

GALLEGOS LAW FIRM

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Our File No. 90-1.34

June 1, 1990

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Mary Ann R. Burmester***

VIA HAND DELIVERY

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

RECEIVED

JUN 4 0 1990

OIL CONSERVATION DIV.
SANTA FE

9994

RE: Application of Doyle Hartman for Approval of Rededication of Acreage, Non-Standard Proration Units, Simultaneous Dedication 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 persons 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 the enclosed Application be set for hearing before a Division Examiner on June 27, 1990, in order that it may be heard and considered in conjunction with the Application of Chevron USA, Inc. in Case No. 9949, which also concerns the creation of a non-standard Eumont gas proration unit within a portion of Section 5, Township 21 South, Range 36 East, Lea County, New Mexico.

Your prompt attention to this matter will be greatly appreciated.

Sincerely,

GALLEGOS LAW FIRM
By *Harry T. Nutter*
HARRY T. NUTTER

HTN:ap

Enclosure

cc: Doyle Hartman (w/enc.)
William F. Carr, Esq. (w/enc.)
Mr. Dan Nutter (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 DIVISION**

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

RECEIVED
JUN 5 1990
OIL CONSERVATION DIVISION

CASE NO. 9994

APPLICATION

Applicant DOYLE HARTMAN, OIL OPERATOR hereby applies to the Oil Conservation Division ("Division") for an order approving the creation of one of two proposed non-standard proration units for the Eumont Gas Pool consisting of 320 acres, or alternatively 280 acres, both of the proposed non-standard proration units to comprise portions of Sections 5 and 8, 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 Division for an order which pools all mineral interests in the Eumont Gas Pool in and under the non-standard proration unit to be created and simultaneously dedicates those interests to an existing well and a proposed new infill well. In addition, applicant seeks the appropriate rededication of lands presently comprising adjacent non-standard Eumont gas proration units within said Sections 5 and 8. In support thereof, applicant would show the Division, as follows:

1. Applicant is a working interest owner in the N/2 SE/4 of Section 5 and the NE/4 of Section 8, Township 21 South, Range 36 East, Lea County, New Mexico and has the right to drill, develop or otherwise produce such tracts.

2. Applicant is also a working interest owner in the S/2 SE/4 of said Section 5 currently embraced within an adjacent 240-acre non-standard Eumont gas proration unit, consisting of the SW/4 and the S/2 SE/4 of said Section 5, which unit is currently dedicated to a marginal well incapable of producing its entire 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 320 acres and consisting of the SE/4 of said Section 5 and the NE/4 of said Section 8, 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 280 acres and consisting of the N/2 SE/4 and the SE/4 SE/4 of said Section 5 and the NE/4 of said Section 8, as shown on Exhibit "B" attached hereto.
5. The N/2 SE/4 of said Section 5 is undeveloped and undedicated as to the Eumont Gas Pool and has for many years been and continues to be drained by wells from adjacent Eumont gas proration units. 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 owners of mineral interests within the N/2 SE/4 of said Section 5 to obtain their equitable share of the Eumont Gas Pool.

6. Applicant has sought to obtain the voluntary cooperation of all working interest owners in forming a 320-acre, or alternatively a 280-acre, non-standard proration unit for the Eumont Gas Pool in said Sections 5 and 8, and applicant has also sought the voluntary cooperation of the offset operator in the reformation of the adjacent 240-acre non-standard Eumont gas proration unit in said Section 5.
7. Less than all of the working interest owners have voluntarily agreed to cooperate in forming either of the proposed non-standard Eumont gas proration units, and the offset operator has not voluntarily agreed to reform the adjacent 240-acre non-standard Eumont gas proration unit.
8. The pooling of interests within either of the proposed non-standard gas proration units and the reformation of the adjacent 240-acre non-standard Eumont gas proration unit will prevent waste, protect correlative rights and permit all parties to obtain their equitable share of the Eumont Gas Pool underlying such units.
9. Applicant proposes the simultaneous dedication of either of the proposed non-standard Eumont gas proration units to his existing State "A" Com. Well No. 4 (formerly the Texaco State "A" Well No. 4) located in the NE/4 NE/4 (Unit A) of said Section 8 and his new infill well, the State "A" Com. Well No. 5, to be drilled somewhere within the SE/4 of said Section 5.
10. In order to accommodate the creation of the proposed 320-acre non-standard Eumont gas proration unit comprising the SE/4 of said Section 5 and the NE/4 of said Section 8, applicant requests 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 only the SW/4 of said Section 5.

