



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

May 16, 1985

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. William F. Carr
 Campbell & Black
 Attorneys at Law
 Post Office Box 2208
 Santa Fe, New Mexico

Re: CASE NO. 9570
 ORDER NO. R-7920

Applicant:

Doyle Hartman

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Richard E. Olson



Mike

50 YEARS

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE



1935 - 1985

May 10, 1985

TONY ANAYA
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

RECEIVED
MAY 14 1985
OIL CONSERVATION DIVISION
SANTA FE

Case No. 8570

Lewis B. Burlison, Inc.
P. O. Box 2479
Midland, Texas 79702

Gentlemen:

Attached is a copy of our letter dated March 13, 1985, to Mr. Doyle Hartman regarding his Notice of Intent to Drill for a well to be located in Unit A of Section 35, T-22-S, R-36-E, at the same location as your proposed State 35 Well No. 1.

Inasmuch as there appears to be a difference of opinion regarding the title to the Northeast quarter of Section 35, your Notice of Intent to Drill will also be held without approval until the matter is cleared up.

Further, we are returning Form C-102 for your State 35 Well No. 1 for the signature of a company representative in the space provided.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District 1

mc
Attach.

cc-Doyle Hartman
Midland, Texas

R. L. Stamets, Director
OCD, Santa Fe

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

April 26, 1985

HAND DELIVERED

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

RECEIVED

APR 26 1985

OIL CONSERVATION DIVISION

Re: Oil Conservation Division Case 8570: Application of
Doyle Hartman for a Non-Standard Gas Proration Unit,
Lea County, New Mexico.

Dear Mr. Stamets:

Doyle Hartman hereby requests that the above-referenced case seeking a non-standard gas proration unit to be comprised of the NE/4 of Section 35, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, be dismissed. The reason for this dismissal is that all rights within this non-standard proration unit have been assigned to Lewis B. Burleson, and Mr. Hartman, therefore, retains no interest in the unit.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC/cv

cc: Mr. Jerry T. Sexton
Supervisor
Oil Conservation Division
District I
Post Office Box 1980
Hobbs, New Mexico 88240

cc: Steven Burleson
Post Office Box 2479
Midland, Texas 79702

cc: Lewis B. Burleson, Inc.
Post Office Box 2479
Midland, Texas 79702
Attn: Lewis B. Burleson

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

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POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 12118
AMARILLO, TEXAS 79101
(806) 372-5569

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201
(505) 622-6510

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
JOHN S. NELSON
RICHARD E. OLSON
RICHARD A. SIMMS
DEBORAH NORWOOD*
JAMES H. ISBELL*
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK

JEFFREY L. FORNACIARI
ROBERT D. SIMPSON*
DAVID L. SPOEDE
JEFFREY D. HEWETT*
JAMES BRUCE
MICHELE A. REYNOLDS
DAVID G. REYNOLDS
THOMAS D. HAINES, JR.
THOMAS M. HNASKO
MICHAEL F. MILLERICK
GREGORY J. NIBERT
JUDY K. MOORE*
DAVID T. MARKETTE*
BRUCE R. ROGOFF
JAMES M. HUDSON
DONALD R. FENSTERMACHER
DAVID B. GROCE*
ROBERT M. BRISTOL*
GARY M. LADEN*

JEFFREY L. BOWMAN
JOHN C. HARRISON

OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNOODGRASS, JR.
O. M. CALHOUN
MACX EASLEY

W. E. BONDURANT, JR. (913-1973)
ROBERT A. STONE (905-1981)

*NOT LICENSED IN NEW MEXICO

April 12, 1985

Mr. R. L. Stamets, Director
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Re: OCD Case No. 8570, Application
of Doyle Hartman for Non-Standard
Gas Proration Unit, Lea County, New Mexico

Dear Mr. Stamets:

We represent ARCO Oil & Gas Company (A Division of Atlantic Richfield Company). On ARCO's behalf, we hereby protest the above Application, and request that the Application be dismissed or approval of the Application be denied. This protest is based upon the following documents and OCD regulations:

1. On January 25, 1985, ARCO farmed out to E. M. Gorence the gas rights from the surface to a depth of 3500 feet in the NE $\frac{1}{4}$ of Section 35, 22S - 36E, NMPM, in Lea County, New Mexico. The farmout provided that "No provisions of this agreement...shall be...assigned except by written consent of" ARCO.

