



Hartman, D3 cc
**NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT**

BILL RICHARDSON
Governor

May 6, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

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

Attention: Doyle Hartman

Re: *Administrative application (Division reference No. pMES0-412735351) filed with the Division on March 29, 2004 for an exception to the well density requirements, Rule 3 (C) of the "Special Pool Rules for the Jalmat Gas Pool (79240)," as promulgated by Division Order No. R-8170-P, issued in Case No. 12563 on December 14, 2001, within an existing non-standard 160-acre Jalmat gas spacing unit comprising the NE/4 of Section 22, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico (approved by Division Order No. R-520, issued in Case No. 673 on August 12, 1954).*

Dear Mr. Hartman:

Your application is incomplete with respect to notice. Please refer to Rule 4 (B) (3) of the special rules currently governing the Jalmat Gas Pool, which states in part:

"the applicant has obtained consent of or given notice to all operators of any unit or units adjacent to the spacing unit requiring the well density exception..."

You failed to provide such notice to the Jalmat operator to the south in the existing 80-acre unit comprising the N/2 SE/4 of Section 22 and to the southeast in the existing 320-acre unit comprising the S/2 of Section 23, both in Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

The subject application is hereby **denied** and is being returned to you at this time.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Hobbs
Mr. J. E. Gallegos, Legal Counsel for Doyle Hartman, Oil Operator – Santa Fe

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

RECEIVED

MAR 28 2004

*Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505*

March 26, 2004

CERTIFIED MAIL (RECEIPT NO. 7001 1140 0002 8323 2114) AND FEDEX

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

**Re: Administrative Application for Simultaneous Dedication
Proposed New Mexico State "AA" No. 7 / (A-22-23S-36E or B-22-23S-36E)
NE/4 Section 22, T-23-S, R-36-E
Lea County, New Mexico
[Administrative Order SD-80-12 Jalmat (Gas) Proration Unit]**

Gentlemen:

Administrative Order SD-80-12, corresponding to the 160-acre New Mexico State "AA" Jalmat (Gas) proration unit, consisting of the NE/4 Section 22, T-23-S, R-36-E, Lea County, New Mexico, grants approval to simultaneously dedicate the following two (2) Jalmat wells, to the subject 160-acre Jalmat (Gas) proration unit.

New Mexico State "AA" No. 1
New Mexico State "AA" No. 4

H-22-23S-36E
B-22-23S-36E

As to the New Mexico State "AA" No. 4 well, the well was drilled and completed as a tubingless completion; i.e., the 2 7/8" O.D. tubing serves as the casing string, with 1 1/2" O.D. tubing serving as the tubing string. As a result of the highly-restrictive mechanical arrangement, and with the present lower pressures, the New Mexico State "AA" No. 4 is not mechanically capable of efficiently and effectively recovering remaining lease reserves.

Consequently, we hereby propose to drill the New Mexico State "AA" No. 7 well, as a **replacement** Jalmat producer, for the New Mexico State "AA" No. 4 well, with the **proposed** New Mexico State "AA" No. 7 Jalmat well to be located in either A-22-23S-36E (660' FNL and 810' FEL) or B-22-23S-36E (660' FNL and 1650' FEL). Upon the successful completion of the New Mexico State "AA" No. 7 well, the New Mexico State "AA" No. 4 well will be plugged and abandoned, along with the currently temporarily-abandoned New Mexico State "AA" No. 2 well, situated in A-22-23S-36E.

Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
March 26, 2004
Page 2

Approval of this simultaneous dedication application will prevent waste, by allowing for the optimal recovery of remaining gas reserves (including gas reserves from tighter Jalmat strata, within the Jalmat interval). The subject application will also allow a material portion of the remaining reserves to be recovered during the current period of reduced North American gas deliverability and tighter gas supplies.

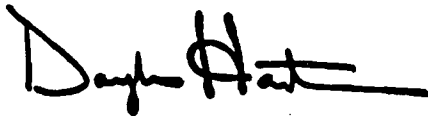
Notice of this administrative application, and our request for written waiver (as enclosed herewith), has been sent by certified mail to the applicable diagonal and adjacent offset Jalmat operators, which sole operator is as follows:

- 1) Mission Resources Corporation
1331 Lamar, Suite 1455
Houston, Texas 77010-3039
Kent Rogers, V.P. Operations
Certified Mail Receipt No. 7001 1140 0002 8323 2138 (Mailed March 26, 2004)

We thank you for your thoughtful review of this matter.