11. In the alternative, in order to accommodate the creation of the proposed 280-acre non-standard Eumont gas proration unit comprising the N/2 SE/4 and the SE/4 SE/4 of said Section 5 and the NE/4 of said Section 8, applicant requests 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 only the SW/4 and the SW/4 SE/4 of said Section 5.
12. Pursuant to the applicable notice requirements, applicant has notified by certified mail, return receipt requested, all parties listed on Exhibit "C" attached hereto of the filing of this application and the date of the hearing requested below.

WHEREFORE, applicant prays this matter be set for hearing before a duly appointed Examiner of the Division on June 27, 1990, and, after the notice and hearing required by law, the Division enter an order approving the creation of one of the two non-standard proration units proposed herein and the pooling of all working 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 new infill well within the unit, plus a 200% risk factor for drilling, completing and equipping such well, an equitable and proper portion of the value of the existing wellbore and associated

equipment of applicant's existing Texaco State "A" Well No. 4, and all costs of supervision and operation of such unit. Applicant further prays the lands comprising the adjacent 240-acre non-standard Eumont gas proration unit be rededicated accordingly. In addition, applicant prays he be granted any and all other relief which the Division deems necessary and equitable.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By *Harry T. Nutter*
J.E. GALLEGOS
HARRY T. NUTTER
141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

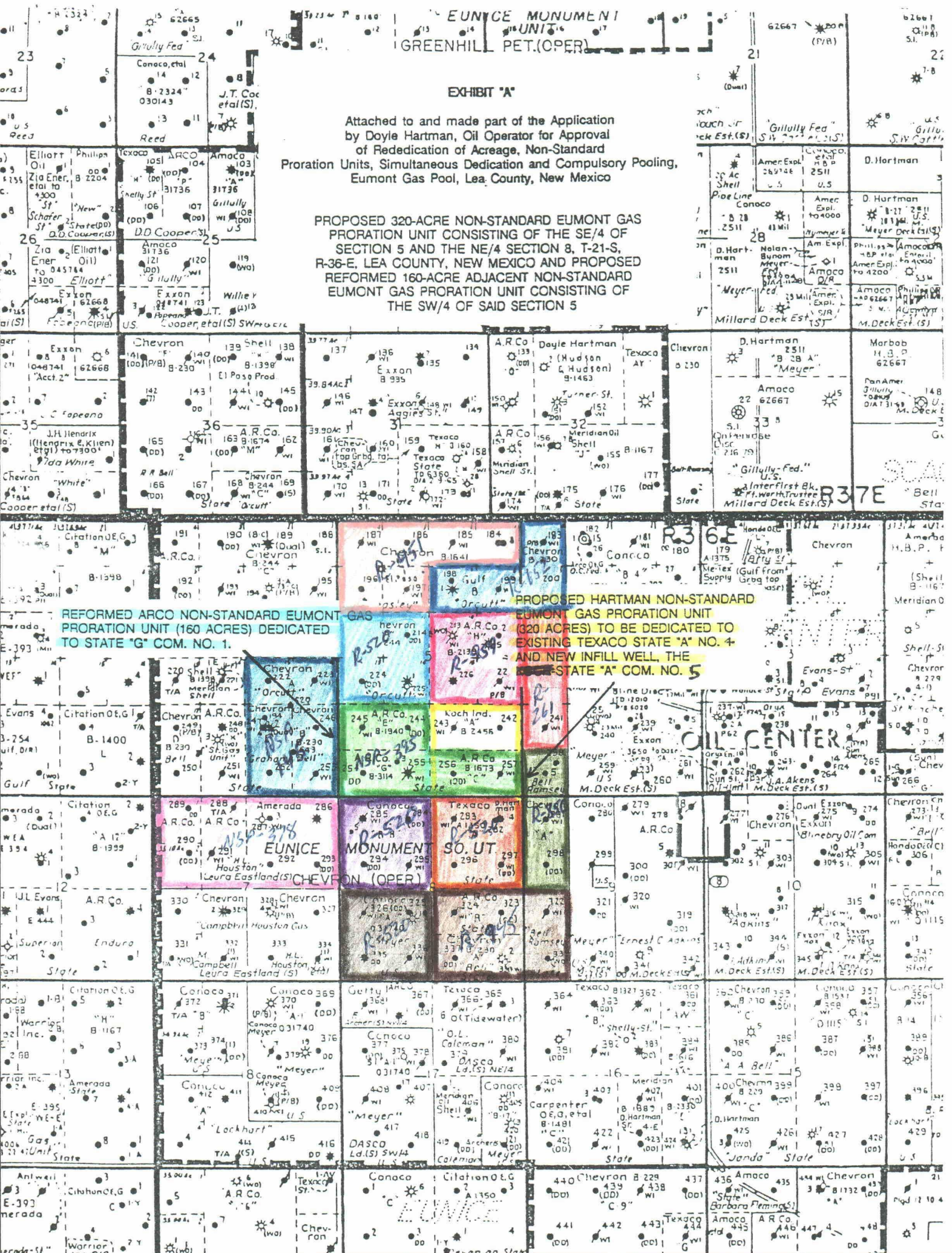
ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