2. On February 5, 1985, E. M. Gorence and Doyle Hartman entered into an agreement to assign the ARCO-Gorence farmout to Mr. Hartman (Exhibit A attached to this letter). The February 5 agreement, however, specifically provided:

Mr. R. L. Stamets
April 12, 1985
Page 2

The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; Therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal.

Mr. Hartman signed this agreement on February 6, 1985.

3. On February 6, 1985, E. M. Gorence wrote a letter to ARCO (Exhibit B) requesting written approval of the Gorence-Hartman assignment.

4. On February 11, 1985, Doyle Hartman wrote to ARCO (Exhibit C) requesting written approval of the Gorence-Hartman assignment.

5. By letter dated February 20, 1985, ARCO refused to give its consent to the Gorence-Hartman assignment (Exhibit D).

6. By letter dated February 28, 1985 (Exhibit E), E. M. Gorence informed Doyle Hartman that, due to ARCO's refusal to approve the Gorence-Hartman assignment, the February 5, 1985 agreement was cancelled.

Based on the above documents, Mr. Hartman never had any rights in the ARCO-Gorence farmout because ARCO never approved the assignment to Mr. Hartman. Alternatively, any rights Mr. Hartman may have had in the ARCO-Gorence farmout terminated on February 26, 1985, under the express terms of the February 5, 1985 agreement (Item 2 above), due to the refusal of ARCO to grant its consent to the Gorence-Hartman assignment. OCD Rule 1203 provides that "any operator or...other person having a property interest may institute proceedings for a hearing." Since, by the express terms of the ARCO-Gorence farmout and of the February 5, 1985 Gorence-Hartman assignment, Mr. Hartman never had or no longer has a property interest in the NE¼ of Section 35, 22S - 36E, Mr. Hartman had no right to request approval of the non-standard unit nor to institute proceedings for a hearing. Therefore the OCD has no jurisdiction to entertain Mr. Hartman's Application.

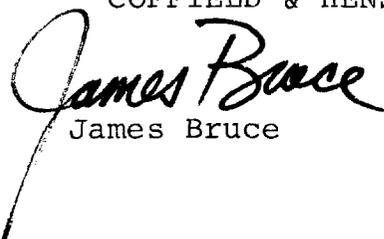
Mr. R. L. Stamets
April 12, 1985
Page 3

ARCO does not protest the technical merits of Mr. Hartman's Application.

Therefore, ARCO reiterates its request that Mr. Hartman's Application be dismissed or that approval of his Application be denied.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY



James Bruce

JGB:jr

cc: Mr. Richard E. Olson
Mr. William F. Carr w/enc.

FROM ARCO Midland, Tx

02/25/85 08:47 P. 1

Oil & Gas Properties
P.O. BOX 1140
MIDLAND, TEXAS 79702

586-9544

OFFICE - OFFICE
HOME - HOME

February 5, 1985

Re: NE/4 Section 35-22S-36E
(Gas Rights Only)
Lea County, New Mexico
Jalnat Gas Area

We have available for assignment a farmout arrangement from Atlantic Richfield Company covering a full interest in gas rights only in the captioned lands from the surface to 100' below depth drilled; not to exceed 3,600', subject to commencement of actual drilling by March 28, 1985, a well at a legal location on captioned lands to a total depth of 3,500'.

This farmout is submitted on the basis of a 65.25% net revenue interest for a full working interest and is subject to:

- (1) Cash bonus of \$15,000 payable by operator to E. M. Gorence within 30 days of assignment of farmout to operator, or by initial well commencement date, whichever is the earlier;
- (2) Participation by E. M. Gorence in 5% of the working interest ownership of the subject lease and obligation well with Gorence paying 5% of all costs of drilling, completing and operating the obligation well, excepting the cash bonus in (1) above.