Very truly yours,

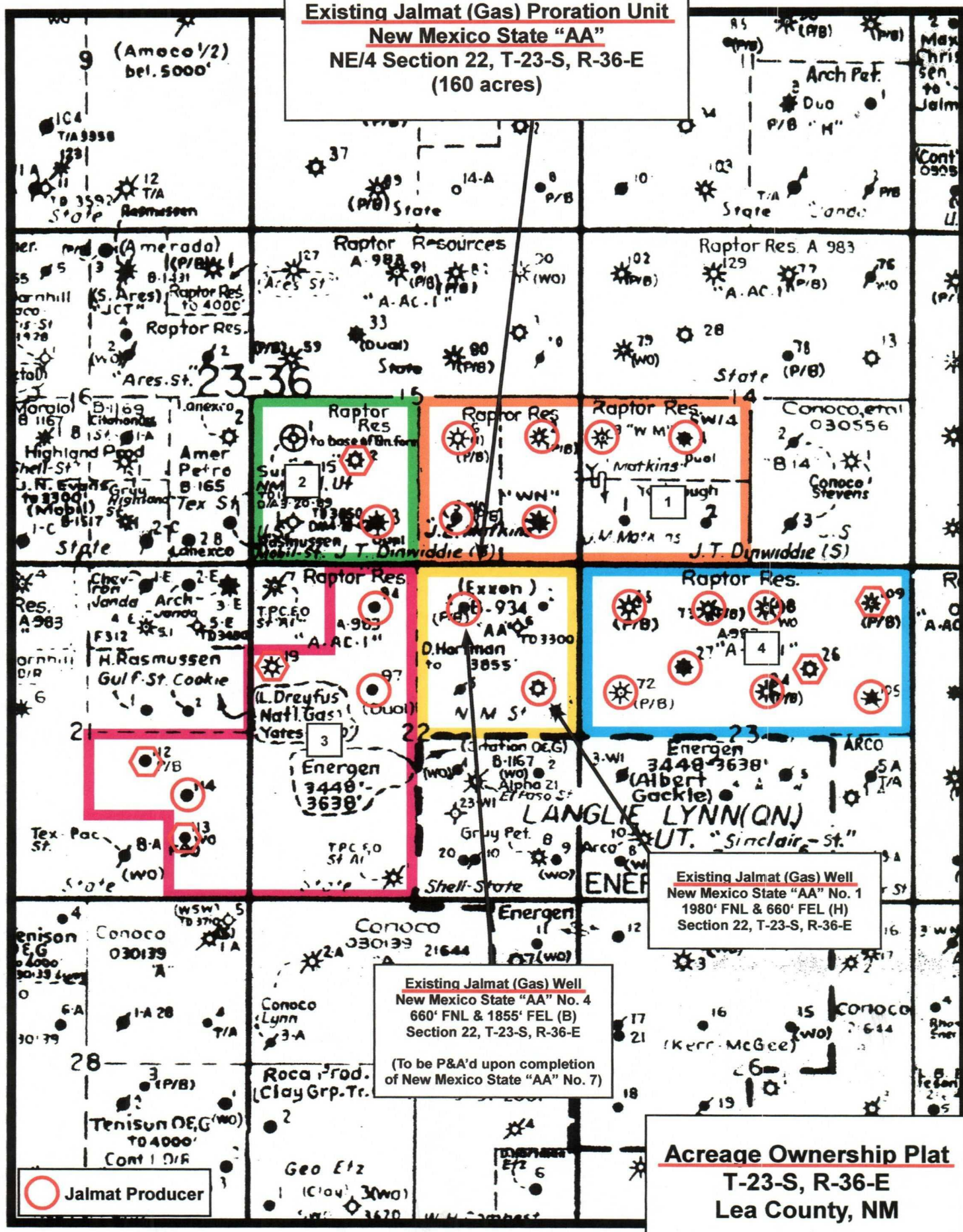
DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal stroke extending to the right.

