their just and fair share of the Eumont Gas Pool underlying such units.
10. Applicant proposes to dedicate either of the proposed non-standard Eumont gas proration units to the Koch-State "A" Com. Well No. 1 to be drilled at a standard location within the NE/4 SE/4 (Unit Q) of said Section 5.

11. In order to accommodate the creation of the proposed 160-acre non-standard Eumont gas proration unit comprising the SE/4 of said Section 5, applicant requests that the adjacent 240-acre non-standard Eumont gas proration unit, consisting of the SW/4 and the S/2 SE/4 of said Section 5, be reconfigured to embrace the SW/4 of said Section 5.
12. In the alternative, in order to accommodate the creation of the proposed 120-acre non-standard Eumont gas proration unit comprising the N/2 SE/4 and the SE/4 SE/4 of said Section 5, applicant requests that the adjacent 240-acre non-standard Eumont gas proration unit, consisting of the SW/4 and the S/2 SE/4 of said Section 5, be reconfigured to embrace the SW/4 and the SW/4 SE/4 of said Section 5.
13. Pursuant to the applicable notice requirements, applicant has notified by certified mail, return receipt requested, all parties listed on Exhibit "C" attached hereto of this application and the date of the hearing requested below.

WHEREFORE, applicant prays this matter be set for hearing before the Commission on June 21, 1990, and, after the notice and hearing required by law, the Commission enter an order approving the creation of either of the two non-standard proration units proposed herein and the pooling of all interests therein for the Eumont Gas Pool. Applicant also prays he be designated operator of the non-standard gas proration unit so created and be entitled to recover out of production therefrom his

costs of drilling, completing and equipping a unit well, plus a 200% risk factor for drilling, completing and equipping such well attributable to the interest of those electing not to cooperate in the development of the unit, and all costs of supervision and operation of such unit. Applicant further prays the adjacent 240-acre non-standard Eumont gas proration unit be reconfigured accordingly. In addition, applicant prays he be granted any and all other relief which the Commission deems equitable and proper.

Respectfully submitted,

GALLEGOS LAW FIRM

By *Harry T. Nutter*

J.E. GALLEGOS

HARRY T. NUTTER

141 East Palace Avenue

Santa Fe, New Mexico 87501

(505) 983-6686

ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

EXHIBIT "A"

Attached to and made part of the Application by Doyle Hartman, Oil Operator for Approval of Rededication of Acreage, Non-Standard Proration Units and Compulsory Pooling, Eumont Gas Pool, Lea County, New Mexico.

PROPOSED 160-ACRE NON-STANDARD EUMONT PRORATION UNIT COMPRISING THE SE/4 OF SECTION 5, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO, AND SHOWING REFORMED 160-ACRE ADJACENT NON-STANDARD EUMONT PRORATION UNIT

