

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

January 2, 1986

*Can File
5604*

Mr. R. L. Stamets, Director
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: George Etz No. 6
SE/4 Section 27
T-23-S, R-36-E
Lea County, New Mexico

Dear Mr. Stamets:

Reference is made to the compulsory pooling hearing held before the New Mexico Oil Conservation Division on October 17, 1985 by HCW Exploration, Inc. seeking an order pooling all mineral interests in any gas pool down to and including the Jalmat Gas Pool underlying the SE/4 of Section 27, T-23-S, R-36-E, NMPM, Lea County, New Mexico. Said Order was granted November 19, 1985, Order No. R-8071.

Doyle Hartman initiated the proposal for the drilling of the well and HCW came back with a counter proposal to drill. In order to prevent a hotly contested hearing and for the benefit of the New Mexico Oil Conservation Division, Doyle Hartman agreed not to actively oppose HCW's force-pooling hearing. HCW was granted the force-pooling order on November 19, 1985, and notified Doyle Hartman of the Order on December 3, 1985. However, at the time of the hearing, HCW was negotiating to sell its interest in this and many other properties to Natural Resources Management Corporation, and the sale was final before the date of the order.

HCW had several leases of this type in Lea County, New Mexico and Doyle Hartman was willing to allow an experienced operator in the area operate the proposed George Etz No. 6. However, Natural Resources Management Corporation does not have any experience in drilling or operations in this area of Lea County, New Mexico, and Doyle Hartman does not wish to participate with or be force-pooled under an inexperienced operator.

NMCCD

January 2, 1986

Page 2

Therefore, since HCW Exploration, Inc. has been sold to Natural Resources Management Corporation, and is no longer in existence, Paragraph 3 of the force-pooling order cannot be upheld, and the force-pooling cannot be in force and effective.

Very truly yours,


Doyle Hartman

DH/cg

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

HCW Exploration, Inc.
Mr. David T. Sites, Geologist
Post Office Box 10585
Midland, Texas 79702

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1/2/86

109524344

157093495

FROM

Doyle Hartman

915 684-4011

FEDERAL EXPRESS USE ONLY

Drop off at Service Center/Station
Is original with this form? Yes No

DOYLE HARTMAN OIL OPERATOR

Dispatch # MAFA 0223

500 N MAIN ST

Employee # 36182

MIDLAND TX 79702

Time 1710 Date 1/2/86

HCW Hearing

Tax exempt

Remarks

TO

Mr. R. L. Stamets

505 827-5800

Basic charge

New Mexico Oil Conservation Division

State/local taxes

310 Old Santa Fe Trail

Federal taxes/duties

Santa Fe, New Mexico 87501 USA

Forwarded original charge

Dispatch # MAFA 0223 Machine # 157093495

Other charges

Valuation charge

TRANSMISSION

Recipients 1

Copies 1

Total charge

Hold for pickup
 Saturday service

Other:

Cash received at origin destination
Employee #

BILL TO

FEC acct.

Sender's

Recipient's acct. #

Third party's acct. #

Country codes

Credit card Amex MasterCard VISA Other:
Card #

Exp.

Origin Destination

Cash

pages 2

Page size Letter 8 1/2 x 11 1/2

Value

Currency:

Address correction

Street

HANDLING OF ORIGINAL

Hold for sender

Return to sender

Deliver to other party

City State Zip

Employee # Date

R. L. Stamets

505 827-5800

Original returned at FEC location

New Mexico Oil Conservation Division

Time Date

310 Old Santa Fe Trail

Delivery courier #

Santa Fe New Mexico 87501 USA

Received by

Hold for pickup
 Saturday service

Other:

International

Part #2041738801 Printed in U.S.A. Rev. 3/84 GBF

SCANNED AT 17:32 ON 01/02/86
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002 PAGES PRINTED

RECIPIENT COPY



HCW EXPLORATION, INC.

400 N. Marienfeld
P. O. Box 10585
Midland, Texas 79702

(915) 683-3303

January 3, 1986

*Case File 5664
RSL*

Mr. R. L. Stamets, Director
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: George Etz No. 6
SE/4 Section 27
T23S R36E
Lea County, New Mexico

Dear Mr. Stamets:

Reference is made to Doyle Hartman's correspondence to you January 2, 1986 concerning Force Pooling Order No. R-8071. As I said in our telephone conversation January 3, HCW Exploration Inc. and Natural Resource Management entered into a purchase and sale agreement in October whereby HCW Inc. has agreed to sell its oil and gas assets to Natural Resource Management. The sale is not final at this time, and HCW Exploration Inc. continues to operate all of its oil and gas properties and will for some time to come. It is HCW Exploration's intention to comply with Order No. R-8071 and drill the George Etz No. 6 within the specified time period. It is HCW Exploration's contention that Order No. R-8071 can be upheld and is in force until it expires.