Doyle Hartman
Owner

DIVIDER PAGE

Existing Jalmat (Gas) Proration Unit
New Mexico State "AA"
NE/4 Section 22, T-23-S, R-36-E
(160 acres)



Adjacent and Diagonal Jalmat Operators

Doyle Hartman-operated
New Mexico State "AA" Jalmat P.U.
NE/4 Section 22, T-23-S, R-36-E
Lea County, New Mexico
(160 acres)

| Tract | Color Code | Operator | Jalmat P.U. Description | Lease Name | Well No. | Jalmat Well Location(s) | No. of Wells | Offset Well Spacing (acres/well) | |
|------------------|------------|-------------------------|--|-----------------|--|--|-----------------|--|------|
| 1 | Orange | Mission Resources Corp. | SW/4 Section 14 & SE/4 Section 15 T-23-S, R-36-E (320 acres) | Matkins | 1 2 3 4 5 6 | P-15-23S-36E I-15-23S-36E L-14-23S-36E K-14-23S-36E O-15-23S-36E J-15-23S-36E | 6 | 53.3 | |
| 2 | Green | Mission Resources Corp. | SW/4 Section 15 T-23-S, R-36-E (160 acres) | Stevens "B-15" | 2 * 3 | K-15-23S-36E N-15-23S-36E | 1 | 160.0 | |
| 3 | Pink | Mission Resources Corp. | N/2 SE/4, SE/4 SE/4 Section 21 & NE/4 NW/4, S/2 NW/4, SW/4 Section 22, T-23-S, R-36-E (400 acres) | State "A A/C 1" | 19 * 94 97 112 * 113 * 114 | E-22-23S-36E C-22-23S-36E F-22-23S-36E J-21-23S-36E P-21-23S-36E I-21-23S-36E | 3 | 133.3 | |
| 4 | Blue | Mission Resources Corp. | N/2 Section 23 T-23-S, R-36-E (320 acres) | State "A A/C 1" | 26 * 27 65 72 73 84 98 105 109 * | G-23-23S-36E F-23-23S-36E D-23-23S-36E E-23-23S-36E C-23-23S-36E G-23-23S-36E B-23-23S-36E H-23-23S-36E A-23-23S-36E | 7 | 45.7 | |
| Offset Total/Avg | | | | | | | | 17 | 70.6 |

* Inactive/Abandoned Well



STATE OF NEW MEXICO

MIDLAND

NOV 17 1980

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 10, 1980

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

NJP ✓
File AA#4
COPY - AA#1
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Grace Petroleum Corp.
P. O. Drawer 2358
Midland, Texas 79702

Attention: Mr. Douglas W. Rice

Administrative Order SD-80-12

Gentlemen:

You are hereby authorized to simultaneously dedicate a 160-acre proration unit comprising the NE/4 of Section 22, Township 23 South, Range 36 East, NMPM, to your New Mexico State "AA" Well No. 1 located 1980 feet from the North line and 660 feet from the East line and your New Mexico State "AA" Well No. 4, located 660 feet from the North line and 1855 feet from the East line, both in said Section 22, Lea County, New Mexico.

Further, you are hereby permitted to produce the allowable from any of the wells on the proration unit in any proportion.

