

223138129

SD

NA 9/4/02

Suspense
date**DOYLE HARTMAN***Oil Operator*

500 NORTH MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

Via FedEx

August 13, 2002

Michael Stogner, Chief Hearing Officer
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

AUG 15 2002

Re: Simultaneous Dedication
Britt "A-6" No. 2
1980' FSL and 660' FWL (L)
Section 6, T-20-S, R-37-E
Lea County, New Mexico
(Eumont Gas Pool)

(30-025-05938)

Dear Mr. Stogner,

Reference is made to the Hartman-operated (formerly Conoco operated) Britt "A-6" No. 1 Eumont gas well, which is located 660' FSL and 660' FWL, Section 6, T-20-S, R-37-E. The subject well is located on the 80-acre non-standard gas proration unit consisting of the W/2 SW/4 Section 6 [approved by NSP-1631 dated July 23, 1991 (copy enclosed)].

In March, 1936, the subject well was originally completed by Conoco as an open-hole Eunice-Monument Pool Grayburg completion, from 3811' to 3895', for 117 BOPD. From 1951 to 1968, Conoco subsequently abandoned the open-hole interval, and came up the hole (in the pipe), in the Grayburg, on three separate occasions.

In February, 1991, Hartman abandoned the Eunice-Monument, and recompleted the well in the Eumont Gas Pool. We perforated the well from 3129' to 3369' (Queen-Penrose), and acidized the Eumont interval with 7725 gal. of acid. The well initially produced 468 MCFPD and 15 BWPD. In an attempt to shut off the significant water production (which is caused by a combination of long-time defective wellbores in the area, and an active and ongoing water drive in the Grayburg and Lower Penrose intervals), we squeezed the perforations from 3331' to 3369' with 100 sacks of cement. We then reperforated the well from 3129' to 3267', and added perforations from 2602' to 3011'. The entire Eumont interval (2602' - 3267') was acidized with 6800 gal. of acid. The rework was performed in October, 1995. However, we were unable to shut off the water production. The well currently produces 33 MCFPD and 20 BWPD. As a result of the significant water production, we are unable to perform a CO₂ foam frac on the subject well, as this will only exacerbate an already serious water problem. In addition, not being able to frac the well has hindered our ability to effectively exploit our Eumont gas reserves.

Reference is now made to the various notices (copies enclosed) from the Bureau of Land Management (BLM) concerning the Britt "A-6" No. 2 well. The subject well had been

temporarily abandoned from April, 1991 until June, 2001. As can be ascertained from the various notices, the BLM required that the Britt "A-6" No. 2 well be returned to beneficial use, or properly plugged and abandoned in accordance with applicable laws, rules, regulations and orders. Reference is also made to NMOCD Order No. R-9210. Regarding long-time temporarily abandoned/shut-in wells, the order essentially states that an operator must do one of the following: the well be placed back into beneficial use, the well be temporarily abandoned in accordance with NMOCD Rule 203, or the well be plugged and abandoned in accordance with NMOCD Rule 202.

In accordance with the various government mandates, we commenced the required wellbore repair work in June, 2001. As it would have required a considerable cost just to properly plug and abandon the well, we decided it would be more prudent and economically advantageous (to us as operators, the Lea County economy, the State of New Mexico, and the lessor, the United States of America) to invest our time and money returning the well to beneficial use. After performing the necessary wellbore repairs, we completed the well in the upper Eumont. We perforated the Yates and Seven Rivers formations from 2307' to 2966', and acidized the well with 15,900 gal. of acid. Noticing that there was no significant water production, we were able to perform a CO₂ foam frac on the Britt "A-6" No. 2 well. Having returned the well to beneficial use will allow us to recover our remaining Eumont gas reserves.

Please refer to the enclosed "Reserves and Economics" and the production decline curves for the Britt "A-6" No. 1 and No. 2 wells. As can be seen, the Britt "A-6" No. 1 will be profitable for approximately the next six and a half years at which time it will be uneconomical to produce. It has 51.5 MMCF remaining recoverable reserves. By successfully returning the Britt "A-6" No. 2 well to beneficial use, an additional 1,161 MMCF can be recovered from the Britt "A-6" lease. As a result, these increased, recoverable reserves will continue to supply America with an inexpensive, clean energy alternative, and decrease our dependence for imported oil supplied by hostile, anti-American foreign governments. Over a 38-year period the increased, recoverable reserves will also generate \$340,056 in production tax revenue for the State of New Mexico, and \$494,269 in royalties for the United States of America.