As Mr. Hartman states in his letter to you, he was notified of the order December 3, 1985. At that time, he was given an opportunity to join HCW Exploration Inc. in the drilling of the George Etz #6. To date, Mr. Hartman has not notified HCW of his intention to join in this well. As stipulated in the order, Mr. Hartman was given 30 days to make his decision to join. That 30 day time period expired January 2, 1986 and HCW Exploration will not allow Mr. Hartman additional time to join.

As a matter of reference and compliance with Order No. R-8071; I am enclosing our correspondence with Mr. Hartman notifying him of the order, a copy of our AFE we sent to him and a copy of the return certified receipt. Thank you for your time in this matter and if you need additional information I will be glad to supply it.

Yours very truly,

HCW Exploration Inc.
David T. Sites

DTS/lh
Enclosures
CC:Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Sante Fe, New Mexico 87504-2265



HCW EXPLORATION, INC.

400 N. Marienfeld
P. O. Box 10585
Midland, Texas 79702

(915) 683-3303

December 2, 1985

Doyle Hartman
500 North Main
P.O. Box 10426
Midland, Texas 79702

RE: George Etz #6
SE/4, Sec 27, T-23-S,
R-36-E, Lea County,
New Mexico

Dear Doyle:

Enclosed please find a copy of the New Mexico Oil Conservation Division force pooling order effective November 19, 1985. As you are aware, this order pools the SE/4 of section 27, T-23-S, R-35-E, Lea County, New Mexico for the purpose of drilling the George Etz #6 as a 3600' Jalmat gas well. As provided for in the force pool order, HCW Exploration is hereby affording you the opportunity of joining in this well by executing and returning to us a copy of this AFE and prepaying your share of the estimated well cost within the time limit specified. If you have any questions, please do not hesitate to contact our office.

Thank you,
HCW Exploration, Inc.

A handwritten signature in cursive script, appearing to read 'David T. Sites'.

David T. Sites
Production Geologist

DTS:sb
Enclosures

CC: Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504

R.L. Stamets
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504



HCW EXPLORATION, INC.
 400 N. MARIENFELD
 P.O. BOX 10585
 MIDLAND, TEXAS 79702

(915) 683-3303

COST ESTIMATE AND AUTHORITY FOR EXPENDITURE

DATE: 12-2-85

WELL NAME & NO. George Etz #6
 LOCATION: Section 27, T 23S, R 36E
 COUNTY: Lea STATE: New Mexico AFE NO. _____
 PROPOSED FORMATION: Yates-Seven Rivers OIL _____ GAS OTHER _____
 COMPLETION: SINGLE _____ DUAL _____ PROJECTED T.D. 3,600

A. INTANGIBLE DRILLING COST-Before Csg Pt:

1. DAMAGES & RIGHT-OF-WAY	\$	<u>3,000</u>
2. STAKE & BUILD LOCATION		<u>4,000</u>
3. CONTRACT DRILLING-FOOTAGE \$14./ft.		<u>51,000</u>
4. CONTRACT DRILLING-DAY WORK		_____
5. CEMENTING SERVICE: CONDUCTOR		_____
SURFACE 160 sx		<u>3,000</u>
INTERMEDIATE		_____
6. DRILLING MUD & CHEMICALS		<u>5,000</u>
7. WATER AND/OR BRINE		<u>5,000</u>
8. BITS, REAMERS, ETC. <u>Included in footage rate</u>		_____
9. FUEL <u>Included in footage rate</u>		_____
10. TOOL & EQUIPMENT RENTALS		<u>1,000</u>
11. CORES & ANALYSIS; DST'S: ETC.		_____
12. OPEN HOLE LOGS		_____
13. TRUCKING		<u>1,000</u>
14. MISCELLANEOUS SUPPLIES & LABOR		<u>1,000</u>
15. ABANDONMENT COST-INCLUDING RIG-TIME		_____
16. GEOLOGICAL SUPERVISION		<u>1,000</u>
17. ENGINEERING SUPERVISION		<u>5,000</u>
18. DRILLING OVERHEAD		<u>2,000</u>
19. CONTIGENCIES %		_____

TOTAL INTANGIBLE DRILLING COST-Before Csg Pt. A. \$ 82,000

B. TANGIBLE DRILLING COST-Before Csg Pt:

1. WELLHEAD EQUIPMENT <u>screwed equipment</u>	<u>3,000</u>
2. CONDUCTOR &/OR SURFACE CSG <u>400' - 8 5/8", 24#</u>	<u>5,000</u>
3. INTERMEDIATE CSG	_____