Sincerely,

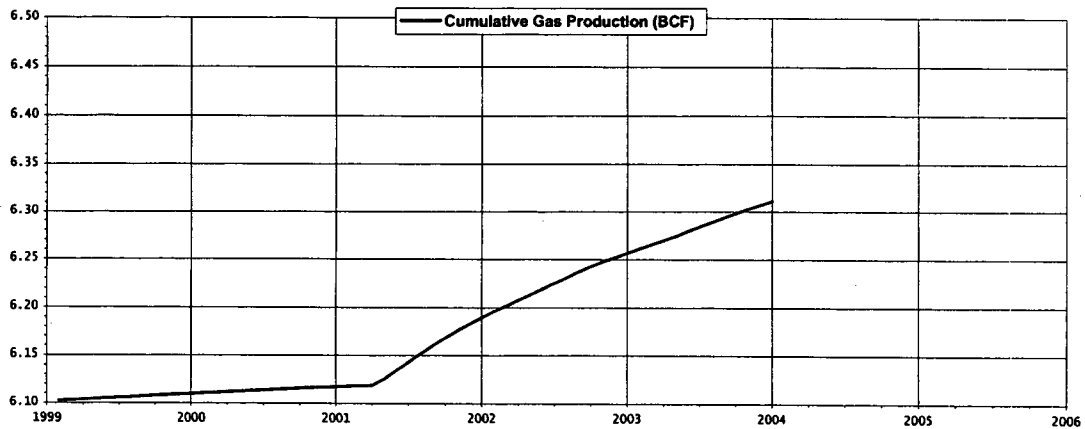
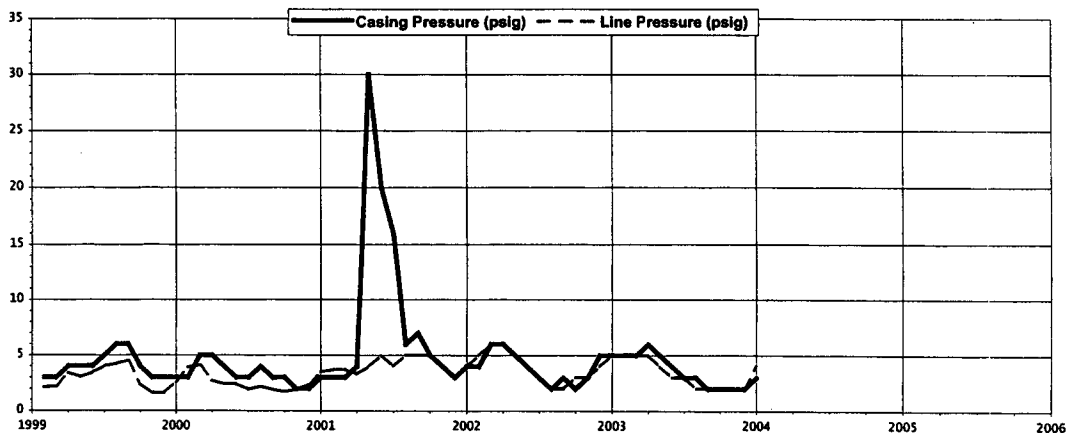
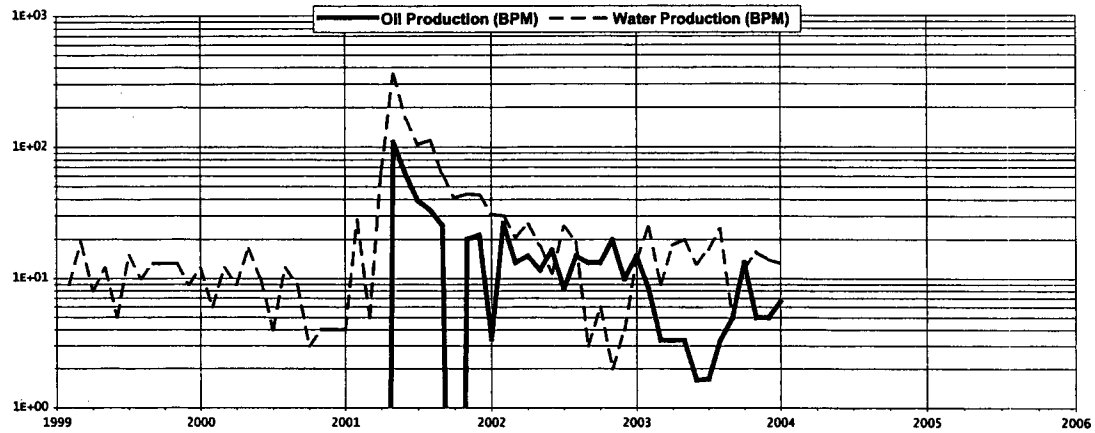
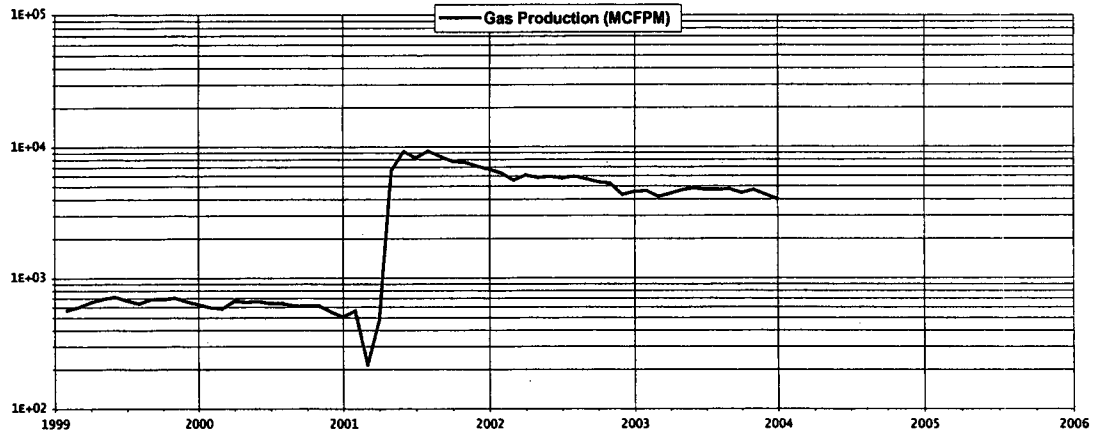