The captioned lands are covered by a full interest State of New Mexico lease held by production. These lands are dedicated to El Paso Natural Gas Company under a gas sales contract. Marathon Oil Company has a 6.25% override in gas production under terms of agreement dated December 1, 1942, between Marathon and El Paso Natural Gas. El Paso subsequently assigned such agreement to Western Gas Company, predecessor to Atlantic Richfield.

The agreement of December 1, 1942, above mentioned, covers 3,600 acres and provides Marathon shall have the right, without being obligated to pay Atlantic Richfield, to take a maximum of 2,000,000 cubic feet of gas per day for use as a gas lift in the production of oil by Marathon from said lands or lands in the immediate vicinity. Marathon has advised they are not taking any gas under this provision since all oil operations are electrified and any secondary operations are waterflood. Marathon will give us a letter confirming this. Atlantic Richfield is operating 16 Jalnat Gas wells on these lands.

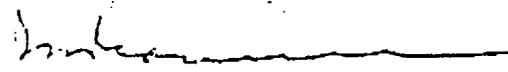
The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal.

This submittal is also made subject to prior sale.

ACCEPTED: Subject to title approval:



Date 2/6/85


E. M. Gorence

2-6-85 JAD will deliver to E M G. Inc. (1)

E.M. GORENCE
Oil & Gas Properties
P.O. BOX 10460
MIDLAND, TEXAS 79702
February 6, 1985

Re: NE/4 Section 35-22S-36E
Lea County, New Mexico
Your S-NM-5035

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702

Attention: Mr. Curt Krehbiel

Gentlemen:

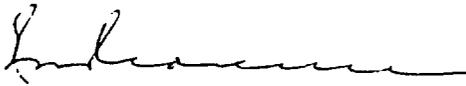
This is in reference to Farmout Agreement dated January 28, 1985, wherein E. M. Gorence has the right to earn an interest in the gas rights covered by oil and gas lease on the captioned land.

Paragraph X of the Agreement provides that the Agreement cannot be assigned except by written consent of Atlantic Richfield Company. We are assigning the rights in this Agreement to Doyle Hartman, operating as an individual, Box 10426, Midland, Texas 79702; however, five per cent of the working interest will be retained by E. M. Gorence.

We would appreciate receiving your written consent to the above outlined assignment.

Thank you for your cooperation in this matter.

Yours very truly,



E. M. Gorence

EMG/sg

EXHIBIT B

DOYLE HARTMAN

Oil Operator

800 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

February 11, 1985

Call Curt Krehbiel

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

Attention: Mr. Curt Krehbiel

Re: NE/4 Section 35
T-22-S, R-36-E
Lea County, New Mexico
(Your S-NM-5035)

Gentlemen:

In reference to your recent Farmout Agreement with Mr. E. M. Gorence, please be advised that on February 6, 1985, I signed a binding Letter Agreement with Mr. E. M. Gorence, reached after an arm's length negotiation that provides for the following:

1. Doyle Hartman to spud by March 28, 1985 a 3500-foot Jalmat Gas test in the NE/4 Section 35, T-22-S, R-36-E, Lea County, New Mexico, with Hartman to earn from Gorence the gas rights from the surface to 100' below total depth drilled as to the NE/4 Section 35, as provided under the Farmout Agreement between E. M. Gorence and Atlantic Richfield Company dated January 28, 1985.
2. E. M. Gorence to receive a cash consideration of \$15,000.00 plus the right to take up to a 5% working interest in the required 3500' Jalmat test.
3. E. M. Gorence to receive an additional override of 6.00%, which shall be over and above the 10.00% override to be retained by ARCO, the 6.25% override already retained by Marathon, and the original 12.5% royalty to the State of New Mexico.

In order to meet the relatively short deadline required to spud the 3500' Jalmat gas test, we are now in the process of filing the paperwork for drilling a new well in the NE/4 Section 35 as well as making arrangements with a local drilling contractor for the actual drilling of the well.