TOTAL TANGIBLE DRILLING COST-Before Csg Pt. B. \$ 8,000

TOTAL ESTIMATED DRY HOLE & BEFORE CSG PT COST (A+B) \$ 90,000

C. INTANGIBLE COMPLETION COST-After Csg Pt:

1. CMTING SERVICE (PROD.CSG, SQZG, ETC) <u>1000 sx</u>	<u>12,000</u>
2. CASED HOLE LOGGING & PERF <u>GR-Neutron & Perf</u>	<u>8,000</u>
3. COMPLETION UNIT <u>8 days @ \$1500/day</u>	<u>12,000</u>
4. ACIDIZING &/OR FRACTURING <u>foam frac</u>	<u>50,000</u>
5. TOOL & EQUIPMENT RENTALS	<u>4,000</u>
6. WATER (FRESH, KCL, BRINE) <u>For frac job</u>	<u>4,000</u>

COST ESTIMATE
PAGE -2-

7. MISCELLANEOUS SUPPLIES & LABOR	2,000
8. TRUCKING (CSG, TBG, SURFACE FACILITIES)	3,000
9. LOCATION CLEAN UP	1,000
10. WELDING, TEMP. PMPG, ETC.	1,000
11. COMPLETION SUPERVISION	5,000
12. COMPLETION OVERHEAD	2,000
13. CONTINGENCIES $\frac{\%}{8}$	5,000

TOTAL INTANGIBLE COMPLETION COST-After Csg. Pt. C.\$ 109,000

D. TANGIBLE COMPLETION COST-After Csg. Pt:

1. PRODUCTION CASING 3600' - 4½", 10.5#, J-55 ST&C	\$ 18,000
2. TUBING 3600' - 2 3/8", 4.7#, J-55, EUE, 8rd	8,000
3. WELLHEAD EQUIPMENT	5,000
4. SUCKER RODS 3600' - 3/4"	5,000
5. PMPG UNIT W/ENG OR MOTOR 114 w/elec motor	20,000
6. BOTTOM HOLE EQUIPMENT 1-1/2" pump	3,000
7. FLOW LINES	2,000
8. STORAGE TANKS & RELATED EQUIP.	3,000
9. TREATER &/OR SEPARATOR	6,000
10. BATTERY CONNECTIONS	3,000
11. ELECTRICAL INSTALLATION	2,000
12. OTHER EQUIPMENT	1,000
13. INSTALLATION LABOR	5,000
14. MISCELELANEOUS	3,000

TOTAL TANGIBLE COMPLETION COST-After Csg.Pt. D.\$ 84,000

TOTAL WELL COMPLETION COST C+D \$ 193,000

TOTAL COMPLETED WELL COST \$ 233,000

PREPARED BY: David J. Hill
Name
Production Geologist
Title

APPROVED BY: Steve A. Douglas
Steve A. Douglas
Vice-President, Operations

RECEIVED, APPROVED & ACCEPTED THIS _____ DAY OF _____, 19__.

Name

Title

Participant

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 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 service(s) requested.

1. Show to whom, date and address of delivery.

2. Restricted Delivery.

3. Article Addressed to:

Doyle Hartman
P. O. Box 10426
500 North Main
Midland, Texas 79702

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 652 053 466

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *Robert Robertson*

7. Date of Delivery
DEC 11 1985

8. Addressee's Address (ONLY if requested and fee paid)

USPS

DOMESTIC RETURN RECEIPT

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

April 8, 1986



*File
Case 8604
BLL*

~~HCW Exploration, Inc.
400 N. Marienfeld
Midland, Texas 79702~~

Re: George Etz No. 6
SE/4 Section 27
T-23-S, R-36-E
Lea County, New Mexico

Gentlemen:

Reference is made to our past correspondence covering development drilling in the SE/4 Section 27, T-23-S, R-36-E.

On November 19, 1985, you received an order from the New Mexico Oil Conservation Division pooling gas rights only. From the C-105 you furnished us, we see that the well has been completed as an oil well with a GOR of 3700 to 1.

Under Order No. R-8071, only gas rights were pooled; therefore, you have drilled a well on an uncommitted interest owned by Doyle Hartman. We now request that our field personnel be allowed to coordinate with your field personnel in order to observe a sustained stabilized production test so that we can determine what will be our best course of action with regard to dedicating our interest in the well. We are astounded that HCW did not formally notify us of the outcome of this well as required under the New Mexico Oil Conservation Division order. We are also astonished that the reason given for the well being shut in because of a lack of gas market since we raised the question of gas contracts in the beginning.

We would appreciate your handling this as soon as possible so that we will be assured that our rights are protected.

Very truly yours,

DOYLE HARTMAN

A handwritten signature in cursive script that reads "Ruth Sutton". The signature is written in dark ink and is positioned above the typed name.

Ruth Sutton
Landman

RS/dr

HCW Exploration, Inc.
April 8, 1986
Page 2

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