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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

C E R T I F I C A T I O N

TO WHOM IT MAY CONCERN:

I, R. L. STAMETS, Director of the Oil Conservation Division of the New Mexico Energy and Minerals Department, do hereby certify that the attached is a true and correct copy of a letter dated July 22, 1985, from Mr. W. Thomas Kellahin to Mr. Gilbert Quintana concerning Case No. 8639 on file in this office.

R. L. STAMETS, Director

August 12, 1985

BEFORE EXAMINER STOGNER
Oil Conservation Division
~~192514~~ Exhibit No. 9A
Case No. 8770



STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 12th day of August, 1985.

NOTARY PUBLIC

My Commission Expires:

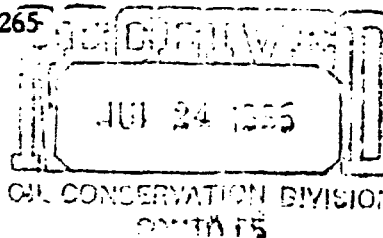
Oct 28, 1985

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

July 22, 1985



Mr. Gilbert Quintana
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of Zia Energy, Inc., for
approval of unorthodox location and
NSPU, Jalmat Gas Pool, Lea County,
New Mexico, NMOCD Case 8639

Dear Mr. Quintana:

Last week you discussed with Karen Aubrey of our office whether or not Zia Energy had copies of return receipts showing notice to offset operators for the referenced case which was heard by you on July 2, 1985.

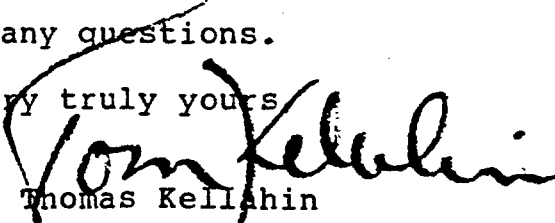
Please find enclosed a copy of a letter agreement between Mr. William F. Carr, on behalf of Doyle Hartman and me on behalf of Zia Energy, Inc., stipulating on mutual waivers. You will note from the record that Mr. Carr entered his appearance in this case. Mr. Hartman is the directly affected offset operator.

The only other operators in the area that might be potentially affected would be Conoco Inc. Prior to the hearing I discussed Conoco's position and possible objection with Mr. Hugh Ingram of Conoco's Hobbs Office. Mr. Ingram advised me that Conoco would not object but would not sign a waiver.

Because this matter was set for a Division hearing, we followed the Division hearing procedures which do not require certified notices to offset operators. However, we have accomplished the same result with actual notice to Conoco and Hartman.

Please call me if you have any questions.

Very truly yours


W. Thomas Kellahin

WTK:ca
Enc.

KELLAHIN and KELLAHIN

Mr. Gilbert Quintana
July 22, 1985
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cc: Mr. Ferris Nelson
Zia Energy, Inc.
P. O. Box 2219
Hobbs, New Mexico 88240

William F. Carr, Esq.
Campbell & Black
P. O. Box 2208
Santa Fe, New Mexico 87501

CAMPBELL & BLACK, P.A.

LAWYERS

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TELEPHONE: (505) 988-4421
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July 1, 1985

Zia Energy, Inc.
Post Office Box 2219
Hobbs, New Mexico 88240

ATTN: Ferris Nelson
W. Thomas Kellahin

Re: Application of Zia Energy, Inc. for approval of an Unorthodox Gas Well Location, a Non-Standard Proration Unit and Simultaneous Dedication of Acreage for the CSO Federal #2 Well, located 1,650 feet from the North line and 2,310 feet from the West line of Section 20, Township 22 South, Range 36 East, Lea County, New Mexico (New Mexico Oil Conservation Division Case 8639)

Gentlemen:

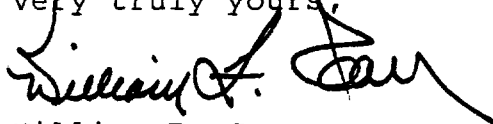
We are in receipt of your application to the New Mexico Oil Conservation Division and request for waiver in the above-referenced matter.