In consideration of the foregoing, we respectfully request administrative approval to simultaneously dedicate our Britt "A-6" No. 2 well to the previously approved Britt "A-6" non-standard gas proration unit. Finally, in accordance with applicable NMOCD regulations, a copy of this letter is being provided to all diagonal and adjacent Eumont gas operators (table and plat included).

Very truly yours,

DOYLE HARTMAN, Oil Operator



Steve Hartman
Engineer

cc: Chris Williams, District I Supervisor
New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1625 French Dr.
Hobbs, NM 88240

Amerada Hess Corp.
P.O. Box 840
Seminole, TX 79360

Kerr-McGee Corp.
P.O. Box 25425
Oklahoma City, OK 73125

Gruy Petroleum Management Co.
P.O. Box 140907
Irving, TX 75014-0907

ChevronTexaco
15 Smith Road
P.O. Box 1150
Midland, TX 79710

James A. Davidson
214 W. Texas, Suite 710
Midland, TX 79701

Doyle Hartman, Oil Operator-Dallas

Doyle Hartman, Oil Operator-Midland

Acreage Ownership Plat
T-20-S, R-36-E and R-37-E
Lea County, New Mexico

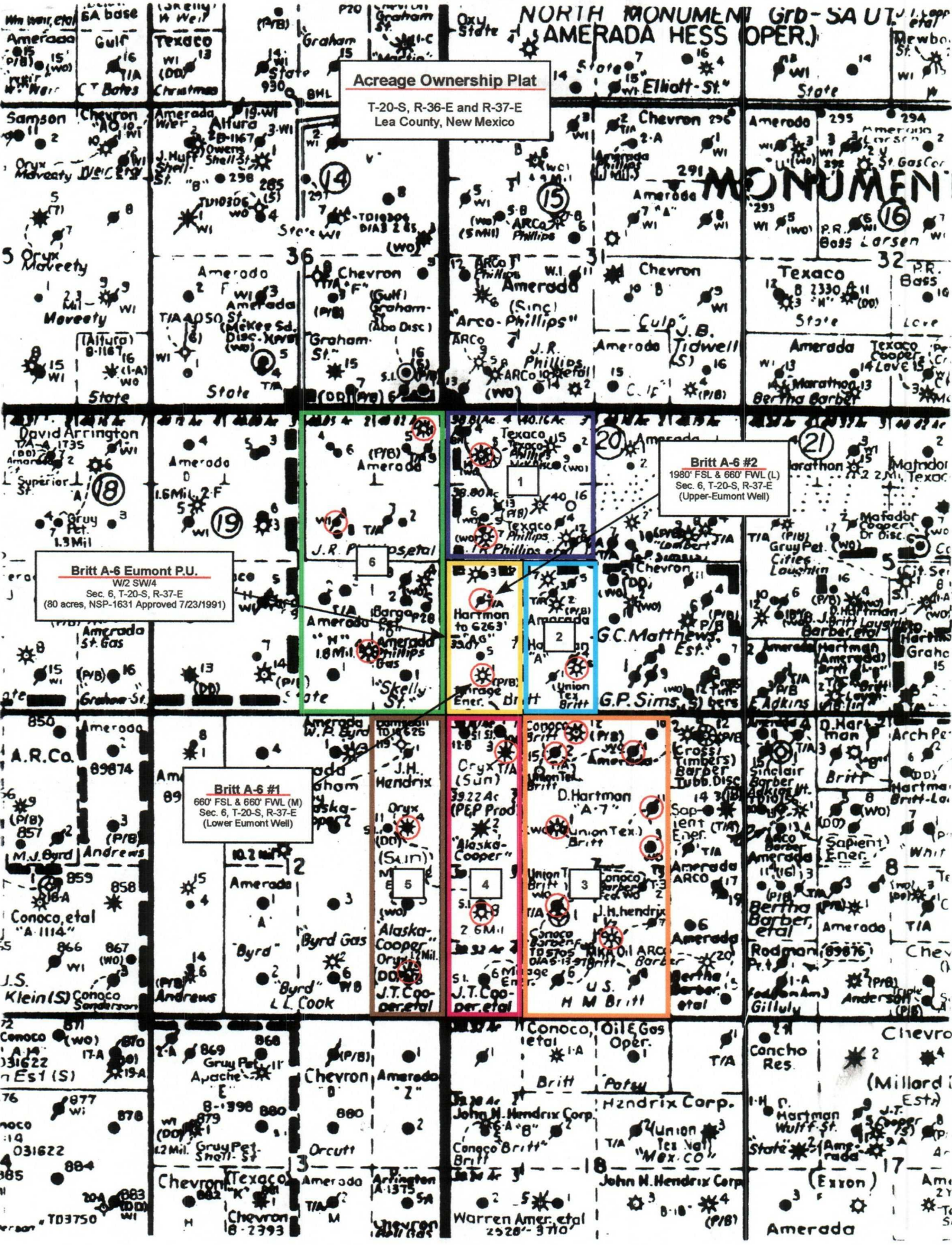
NORTH MONUMENT GRD-SA UT
AMERADA HESS (OPER.)