However, contrary to the above, on Friday, February 8, 1985, I was verbally informed through a third party that there was some question as to whether ARCO would allow a reassignment of the NE/4 Section 35 to be made to Hartman by Gorence once Gorence had earned the rights to the NE/4 Section 35. To date, I have received no written communication stating ARCO's position concerning a reassignment of rights from Gorence

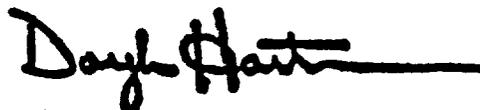
ARCO Oil and Gas Corporation
February 11, 1985
Page 2

to Hartman, or any material reason as to why ARCO would hope to deny such an assignment. It is our position that an arbitrary action taken on the part of ARCO to prevent a reassignment of rights from Gorence to Hartman would be a violation of the New Mexico Fair Trades Act and also would be a violation of the State Lease agreement covering in part the NE/4 Section 35, since ARCO would be depriving the State of New Mexico the opportunity of having the subject tract redeveloped by the operator who is currently the largest and most successful operator in the Jalmat gas pool.

If ARCO does attempt to prevent a reassignment from Gorence to Hartman, we will be compelled to take appropriate legal action to counteract such an effort, and in the process of fighting any such effort by ARCO, we will also be compelled to enlist the help of the New Mexico State Land Office and its Commissioner, since the State of New Mexico would probably be losing both badly needed near-term income and future recoverable reserves if the NE/4 Section 35 is instead redeveloped by a less experienced and less knowledgeable operator.

It is our opinion that the redevelopment of the Jalmat gas rights in the NE/4 Section 35 by the most competent, experienced and successful operator in the Jalmat gas pool is in the best interest of all parties concerned (State of New Mexico, Marathon, ARCO, and E. M. Gorence) and it is truly our hope that further development of this lease can be accomplished in the most amicable manner possible and in a manner that maximizes the State's yield from this tract.

Very truly yours,



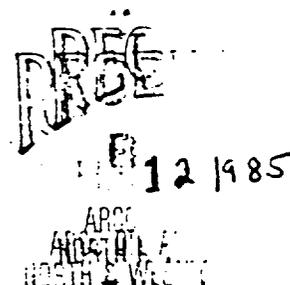
Doyle Hartman

DH/mh

cc: Jim Baca
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

James K. Otts, Chairman
House Taxation & Revenue Committee
Box 1300
Carlsbad, New Mexico 88220

Jerry W. Sandel, Chairman
House Appropriations & Finance Committee
716 Rosa Street
Farmington, New Mexico 87401



ARCO Oil and Gas Corporation
February 11, 1980
Page 3

Dan C. Berry, Chairman
House Education Committee
Box 67
Eunice, New Mexico 88231

Jack M. Morgan, Chairman
Senate Finance Committee
Box 2151
Farmington, New Mexico 87401

Christine A. Donisthorpe, Chairman
Senate Education Committee
Box 746
Bloomfield, New Mexico 87413

Max Coll
Box EE
Santa Fe, New Mexico 87502

Alvin Baca
IPAA of New Mexico
Post Office Box 1477
Santa Fe, New Mexico 87504-1477

 William F. Carr
Campbell & Black, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87501

Robert H. Strand
Atwood, Malone, Mann & Turner
Post Office Drawer 700
Roswell, New Mexico 88201

E. M. Gorence
Post Office Box 10460
Midland, Texas 79702

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

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Land Manager



February 20, 1985

Mr. Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

REC'D SPONBERG

FEB 21 1985

AOGC LEGAL

RE: NE/4 of Section 35,
T-22-S, R-36-E,
Lea County, New Mexico
S-NM-5035
AR-76366

Dear Mr. Hartman:

ARCO Oil and Gas Company is in receipt of your letter dated February 11, 1985, concerning the above referenced leasehold acreage. As you know, such leasehold acreage is covered by a Farmout Agreement dated January 28, 1985, by and between Atlantic Richfield Company, as farmoutor, and E. M. Gorence, as farmouttee. Article X of such agreement provides, in pertinent part, that "no provisions of this agreement or assignment herein provided for shall be... assigned except by written consent of Atlantic." In accordance with such provision, Atlantic Richfield Company is not now willing to grant its consent to an assignment of any or all rights of E. M. Gorence under said Farmout Agreement. Therefore, you are hereby placed on notice that any activities which you may choose to undertake in connection with the referenced leasehold acreage without the express written consent of Atlantic Richfield Company will be considered outside the scope of the said Farmout Agreement and in conflict with the terms and provisions thereof. Atlantic Richfield Company intends to protect its leasehold and contractual rights in whatever manner may be appropriate.