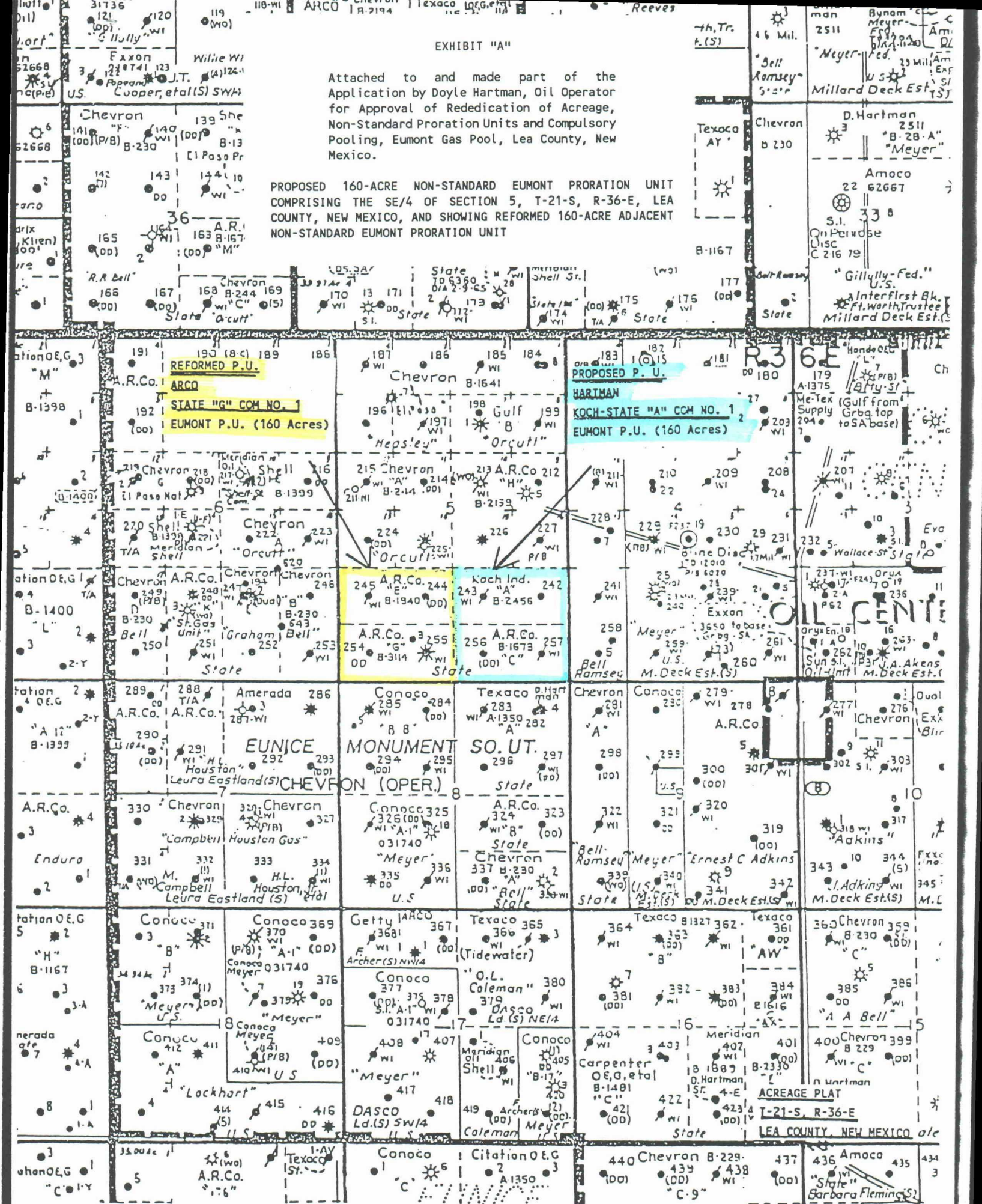


EXHIBIT "B"

Attached to and made part of the Application by Doyle Hartman, Oil Operator for Approval of Rededication of Acreage, Non-Standard Proration Units and Compulsory Pooling, Eumont Gas Pool, Lea County, New Mexico.

PROPOSED 120-ACRE NON-STANDARD EUMONT PRORATION UNIT COMPRISING THE N/2 SE/4 AND THE SE/4 SE/4 OF SECTION 5, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO, AND SHOWING REFORMED 200-ACRE ADJACENT NON-STANDARD EUMONT PRORATION UNIT