Please accept this letter as Mr. Hartman's waiver of objection to your application, with the stipulation that Zia Energy, Inc. and Conoco, Inc. agree to execute a like waiver to the creation by Mr. Hartman of a non-standard proration unit to be comprised of the NE/4 of Section 20 and the NW/4 of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico and the unorthodox location of a Jalmat Well to be drilled on said unit in the event an unorthodox location for such a well is proposed by Mr. Hartman. No location for a Jalmat Well on this unit has been selected by Mr. Hartman but it is understood and agreed that the proposed unorthodox well location, if any, would be no closer than 330 feet to the outer boundary of the proposed Hartman non-standard spacing or proration unit.

Zia Energy, Inc.
July 1, 1985
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If you agree to accept our waiver with the above stipulation and to notify the Oil Conservation Division of our waiver, please execute one copy of this letter, arrange for a copy to be executed by an authorized representative of Conoco, Inc., and return it to this office.

Very truly yours,



William F. Carr
Attorney for Doyle Hartman

AGREED AND ACCEPTED this 1 day of July, 1985.

ZIA ENERGY, INC

By



CONOCO, INC.

By _____

cc: Doyle Hartman

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8770
Order No. R-8116

APPLICATION OF DOYLE HARTMAN FOR
A NON-STANDARD PRORATION UNIT, TWO
UNORTHODOX GAS WELL LOCATIONS, AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 21, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

Now, on the 6th day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, is the owner and operator of the NE/4 of Section 20 and the NW/4 of Section 21, both in Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) The applicant seeks the creation of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, said unit to comprise the above-described two quarter sections.

(4) Applicant further seeks approval of the drilling of two wells to be located at the following unorthodox gas well locations: one well to be located at a point 2310 feet from the North line and 100 feet from the East line of said Section 20, and the other to be located at a point 2145 feet from the North line and 1600 feet from the West line of said Section 21, both wells to be simultaneously dedicated to his existing Boren and

Greer Gas Com. Wells Nos. 1, 2, and 3 located in Units D and C of said Section 21 and Unit A of said Section 20, respectively.

(5) The aforesaid two quarter sections were previously communitized and approved by Division Order No. R-5688, dated April 4, 1978, as a 320-acre non-standard Jalmat gas proration unit; and at the request of applicant's predecessor owner of these lands, Sun Exploration and Production Company, the Division rescinded the 320-acre unit and created two 160-acre Jalmat gas proration units by Division Order No. R-6984, dated May 24, 1982.

(6) The entire 320-acre non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and can be efficiently and effectively drained and developed by all of the aforesaid wells.

(7) No operator appeared at the hearing and objected to the proposed unorthodox locations.

(8) The operator should be permitted to amend either or both of the above-described locations if necessary without notice and hearing, provided that any such amended location should not be more unorthodox than the original unorthodox location described herein.

(9) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Doyle Hartman, is hereby authorized to drill two wells in the Jalmat Gas Pool at the following unorthodox gas well locations in Township 22 South, Range 36 East, NMPM, Lea County, New Mexico: one well to be located at a point 2310 feet from the North line and 100 feet from the East line of Section 20 and the other well to be located at a point 2145 feet from the North line and 1600 feet from the West line of Section 21.

(2) Either or both of the above-described locations may be amended without notice and hearing, provided that any such amended location shall remain in the same 40-acre tract as the original unorthodox location and shall not be closer to the outer boundary of the 320-acre proration unit than the original

location authorized herein, and provided further, that the applicant shall note on the C-101 that said location has been amended from the location authorized by this order, and shall notify the Division Director in writing of such amended location.

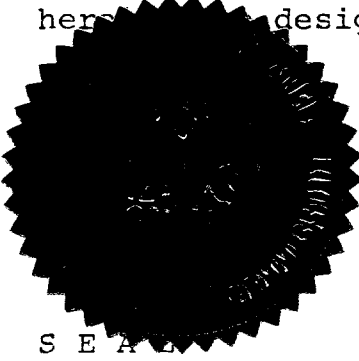
IT IS FURTHER ORDERED THAT:

(3) A 320-acre non-standard gas spacing and proration unit for the Jalmat Gas Pool comprising the NE/4 of said Section 20 and the NW/4 of said Section 21, is hereby approved, to be simultaneously dedicated to the above-described wells and to the applicant's existing Boren and Greer Gas Com. Wells Nos. 1, 2, and 3 located in Units D and C of said Section 21 and Unit A, of said Section 20, respectively.

(5) Division Order No. R-6984, dated May 24, 1982, is hereby rescinded.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director

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