MONUMENT

Britt A-6 #2
1980' FSL & 660' FWL (L)
Sec. 6, T-20-S, R-37-E
(Upper-Eumont Well)

Britt A-6 Eumont P.U.
W/2 SW/4
Sec. 6, T-20-S, R-37-E
(80 acres, NSP-1631 Approved 7/23/1991)

Britt A-6 #1
660' FSL & 660' FWL (M)
Sec. 6, T-20-S, R-37-E
(Lower Eumont Well)



Adjacent and Diagonal Eumont Operators

Doyle Hartman-operated
 Britt "A-6" No. 2 Eumont Well
 W/2 SW/4 Section 6, T-20-S, R-37-E
 Lea County, New Mexico
 (80 acres, NSP-1631 Approved 7/23/1991)

Tract	Color Code	Operator	Eumont P.U. Description	Lease Name	Well No.	Well Location
1	Purple	ChevronTexaco	NW/4 Section 6 T-20-S, R-37-E (160 acres)	J. R. Phillips	7 14	E-6-20S-37E D-6-20S-37E
2	Blue	Gruy Petroleum Management Co.	E/2 SW/4 Section 6 T-20-S, R-37-E (80 acres)	Britt "A"	6	N-6-20S-37E
3	Orange	Doyle Hartman	E/2 W/2, W/2 E/2 Section 7 T-20-S, R-37-E (320 acres)	H. M. Britt	1 2 3 4 5 11 12 14	F-7-20S-37E C-7-20S-37E G-7-20S-37E B-7-20S-37E K-7-20S-37E G-7-20S-37E C-7-20S-37E J-7-20S-37E
4	Pink	Kerr McGee Corp.	W/2 W/2 Section 7 T-20-S, R-37-E (160 acres)	Alaska Cooper	3 8	D-7-20S-37E L-7-20S-37E
5	Brown	Kerr McGee Corp.	E/2 E/2 Section 12 T-20-S, R-36-E (160 acres)	Alaska Cooper	4 9	H-12-20S-36E P-12-20S-36E
6	Green	Amerada Hess Corp.	E/2 Section 1 T-20-S, R-36-E (320 acres)	J. R. Phillips Gas Com	1 3 4	A-1-20S-36E G-1-20S-36E O-1-20S-36E



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

July 23, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

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

Attention: Patrick K. Worrell

Administrative Order NSP-1631

Dear Mr. Worrell:

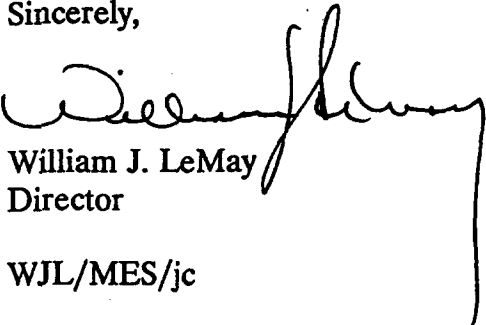
Reference is made to your application dated May 23, 1991 for an 80-acre non-standard gas proration unit consisting of the following acreage in the Eumont Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 6: W/2 SW/4

It is my understanding that this unit is to be dedicated to your Britt A-6 Well No. 1 located at a standard gas well location 660 feet from the South line and West lines (Unit M) of said Section 6.