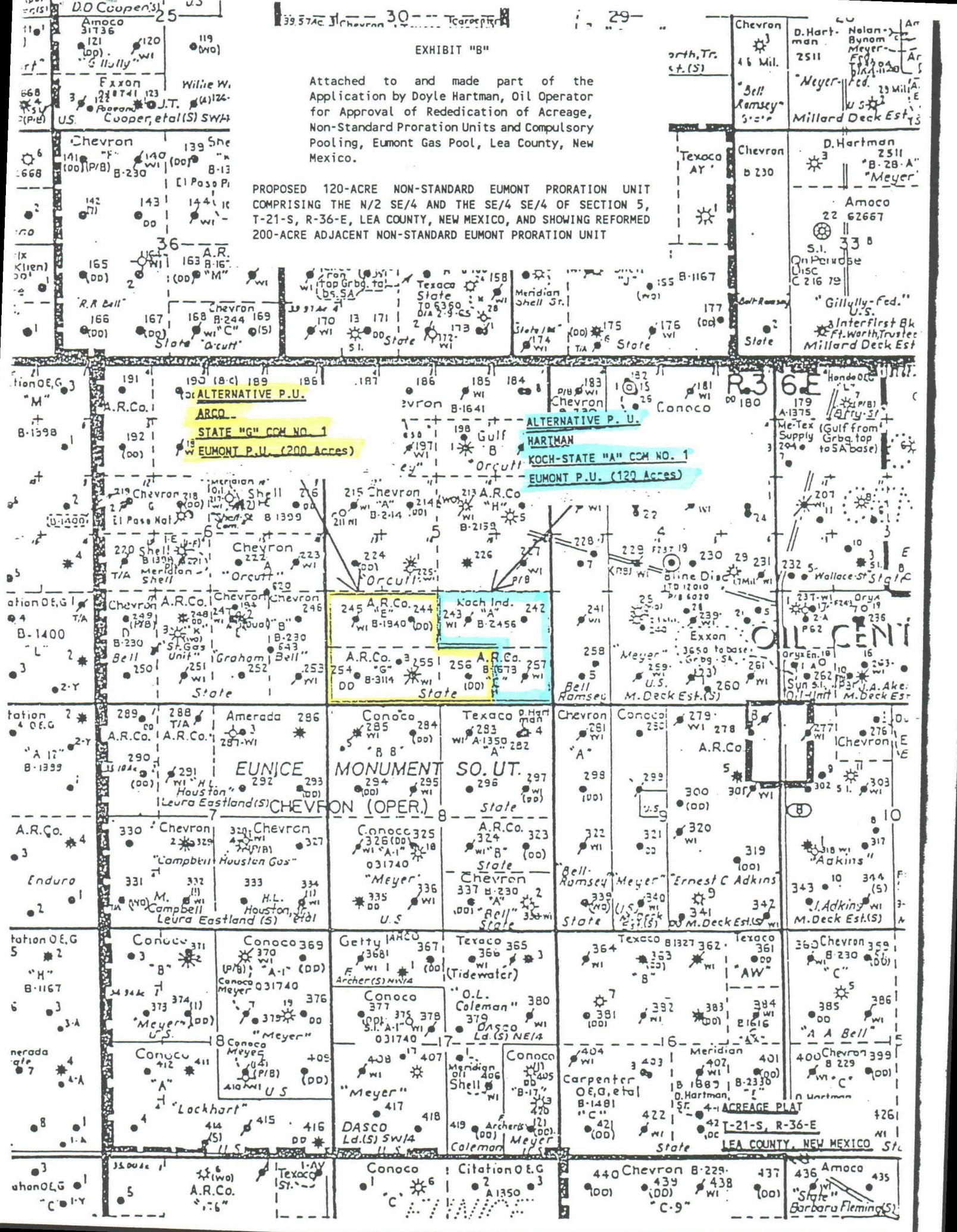


EXHIBIT "C"

Attached to and made part of the Application
by Doyle Hartman, Oil Operator for Approval
of Rededication of Acreage, Non-Standard
Proration Units and Compulsory Pooling,
Eumont Gas Pool, Lea County, New Mexico

OFFSET EUMONT GAS POOL OPERATORS AND PRORATION UNITS TO
THE PROPOSED 160-ACRE, OR ALTERNATIVELY THE 120-ACRE,
NON-STANDARD EUMONT GAS PRORATION UNIT, SECTION 5,
T21S, R36E, LEA COUNTY, NEW MEXICO

<u>OPERATOR & ADDRESS</u>	<u>LEASE & WELL NAME(S)</u>	<u>GAS WELL LOCATION(S)</u>	<u>UNIT DESCRIPTION</u>	<u>NUMBER OF ACRES</u>	<u>ACREAGE FACTOR</u>
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	Bell Ramsay "A" No. 5	U-04-21S-36E	SW/4 SW/4 Sec. 4, W/2 NW/4 Sec. 9, T-21-S, R-36-E	120	0.75
ARCO Oil & Gas Co. P.O. Box 1610 Midland, Texas 79702 Attn: Mr. Eric Seigmund	State "G" No. 1	V-05-21S-36E	SW/4 and S/2 SE/4 Sec. 5, T-21-S, R-36- E	240	1.50
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	H.T. Orcutt (NCT-A) No. 1	N-05-21S-36E	Lots 11, 12, 13, and 14 Sec. 5, T-21-S, R- 36-E	160	1.00
ARCO Oil & Gas Co. P.O. Box 1610 Midland, Texas 79702 Attn: Mr. Eric Seigmund	State "H" No. 5	I-05-21S-36E	Lots 9, 10, 15 and 16 Sec. 5, T-21-S, R-36- E	160	1.00
Chevron USA, Inc. P.O. box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	Bell Ramsay (NCT-A) No. 8	L-04-21S-36E	Lots 12 and 13 and NW/4 SW/4 Sec. 4, T- 21-S, R-36-E	120	0.75
Doyle Hartman Oil Operator 500 N. Main Midland, Texas 79701	Texaco State No. 8	A-08-21S-36E	NE/4 Sec. 8, T-21-S, R-36-E	160	1.00
Conoco, Inc. 726 E. Michigan Hobbs, New Mex. 88241 Attn: Mr. David Wacker	Meyers B No. 8	D-08-21S-36E	NW/4 Sec. 8, T-21-S, R-36-E	160	1.00