Very truly yours,


Curt Krehbiel

CK:bk

cc: E. M. Gorence
P. O. Box 10460
Midland, Texas 79702

bcc: C. E. Cardwell, Jr., 102-M10
Ron Sponberg, 46-044 DAB, Dallas



E.M. GORENCE
Oil & Gas Properties
P.O. BOX 10480
MIDLAND, TEXAS 79702
February 28, 1985

686-9544
OFFICE
HOME

Re: NE/4 Section 35-228-36E
Lea County, New Mexico

CERTIFIED MAIL WITH RETURN RECEIPT

Mr. Doyle Hartman
Box 10426
Midland, Texas 79702

Dear Mr. Hartman:

This concerns Farmout Agreement dated January 28, 1985, between Atlantic Richfield Company and E. M. Gorence covering gas rights from the surface to 100' below depth drilled, not to exceed 3,600' in the captioned land.

This farmout arrangement was made available to you in submittal letter of E. M. Gorence dated February 5, 1985 (copy attached). The terms of such submittal letter were accepted by you on February 6, 1985. The penultimate paragraph of such letter reads as follows:

"The farmout agreement provides that such agreement cannot be assigned without written consent of Atlantic Richfield; therefore, this submittal is subject to cancellation unless such consent can be secured within 20 days after acceptance by operator of this submittal."

The 20 day period mentioned in above quoted paragraph expired on February 26, 1985.

You were informed by letter dated February 20, 1985 from ARCO Oil and Gas Company that Atlantic Richfield Company is not willing to grant its consent to an assignment to Doyle Hartman of any or all rights of E. M. Gorence under the above described Farmout Agreement dated January 28, 1985. Atlantic Richfield Company confirmed this position to me on February 27, 1985.

Therefore, this is to notify you that pursuant to the terms of submittal letter of February 5, 1985, E. M. Gorence is hereby cancelling the farmout submittal to Doyle Hartman effective February 26, 1985. E. M. Gorence herein asserts that all right, title and interest granted to E. M. Gorence by Atlantic Richfield Company in Farmout Agreement dated January 28, 1985, has reverted to said E. M. Gorence.

Yours very truly,

E. M. Gorence

EMG/ag

cc: ARCO Oil and Gas Company ✓
Attention: Mr. Curt Krehbiel
Box 1610, Midland, Texas 79702



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

March 13, 1985

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161

Case 8570

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

Re: McDonald State "WN" No. 32
NE/4 Section 35, T-22-S, R-36-E
Lea County, New Mexico

Dear Mr. Hartman:

Forms C-101 and C-102 for the subject well will be held without approval until the title issue mentioned in your letter of March 8, 1985, has been settled. We will also honor your request that no other applications for drilling in the NE/4 of Section 35, T-22-S, R-36-E, be approved until the matter is resolved.

We might point out that ordinarily the Division does not research ownership rights to certain tracts of land, but when the fact that a problem exists is brought to our attention, it is Division policy to withhold approval until the issue has been settled.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District 1

/mc
cc-~~Mr.~~ R. L. Stamets, Director
Oil Conservation Division
Santa Fe, New Mexico

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

March 8, 1985

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

Attention: Mr. Jerry Sexton

Case 8570

State Lease A-2614

Re: McDonald State "WN" No. 32
NE/4 Section 35
T-22-S, R-36-E
Lea County, New Mexico
(C-101 and C-102)

Gentlemen:

Reference is made of our letter to Mr. R. L. Stamets of the New Mexico Oil Conservation Division in Santa Fe dated February 20, 1985 wherein we filed for reinstatement of the captioned 160-acre non-standard Jalmat gas proration unit covering the NE/4 Section 35, T-22-S, R-36-E, Lea County, New Mexico. Also as mentioned in our letter to the New Mexico Oil Conservation Division of February 20, 1985, please find enclosed Forms C-101 and C-102 (six copies) covering this same tract.