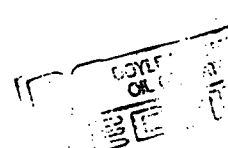
By authority granted me under the provisions of Rule 2(a) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, the above non-standard gas proration unit is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs
U.S. BLM - Carlsbad



JUL 31 1991



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Hobbs Field Station
414 W. Taylor
Hobbs, New Mexico
Phone (505)393-3612 Fax(505)393-4280

CERTIFIED MAIL RETURN RECEIPT REQUESTED
Z 402 901 166

July 24, 2000

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

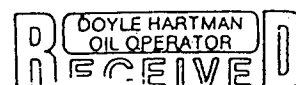
Gentlemen:

Our records show that the well(s) on the attached list are operated by you and are Shut-In (SI) or Temporarily Abandoned (TA). The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities but which may have value as a service completion. According to our records the well(s) listed have been shut-in for 6 months or longer or have been temporarily abandoned without authorization. 43 CFR 3162.3-4(c) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Accordingly, you are to take one of the following actions for each well listed:

1. Return the well to production
2. Plug and abandon the well.
3. Request approval for temporary abandonment, including justification for request, and information regarding last casing integrity test on well.

If you decide to return the well(s) to production or beneficial use, submit a Sundry Notice of intent within 30 days of receipt of this letter. Include the date you anticipate the well(s) being placed back in service. Use Form 3160-5 and submit the original and 5 copies for each well. 43 CFR 3162.4-1(c) also requires you to notify the Authorized Officer, not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.



JUL 25 2000

If you decide to plug and abandon the well(s), submit a separate Sundry Notice (Form 3160-5, original and 5 copies) for each well within 30 days of receipt of this letter and describe the proposed plugging program.

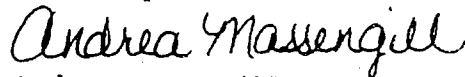
If you decide to temporarily abandon the well(s), submit a Sundry Notice (Form 3160-5, original and 5 copies) within 30 days of receipt of this letter, and state your justification for carrying the well(s) in a Temporarily Abandoned status. Justification must include the reason(s) why the well(s) should not be permanently plugged and abandoned. If the well(s) is/are to be used for beneficial purposes, include information concerning future use. A brief description of your proposed plans and economic feasibility and an anticipated date for placing the well(s) in beneficial use will suffice. Beneficial use includes, but is not limited to, recompletion to other horizons, conversion to injection for secondary or enhanced recovery, and salt water disposal. Approval for temporary abandonment may be denied if the Authorized Officer determines your justification is not reasonable.

For monitoring and tracking purposes, please submit appropriate paperwork for wells identified on attached list to Bureau of Land Management, 414 W. Taylor, Hobbs, New Mexico 88240, Attention: Andrea Massengill. This information will be forwarded to Carlsbad Field Office for final disposition.

Contact Andrea Massengill at the Hobbs Field Station, (505) 393-3612 if you have any questions.

Under provisions of 43 CFR 3165.3, you may request a State Director's Review of the orders described above. Such a request including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR Part 4.

Sincerely,



Andrea Massengill

Production & Accountability Tech

Attachment: (1)
List of TA/SI Wells

OPERATOR
Doyle Hartman

Lease Number	Well Name	Well No./API No.	Status
NMLC031621A	Britt A-6	#03/300250593900S1	TA
NMLC031621A	Britt A-6	#02/300250593800S1	TA
NMLC031621A	Britt A-7	#02/300250599000S1	TA
NMLC031621A	Britt A-7	#04/300250599200S1	TA
NMLC031621A	Britt A-7	#05/300250599300S1	TA
NMLC031621A	Britt A-7	#13/300250600000S1	TA
NMLC031621A	Britt A-7	#10/300250599700S1	OSI
NMLC031621A	Britt A-7	#11/300250599800S1	OSI
NMLC031621B	Britt B-8	#02/300250600700S1	TA
NMLC032450B	Cortland Myers	#02/300252574500S1	TA
NMNM84618	Britt Laughlin	#05/300250590700S1	TA
NMNM84618	Britt Laughlin	#04/300250600500S1	TA
NMNM7486	Jack A-20	#09/300252480300S1	TA
NMNM7488	Myers B Fed	#01/300251103700S1	GSI
NMNM71093	Meyer B-28 A	#03/300252487700S1	TA