JOE D. RAMEY,
Director

JDR/RLS/dr

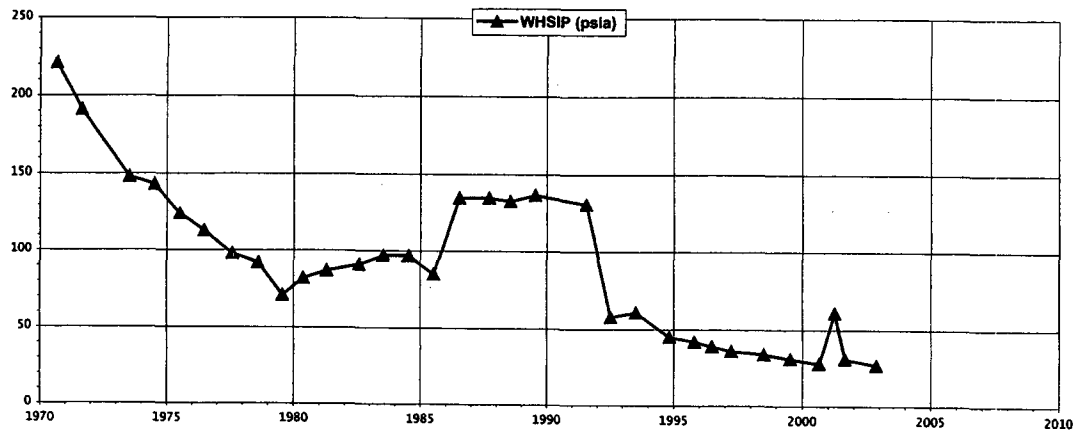
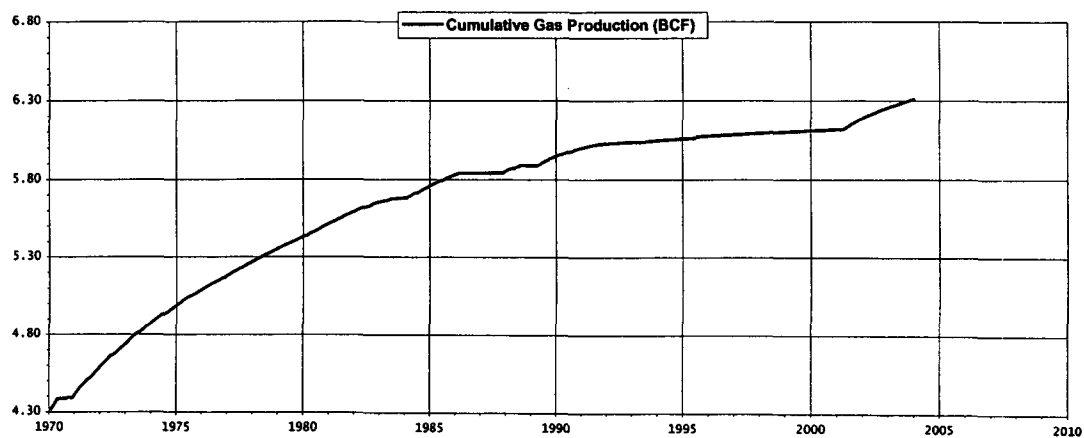
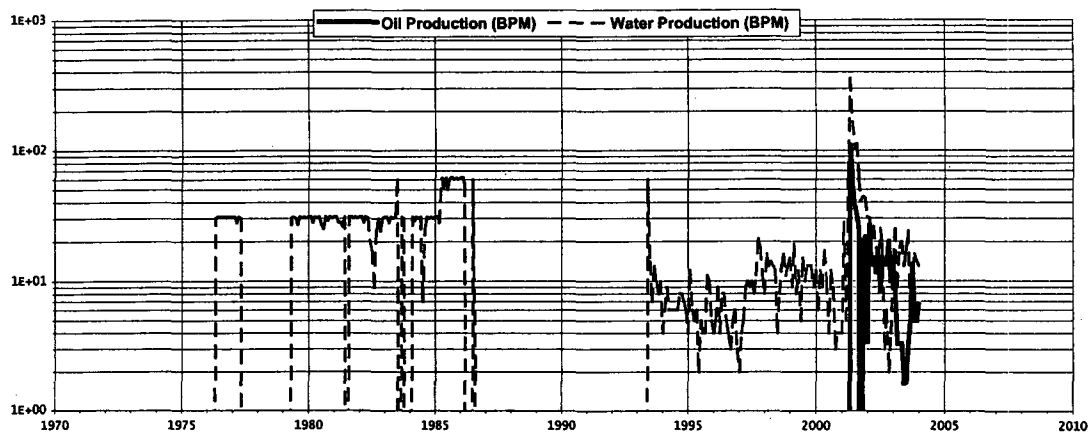
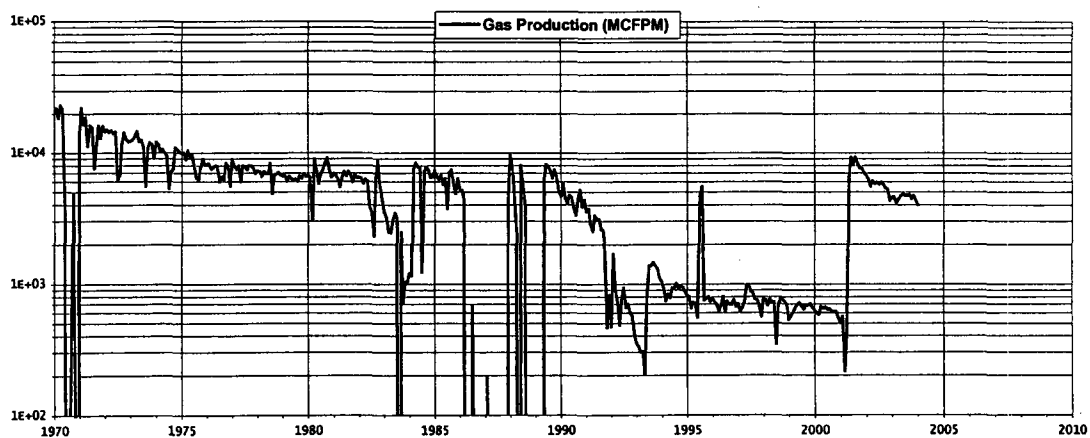
cc: Oil Conservation Division - Hobbs
Oil & Gas Engineering Committee - Hobbs