During the last several weeks, a question has been raised as to our right at this time to drill an infill Jalmat well on the above noted tract. It is our position that the rights originally extended to us under our Letter Agreement with E. M. Gorence dated February 5, 1985 and the Atlantic Richfield Company Farmout Agreement dated January 28, 1985 are still in full force and effect, and we are at this time officially notifying the New Mexico Oil Conservation Division that as of this date, we have not relinquished any of the rights mentioned above and are in the process of completing all necessary steps for the drilling of the proposed McDonald State "WN" No. 32, a Jalmat (Gas) well.

However, since a title issue has possibly arisen concerning the NE/4 Section 35, we are requesting that in the unlikely event you do receive any applications from other operators pertaining to additional activity on this tract, we respectfully request that we be immediately notified of such applications and that such applications not be approved until any possible title problem between the disagreeing parties has been resolved either by mutual consent, or if necessary, in the proper

New Mexico Oil Conservation Division
March 8, 1985
Page 2

adversary forum which appears to us to be through the court system rather than at the New Mexico Oil Conservation Division.

Very truly yours,



Doyle Hartman

DH/dm

cc: Mr. Richard L. Stamets
New Mexico Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Mr. Jim Baca
Commissioner of Public Lands
Box 1148
Santa Fe, New Mexico 87504-1148

Mr. Robert H. Strand
Atwood, Malone, Mann & Turner
Post Officer Drawer 700
Roswell, New Mexico 88201

Mr. William F. Carr
Campbell, Byrd & Black
Box 2208
110 N. Guadalupe
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. James A. Davidson
Box 494
Midland, Texas 79702

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FE	
NO. G.S.	
FIELD OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
A-2614

7. Unit Agreement Name

8. Farm or Lease Name
McDonald "WN" State

9. Well No.
32

10. Field and Pool, or Wildcat
Jalpat (Gas)

12. County
Lea

19. Proposed Depth
3600

19A. Formation
Yates-Seven Rivers

20. Rotary or C.T.
Rotary

21A. Kind & Status Plug. Bond
Multi-Well Approved

21B. Drilling Contractor
Undetermined

22. Approx. Date Work will start
March 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Type of Work

Type of Well DRILL DEEPEN PLUG BACK

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

Name of Operator
Doyle Hartman

Address of Operator
Post Office Box 10426 Midland, Texas 79702

Location of Well UNIT LETTER A LOCATED 860 FEET FROM THE North LINE
660 FEET FROM THE East LINE OF SEC. 35 TWP. 22S RGE. 36E NMPM

19. Proposed Depth
3600

19A. Formation
Yates-Seven Rivers

20. Rotary or C.T.
Rotary

Elevations (Show whether DF, RI, etc.)
3468.3 G.L.

21A. Kind & Status Plug. Bond
Multi-Well Approved

21B. Drilling Contractor
Undetermined

22. Approx. Date Work will start
March 1985

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4	9-5/8	36.0	400	600	Surface
8-3/4	7	23.0	3600	700	Surface

The proposed well will be drilled to a total depth of 3600' and will be completed as a Jalpat (Yates-Seven Rivers) gas producer. From the base of the surface pipe through the running of the production casing, the well will be equipped with a 3000 psi double-ram BOP system. McDonald "WN" State No. 7 present Jalpat Gas well on the proration unit last produced in September, 1975.

NOTE: Any gas produced from the proposed well has previously been dedicated to El Paso Natural Gas Company.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

By Larry G. Newman Title Engineer Date March 8, 1985
(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