Amerada Hess Corp.
P.O. Box 2040
Tulsa, Oklahoma 74102
Attn: Mr. G.E. Miller

Chevron USA, Inc.
P.O. Box 1635
Houston, Texas 77251
Attn: Mr. Ray Vaden

H.L. Houston
Gas Com. No. 3

Graham State NCT E
No. 2

B-07-21S-36E

N/2 Sec. 7, T-21-S,
R-36-E

320

2.00

2R-06-21S-36E

Lots 15 and 16 and
SE/4 Sec. 6, T-21-S,
R-36-E

240

1.50

INTEREST OWNERS TO BE COMPULSORILY POOLED IN
THE PROPOSED 160-ACRE, OR ALTERNATIVELY
THE 120-ACRE, NON-STANDARD ELMONT GAS PROPRATION UNIT,
SECTION 5, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO

N/2 SE/4 Section 5: (80 Acres)

<u>WORKING INTEREST</u>	<u>PERCENTAGE INTEREST</u>
Doyle Hartman 500 N. Main Midland, TX 79702	70.82000%
James A. Davidson 2825 W. Shandon Midland, TX 79703	10.12000%
Doris Ann Winkler 2768 Corral Dequati, Box 401 Los Alamitos, CA 93441	8.43750%
Peter D. Evans 2603 W. Willis Rd. Ellensburg, WA 98926	5.62500%
James Ralston Union Center, Ste. 512 150 Main Wichita, KS 67202	2.50000%
Barbara D. Hepworth Agency c/o FNB Trust Oil & Gas Dept. Post Office Box 1 Wichita, KS 67201	1.25000%
FNB-Wichita, Trustee of the William E. Bloss Revocable Trust c/o FNB Trust Oil & Gas Dept. Post Office Box 1 Wichita, KS 67201	1.25000%
	<u>100.00000%</u>

OVERRIDING ROYALTY INTEREST

Doyle Hartman (87.5% of 21.46875%) = 18.78516%

James A. Davidson (12.5% of 21.46875%) = 2.68359%

Tupper Blake, Jr. 2.34375%

Post Office Box 152

Inverness, CA 94937

Stephen Chandler Revocable Trust

Stephen G. Sims, Trustee

1316 Bright

Oklahoma City, OK 73102

Five States Energy Company

1220 One Energy Company

4925 Greenville Avenue

Dallas, TX 75206

4.31250%

9.37500%
37.50000%

ROYALTY INTEREST

State of New Mexico

c/o Gary Carlson

Assistant Commissioner for

Mineral Resources

Office of the Commissioner

of Public Land

State Land Office Building

310 Old Santa Fe Trail

Santa Fe, New Mexico 87504

12.50000%

S/2 SE/4 Section 5: (80 Acres)

WORKING INTEREST

Doyle Hartman

James A. Davidson

ARCO Oil & Gas Co.

Post Office Box 1610

Midland, TX 79702

Attn: Mr. Eric Seigmund

43.75000%

6.25000%

50.00000%

100.00000%

OVERRIDING ROYALTY INTEREST

Bradley Resources Corp.

Post Office Box 292

Wellsville, NY 14895

2.73400%

ROYALTY INTEREST

State of New Mexico c/o Gary Carlson Assistant Commissioner for Mineral Resources Office of the Commissioner of Public Land State Land Office Building 310 Old Santa Fe Trail Santa Fe, New Mexico 87504	12.50000%
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