DIVIDER PAGE

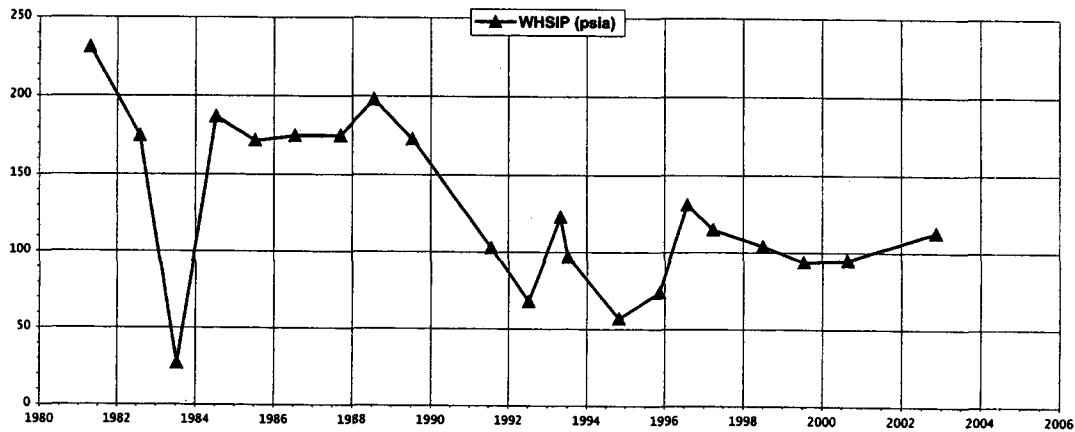
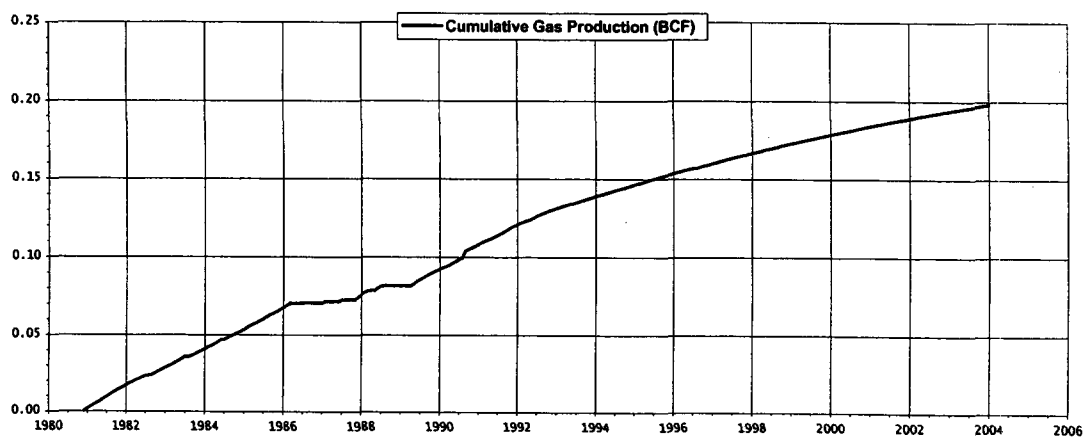
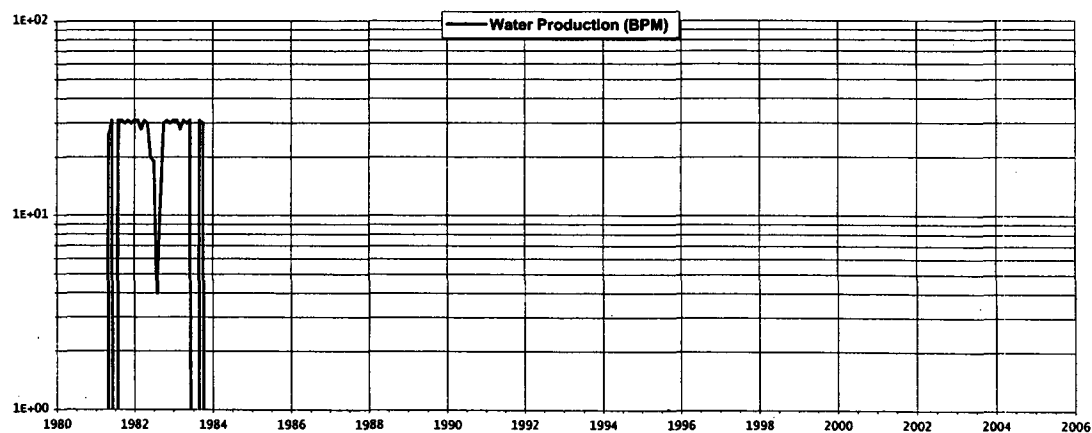
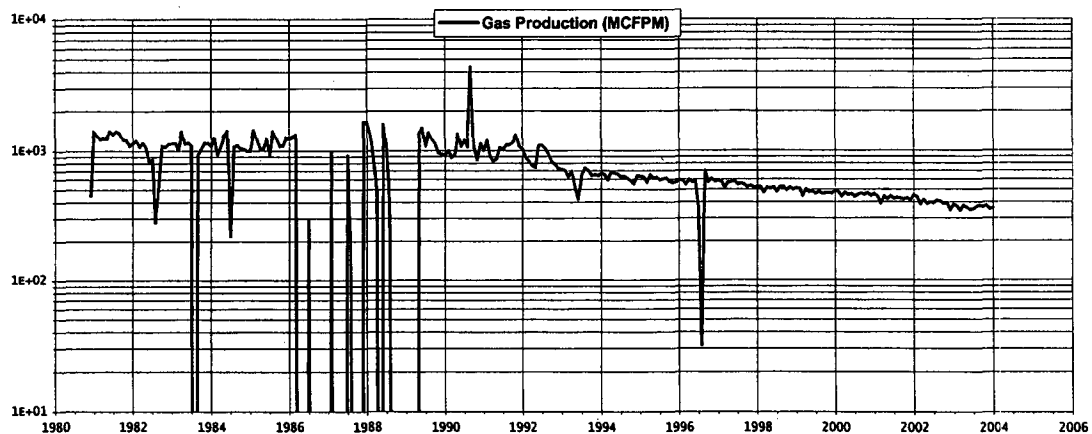
New Mexico State AA #1
 Jalmat (Tansill/Yates/Seven Rivers)
 H-22-23S-36E
 Doyle Hartman



New Mexico State AA #1
Jalmat (Tansill/Yates/Seven Rivers)
H-22-23S-36E
Doyle Hartman



New Mexico State AA #4
Jalmat (Tansil/Yates/Seven Rivers)
B-22-23S-36E
Doyle Hartman



DIVIDER PAGE

DOYLE HARTMAN

Oil Operator
500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(432) 684-4011
(432) 682-7616 FAX

March 26, 2004

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

ADJACENT AND DIAGONAL JALMAT OPERATOR

Proposed New Mexico State "AA" No. 7 / (A-22-23S-36E or B-22-23S-36E)