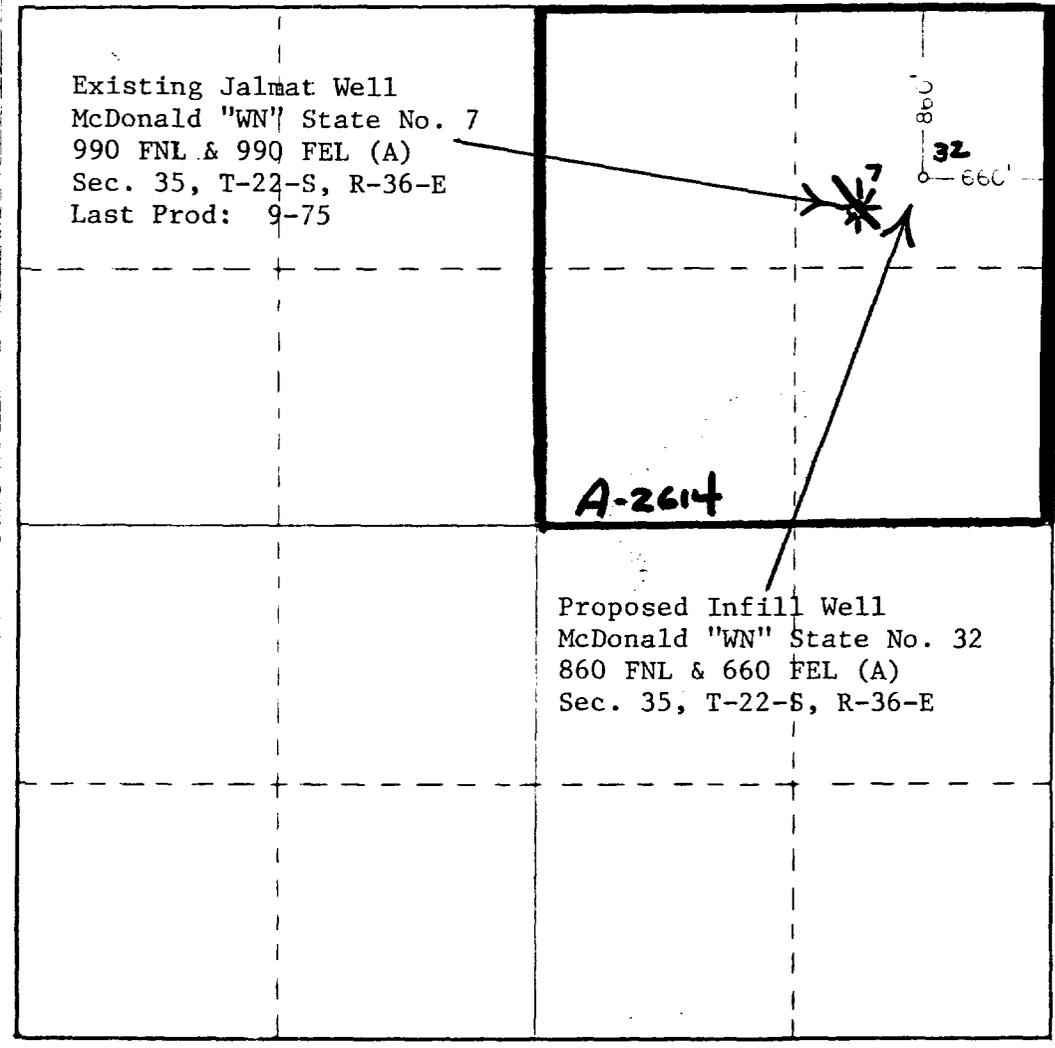
Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator DOYLE HARTMAN		Lease MC DONALD STATE			Well No. X 32	
Section Letter A	Section 35	Township 22S	Range 36E	County LEA		
Actual Well Location of Well: 860 feet from the NORTH line and 660 feet from the EAST line						
Ground Level Elev. 3468.3	Producing Formation Yates-Seven Rivers		Pool Jalmat (Gas)		Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 of different ownership is dedicated to the well, have the interests 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 tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Larry A. Nermyr

Name
Larry A. Nermyr

Position
Engineer

Company
Doyle Hartman

Date
March 8, 1985

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys 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
2/26/85

Registered Professional Engineer and/or Land Surveyor
John W. West

Certificate No. JOHN W. WEST, 676
RONALD J. EIDSON, 3239



DOYLE HARTMAN
Oil Operator
 P. O. BOX 10426
 MIDLAND, TEXAS 79702

P 639 371 959

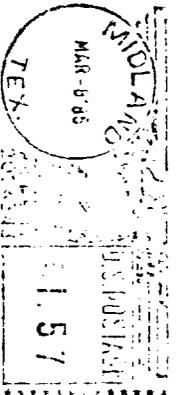
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517 PS Form 3800, Feb. 1982	Sent to NMOCD (Jerry Sexton)	
	Street and No. Box 1980	
	P.O., State and ZIP Code Hobbs, New Mexico 88240	
	Postage	\$ 22
	Certified Fee	75
	Special Delivery Fee	
	Restricted Delivery Fee	
	Return Receipt Showing to whom and Date Delivered	60
	Return receipt showing to whom, Date, and Address of Delivery	
	TOTAL Postage and Fees	\$ 1.57
Postmark or Date 3-8-85		
C-101-102 (McDonald State Inn) (32)		