EUMONT MONUMENT
UNIT
GREENHILL PET.(OPER)

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, Simultaneous Dedication and Compulsory Pooling,
Eumont Gas Pool, Lea County, New Mexico

PROPOSED 320-ACRE NON-STANDARD EUMONT GAS
PRORATION UNIT CONSISTING OF THE SE/4 OF
SECTION 5 AND THE NE/4 SECTION 8, T-21-S,
R-36-E, LEA COUNTY, NEW MEXICO AND PROPOSED
REFORMED 160-ACRE ADJACENT NON-STANDARD
EUMONT GAS PRORATION UNIT CONSISTING OF
THE SW/4 OF SAID SECTION 5



REFORMED ARCO NON-STANDARD EUMONT GAS
PRORATION UNIT (160 ACRES) DEDICATED
TO STATE "G" COM. NO. 1.

PROPOSED HARTMAN NON-STANDARD
EUMONT GAS PRORATION UNIT
(320 ACRES) TO BE DEDICATED TO
EXISTING TEXACO STATE "A" NO. 4
AND NEW INFILL WELL THE
STATE "A" COM. NO. 5

OIL CENTER

EUMONT MONUMENT
UNIT
GREENHILL PET.(OPER)

EUMONT

SCALE
R37E

R36E

R37E

R36E

R37E

R36E

R37E

R36E

R37E

R36E

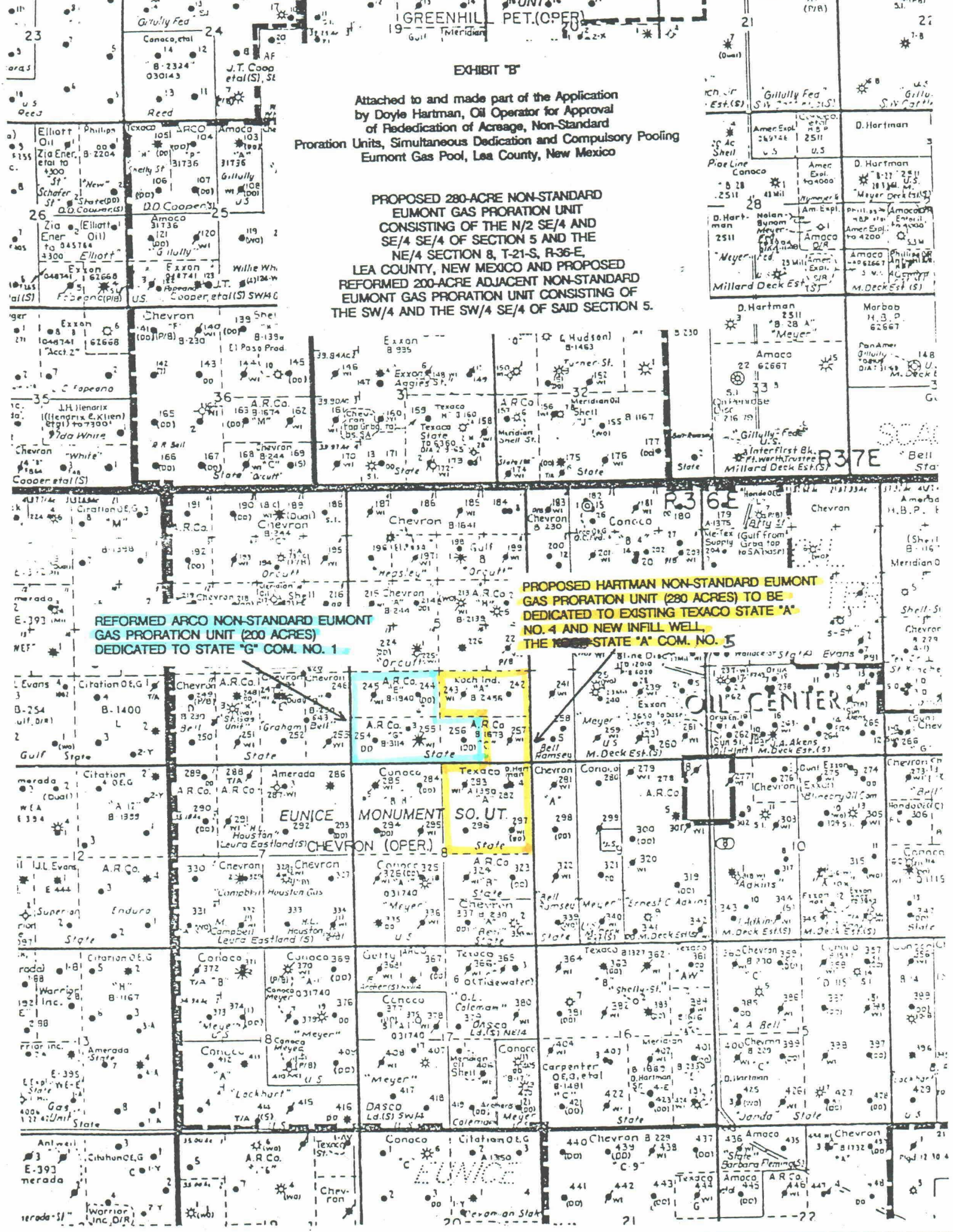
EXHIBIT "B"

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

PROPOSED 280-ACRE NON-STANDARD EUMONT GAS PRORATION UNIT CONSISTING OF THE N/2 SE/4 AND SE/4 SE/4 OF SECTION 5 AND THE NE/4 SECTION 8, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO AND PROPOSED REFORMED 200-ACRE ADJACENT NON-STANDARD EUMONT GAS PRORATION UNIT CONSISTING OF THE SW/4 AND THE SW/4 SE/4 OF SAID SECTION 5.