NE/4 Section 22, T-23-S, R-36-E

Lea County, New Mexico

[Administrative Order SD-80-12 Jalmat (Gas) Proration Unit]

Re: Notice and Waiver Request for Simultaneous Dedication

Gentlemen:

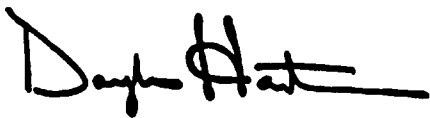
This letter shall serve as (1) our written notice, and (2) request for written waiver, pertaining to our herein enclosed administrative application to the New Mexico Oil Conservation Division, for approval of our simultaneous-dedication application, corresponding to our 160-acre New Mexico State "AA" Jalmat (Gas) proration unit, consisting of the NE/4 Section 22, T-23-S, R-36-E, Lea County, New Mexico.

As can be ascertained from the herein-enclosed application, the subject application requests approval to drill the New Mexico State "AA" No. 7 well, as a **replacement** Jalmat producer, for the New Mexico State "AA" No. 4 well, on the 160-acre Jalmat proration unit, with the average well spacing remaining 80-acres per well.

If you are agreeable to granting a written waiver for our herein proposed administrative application, we respectfully request that you execute this letter (at your earliest convenience), in the space provided below, and promptly return one executed copy in the self-addressed stamped envelope enclosed herewith. The second copy of this letter, as well as the enclosed copy of our administrative application, to the NMOCD, shall be retained for your files.

Yours very truly,

DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read 'Doyle Hartman', with a stylized flourish at the end.

Doyle Hartman
Owner

Adjacent and Diagonal Jalmat Operator
Notice and Waiver Request for Simultaneous Dedication
Proposed New Mexico State "AA" No. 7 / (A-22-23S-36E or B-22-23S-36E)
March 26, 2004
Page 2

APPROVAL IS HEREBY GRANTED TO REPLACE THE NEW MEXICO STATE "AA" NO. 4 WELL WITH THE PROPOSED NEW MEXICO STATE "AA" NO. 7 WELL AS THE SECOND ACTIVE JALMAT WELL ON THE 160-ACRE NEW MEXICO STATE "AA" JALMAT P.U.

Signature

Company Name

Date

cc: Michael E. Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, NM 87505

ADJACENT AND DIAGONAL JALMAT OPERATOR

Notice and Waiver Request

Simultaneous Dedication

Proposed New Mexico State "AA" No. 7 / (A-22-23S-36E or B-22-23S-36E)

NE/4 Section 22, T-23-S, R-36-E

Lea County, New Mexico

[Administrative Order SD-80-12 Jalmat (Gas) Proration Unit]

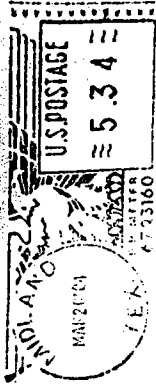
1) Mission Resources Corporation

1331 Lamar, Suite 1455

Houston, Texas 77010-3039

Kent Rogers, V.P. Operations

Certified Mail Receipt No. 7001 1140 0002 8323 2138 (Mailed March 26, 2004)



U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

7001 1140 0002 8323 2138

| | |
|---|---------|
| Postage | \$ 1.29 |
| Certified Fee | 2.30 |
| Return Receipt Fee (Endorsement Required) | 1.75 |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 5.34 |

Postmark
Here

Sent To
Kent Rogers, V.P. Operations
Mission Resources Corporation
1331 Lamar, Suite 1455
Houston, TX 77010-3039

PS Form 3800, January 2001 See Reverse for Instructions

RTMAN
ator
P.O. Box 10426
MIDLAND, TEXAS 79702

Kent Rogers, V.P. Operations
Mission Resources Corporation
1331 Lamar, Suite 1455
Houston, TX 77010-3039

PS Form 3811, August 2001
102595-01-M-2509

2. Article Number
(Transfer from service label)
7001 1140 0002 8323 2138

1. Article Addressed to:
Kent Rogers, V.P. Operations
Mission Resources Corporation
1331 Lamar, Suite 1455
Houston, TX 77010-3039

■ Attach this card to the back of the mailpiece, so that we can return the card to you, or on the front if space permits.

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

B. Received by (Printed Name) C. Date of Delivery

3. Service Type
☒ Certified Mail
☐ Registered
☐ Insured Mail
☐ C.O.D.
☐ Return Receipt for Merchandise

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No