New Mexico Oil Conservation Division
 Mr. Jerry Sexton
 District I Office
 Box 1980
 Hobbs, New Mexico 88240



PS Form 3811, Jan. 1979

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
 Show to whom and date delivered. 60
 Show to whom, date and address of delivery.
 RESTRICTED DELIVERY
 Show to whom and date delivered.
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery. \$ ____
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 NMOCD (Jerry Sexton)
 Box 1980
 Hobbs, New Mexico

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 P639371959

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE _____ Date _____
 _____ Date _____
 _____ Date _____

4. DATE OF DELIVERY _____ POSTMARK _____

5. ADDRESS (Complete only if requested) _____

6. UNABLE TO DELIVER BECAUSE: _____ CLERK'S INITIALS _____

C-101-102 (McDonald State Inn) (32)

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

700 UNITED BANK PLAZA

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

(505) 622-6510

200 BLANKS BUILDING

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING

POST OFFICE BOX 12118

AMARILLO, TEXAS 79101

(806) 372-5569

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504

(505) 982-4554

LEWIS C. COX	JEFFREY L. FORNACIARI
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CONRAD E. COFFIELD	NANCY S. CUSACK
HAROLD L. HENSLEY, JR.	DAVID L. SPOEDE
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JAMES J. WECHSLER	GARY M. LADEN*

March 5, 1985

OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNODGRASS
O. M. CALHOUN
MACK EASLEY

W. E. BONDURANT, JR. (1913-1973)
ROBERT A. STONE (1905-1981)

*NOT LICENSED IN NEW MEXICO

Mr. R.L. Stamets
State of New Mexico
Energy & Minerals Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 8570

Re: McDonald State "WN" No. 32
NE $\frac{1}{4}$, Section 35,
Township 22 South,
Range 36 East,
Lea County, New Mexico
1. Reactivation of 160 acre
Non-Standard Jalmat (gas).
2. Notice of \$103 Infill
Application.

Gentlemen:

Reference is made to a letter dated February 20, 1985 from a Mr. Doyle Hartman to Mr. R.L. Stamets concerning the above referenced proposed well.

ARCO Oil & Gas Company takes exception to the reactivation of the non-standard proration unit, to the granting by the Oil Conservation Division of permission to drill and to approval of dedication of the previously existing unit to the new well.

ARCO Oil & Gas Company is the record owner of the state lease upon which this proration unit is located and the operating rights thereunder. ARCO Oil & Gas Company in a Farm-Out Agreement dated January 28, 1985 farmed-out to Mr. E.M. Gorence of Midland, Texas the right to drill a well in the above referenced proration unit. That agreement, however, provided specifically in Article 10 that "no provisions of this agreement or assignment herein provided for shall be . . . assigned except by written consent of Atlantic." Request has been made by Mr. Hartman of ARCO Oil & Gas Company to approve the assignment. ARCO Oil & Gas Company has, as of this time, declined to do so.

Mr. R.L. Stamets
Page -2-
March 4, 1985

Therefore, Mr. Hartman has no rights in the subject acreage and is not entitled to file application for reactivation of the non-standard proration unit, to file an application for approval to dedicate the previously existing nonstandard proration unit to the new infill well or to request permission to drill. Likewise, Mr. Hartman has no right to apply for approval of the well as a §103 infill well.

Your cooperation and attention to this matter is greatly appreciated.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY



Richard E. Olson

REO/sef

xc: Mr. E.M. Gorence
Mr. Ron Sponberg
Mr. Al Hoppe
Mr. Doyle Hartman
New Mexico Oil
Conservation Division
District 1 Office
P.O. Box 1980
Hobbs, New Mexico 88240