REFORMED ARCO NON-STANDARD EUMONT GAS PRORATION UNIT (200 ACRES) DEDICATED TO STATE "G" COM. NO. 1

PROPOSED HARTMAN NON-STANDARD EUMONT GAS PRORATION UNIT (280 ACRES) TO BE DEDICATED TO EXISTING TEXACO STATE "A" NO. 4 AND NEW INFILL WELL, THE NEW STATE "A" COM. NO. 5



OIL CENTER

EUMONT

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, Simultaneous Dedication and Compulsory Pooling,
Eumont Gas Pool, Lea County, New Mexico

OFFSET EUMONT GAS POOL OPERATORS AND PRORATION UNITS TO
THE PROPOSED 320-ACRE, OR ALTERNATIVELY THE 280-ACRE,
NON-STANDARD EUMONT GAS PRORATION UNIT, SECTIONS 5 AND 8,
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 NCT A No. 5	U-04-21S-36E	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. Doug Johnson	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. Doug Johnson	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 "A" No. 4	A-08-21S-36E	NE/4 Sec. 8, T-21-S, R-36-E	160	1.00
Conoco, Inc. 10 Desta Drive West Midland, Texas 79705 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	H.L. Houston Gas Com. No. 3	B-07-21S-36E	N/2 Sec. 7, T-21-S, R-36-E	320	2.00
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	Graham State NCT E No. 2	2R-06-21S-36E	Lots 15 and 16 and SE/4 Sec. 6, T-21-S, R-36-E	240	1.50
Conoco, Inc. 10 Desta Drive West Midland, Texas 79705 Attn: Mr. David Wacker	Meyer "A-1" No. 18	K-08-21S-36E	SW/4 Sec. 8, T-21-S, R-36-E	160	1.00
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	R.R. Bell NCT A Com. No. 2	P-08-21S-36E	SE/4 Sec. 8 and W/2 SW/4 Sec. 9, 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 B No. 1	G-05-21S-36E	Lots 7 and 8 Sec. 5 and Lots 4 and 5 Sec. 4, T-21-S, R-36-E	158.72	1.00
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Attn: Mr. Ray Vaden	Heasley State No. 7	E-05-21S-36E	Lots 1, 2, 3, 4, 5 and 6 Sec. 5, T21-S, R-36-E	236.76	1.48

WORKING INTEREST OWNERS TO BE COMPULSORILY POOLED IN
 THE PROPOSED 320-ACRE, OR ALTERNATIVELY
 THE 280-ACRE, NON-STANDARD ELMONT GAS PROPRATION UNIT,
 SECTIONS 5 AND 8, T-21-S, R-36-E, LEA COUNTY, NEW MEXICO,
AND OTHER INTEREST OWNERS WITHIN SAID UNIT

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

<u>WORKING INTEREST</u>	<u>PERCENTAGE OWNERSHIP</u>
Doyle Hartman 500 N. Main Midland, TX 79702	83.1250%
James A. Davidson 2825 W. Shandon Midland, TX 79703	11.8750%
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>100.000000%</u>

OVERRIDING ROYALTY INTEREST

Doyle Hartman (87.5% of 27.96875%) =	24.47266%
James A. Davidson (12.5% of 27.96875%) =	3.49609%
Tupper Blake, Jr.	2.34375%
Post Office Box 152	
Inverness, CA 94937	
Stephen Chandler Revocable Trust	4.31250%
Stephen G. Sims, Trustee	
1316 Bright	
Oklahoma City, OK 73102	
Five States Energy Company	<u>2.8750%</u>
1220 One Energy Company	37.50000%
4925 Greenville Avenue	
Dallas, TX 75206	

ROYALTY INTEREST

State of New Mexico	12.50000%
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	

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

WORKING INTEREST

Doyle Hartman	43.75000%
James A. Davidson	6.25000%
ARCO Oil & Gas Co.	<u>50.00000%</u>
Post Office Box 1610	100.00000%
Midland, TX 79702	
Attn: Mr. Doug Johnson	

PERCENTAGE OWNERSHIP

OVERRIDING ROYALTY INTEREST

Bradley Resources Corp.	2.734400%
Post Office Box 292	
Wellsville, NY 14895	

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%

NE/4 Section 8 (160 Acres):

WORKING INTEREST

PERCENTAGE OWNERSHIP

Doyle Hartman
500 N. Main
Midland, Texas 79702
50.00000%

Chevron USA, Inc.
P.O. Box 1635
Houston, Texas 77251
Attn: Mr. Ray Vaden
50.00000%

100.00000%

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%