Identification	
IID	NMLC031621A*AHG
Lease	NMLC031621A
CA	
Unit	
PA	

Bureau of Land Management Office HOBBS INSPECTION OFFICE		Operator HARTMAN DOYLE				
Address 414 WEST TAYLOR HOBBS NM 88240		Address 500 N MAIN 312 C+K PETRO BLDG P O BOX 10426 MIDLAND TX 79702				
Telephone 505.393.3612		Attention				
Inspector Andrea Massengill		Attn Addr				
Site Name BRITT A-6	Well or Facility 02	Township 20S	Range 37E	Meridian NMP	Section 6	1/4 1/4 NWSW

Date	Time (24 - hour clock)	Violation	Gravity of Violation
02/22/1999		43 CFR 3162.3-4(c)	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
03/20/1999			43 CFR 3163.1(f)

Number 50	Date	Assessment	Penalty	Termination
Type of Inspection PR				

Signature of Bureau of Land Management Authorized Officer <i>Andy Gates</i>		Date	Time
FOR OFFICE USE ONLY			
Number 53	Date	Assessment	Penalty
Type of Inspection PR	Termination		

Form 3160-9
(January 1989)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Number _____
Page 1 of 1

Identification	NMLC031021A
Lease	
CA	
Unit	
PA	

☐ Certified Mail-Return
Receipt Requested

☐ Hand Delivered, Received
by:
Bureau of Land Management Office
BUREAU OF LAND MANAGEMENTAddress
414 WEST TAYLOR HOBBS, N.M. 88240Telephone
(505) 393-3612Operator
DOYLE HARTMANAddress
P.O. BOX 10426
MIDLAND, TX. 79702

Attention

Site Name
BRITT A-6Well or Facility Identification
#2¼ Sec.
NWSW 06Township
20SInspector
A MASSENGILLRange
37EMeridian
NMPM

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE.

Date	Time (24-hour clock)	Violation	Gravity of Violation
96/10/17	09:30	43 CFR 3162.3-4	MINOR
Corrective Action To be Completed by	Date Corrected	Assessment for Noncompliance	Assessment Reference
20 DAYS FROM RECEIPT / /		\$	43 CFR 3163.1 ()

Remarks: WELL IS TEMPORARY ABANDONED WITHOUT PRIOR APPROVAL. WELL
MUST BE PUT BACK ON PRODUCTION OR A PLUGGING & ABANDONMENT
PROCEDURE SUBMITTED. SUBMIT INTENT ON A 3160-5 (SUNDRY
NOTICE), 1 ORIGINAL AND 5 COPIES TO THIS OFFICE WITHIN
20 DAYS FROM RECEIPT.

When violation is corrected, sign this notice and return to above address.

Company Representative Title Engineer Signature [Signature] Date 10-23-96

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By," you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 4015 Wilson Blvd., Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer

Date
96/10/17Time
09:30

FOR OFFICE USE ONLY

Number	Date	Assessment	Penalty	Termination
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Type of Inspection:

OPERATOR COPY

BRITT "A-6" #1
LEA COUNTY, NM
EUMONT YATES 7 RIVERS QN (GAS)
DOYLE HARTMAN

DATE: 08/12/02
TIME: 08:07:05
FILE: DHMON5
GET#: 32

RESERVES AND ECONOMICS

CUM GAS 710,877 MCF
CUM OIL 0 STB

AS OF JULY 1, 2002

M-06-20S-37E
LEASE # 5363

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		---PRICES---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	7.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12- 2	.000	6.623	.000	5.298	18.00	2.50	13.245	1.139	6.618	.000	5.488	5.396
12- 3	.000	11.604	.000	9.283	18.59	2.59	23.904	2.056	13.368	.000	8.480	13.323
12- 4	.000	9.937	.000	7.950	19.21	2.65	21.085	1.813	13.502	.000	5.770	18.364
12- 5	.000	8.688	.000	6.950	19.84	2.73	18.986	1.633	13.637	.000	3.716	21.398
12- 6	.000	7.720	.000	6.176	20.50	2.81	17.378	1.495	13.773	.000	2.110	23.008
12- 7	.000	6.945	.000	5.556	21.17	2.90	16.102	1.385	13.911	.000	.806	23.583
S TOT	.000	51.517	.000	41.213	.00	2.69	110.700	9.521	74.809	.000	26.370	23.583
REM.	.000	.000	.000	.000	.00	.00	.000	.000	.000	.000	.000	23.583
TOTAL	.000	51.517	.000	41.213	.00	2.69	110.700	9.521	74.809	.000	26.370	23.583
CUM.	.000	710.877		NET OIL REVENUES (M\$)				.000	-----PRESENT WORTH PROFILE-----			
ULT.	.000	762.394		NET GAS REVENUES (M\$)				110.700	DISC	PW OF NET	DISC	PW OF NET
				TOTAL REVENUES (M\$)				110.700	RATE	BTAX, M\$	RATE	BTAX, M\$
BTAX RATE OF RETURN (PCT)			100.00	PROJECT LIFE (YEARS)				5.500	.0	26.370	30.0	17.764
BTAX PAYOUT YEARS			.00	DISCOUNT RATE (PCT)				7.000	2.0	25.502	35.0	16.913
BTAX PAYOUT YEARS (DISC)			.00	GROSS OIL WELLS				.000	5.0	24.311	40.0	16.159
BTAX NET INCOME/INVEST			.00	GROSS GAS WELLS				1.000	8.0	23.237	45.0	15.482
BTAX NET INCOME/INVEST (DISC)			.00	GROSS WELLS				1.000	10.0	22.577	50.0	14.877
									12.0	21.958	60.0	13.834
INITIAL W.I. FRACTION			1.000000	INITIAL NET OIL FRACTION				.000000	15.0	21.101	70.0	12.965
FINAL W.I. FRACTION			1.000000	FINAL NET OIL FRACTION				.000000	18.0	20.318	80.0	12.234
PRODUCTION START DATE			7- 1- 2	INITIAL NET GAS FRACTION				.800000	20.0	19.829	90.0	11.609
MONTHS IN FIRST LINE			6.00	FINAL NET GAS FRACTION				.800000	25.0	18.729	100.0	11.070

WI 1.00000000
NRI .80000000
PRODUCING

OGR(R) V1.41 BTAX

DATA REPORT

DATE: 08/12/02

FILE NAME: DEMON5 (32)

TIME: 08:07:05

CASE NAME: NMEUMONT YATES 7 RIVERS QN (GAS) BRITT "A-6" #1

06M 20S 37E ACT025

CMD NAME: STDI0705(300)

101 BRITT "A-6" #1
 102 LEA COUNTY, NM
 103 EUMONT YATES 7 RIVERS QN (GAS)
 104 DOYLE HARTMAN
 105 M-06-20S-37E
 106 LEASE # 5363
 107 CUM GAS 710,877 MCF
 108 CUM OIL 0 STB

117 CASE \$COM1

* 120 7 2002 12 7 1 2002 7 1

	W.I. FRACTION	OP. COST (\$/W/MO)	OP. COST (\$/MO.)	ADV. TAX (PCT)	MAJOR PH. NAME	PROD DATE (MO/DY/YR)	
210	1.00000000	.00	1103.00	.000	GAS	7/ 1/ 2	
	PHASE NAME	CUM PROD (MUNITS)	REV. INT FRACTION	PRICE (\$/UNIT)	SEV. TAX (PCT)	NO. OF WELLS	RATIO TO MAJOR PH
221	OIL	.000	.00000000	18.000	8.600	.0	
222	GAS	710.877	.80000000	3.000	8.600	1.0	
400	!OIL 100.00	10.000	1.0 X	5.000 % M			
401	!OIL EXP LAST	LAST EL	X X M				

	PH. NAME	CURVE TP	DECLINE%	QI RATE	QT RATE	CUM. LIMIT	(M OR Y)	CALC VALUE
405	GAS	100.000	18.177	1158.300	X	5.000 %	M	
CALC	GAS	HARMONICEND=	5.000	1158.300	296.159	14.511 YRS	M	805.370 MMCF
406	GAS	EXP	LAST	LAST	EL	X X	M	
CALC	GAS	EXP	END=	.000	.000	.000 X	M	805.370 MMCF

600 CASE \$COM2

* 600 CASE \$COM2

600 SERIES LINES:

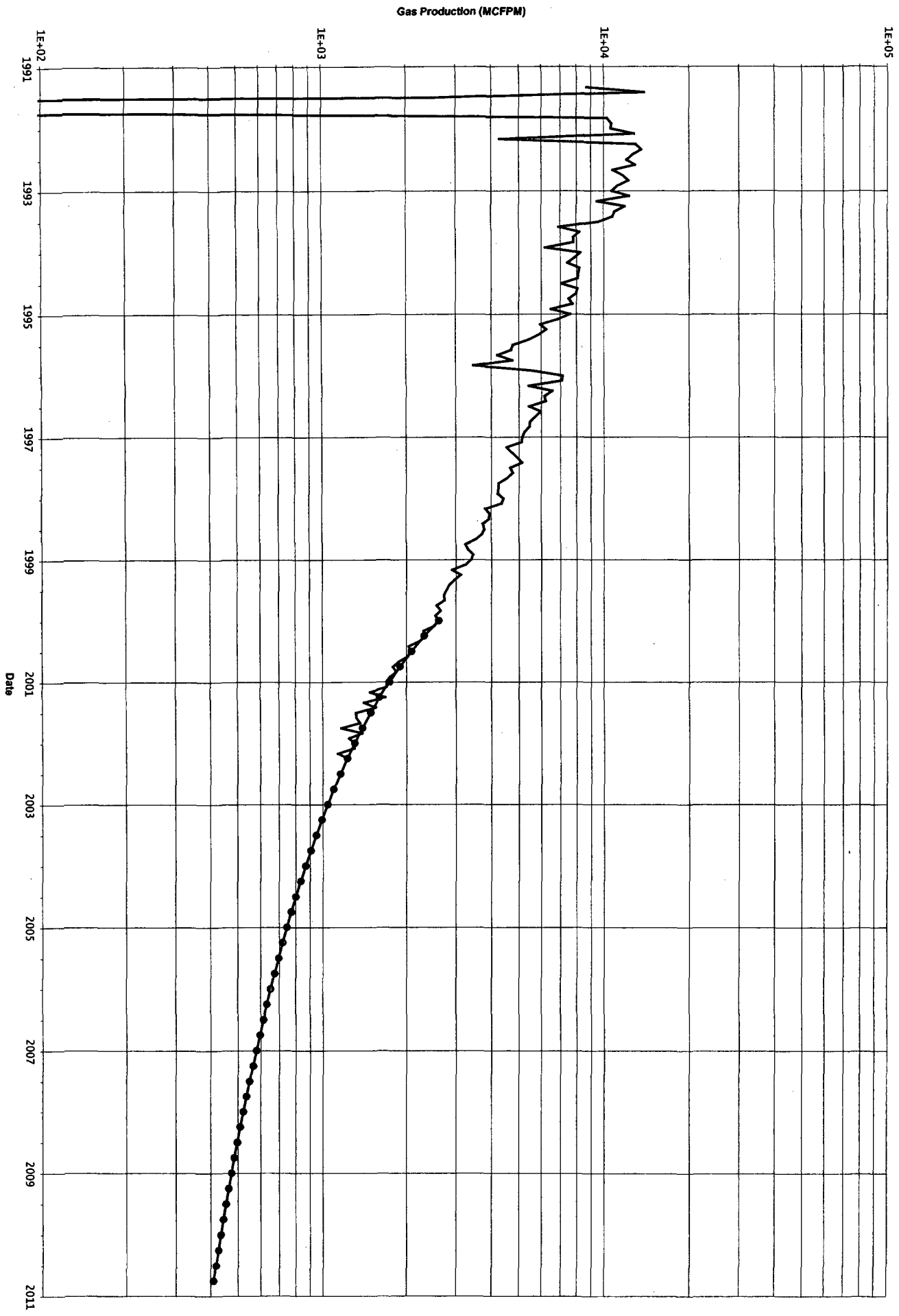
* 606 DATA OILP : 18 TO LIFE
 * 607 DATA GASP : 2.50 TO LIFE
 * 615 DATA OPCOST : ESC 1.0 % TO LIFE
 * 620 DATA OILP : ESC 3.3 % TO LIFE
 * 630 DATA GASP : ESC 3 % TO LIFE

FOOTNOTES:

901 WI 1.00000000
 902 NRI .80000000
 904 PRODUCING

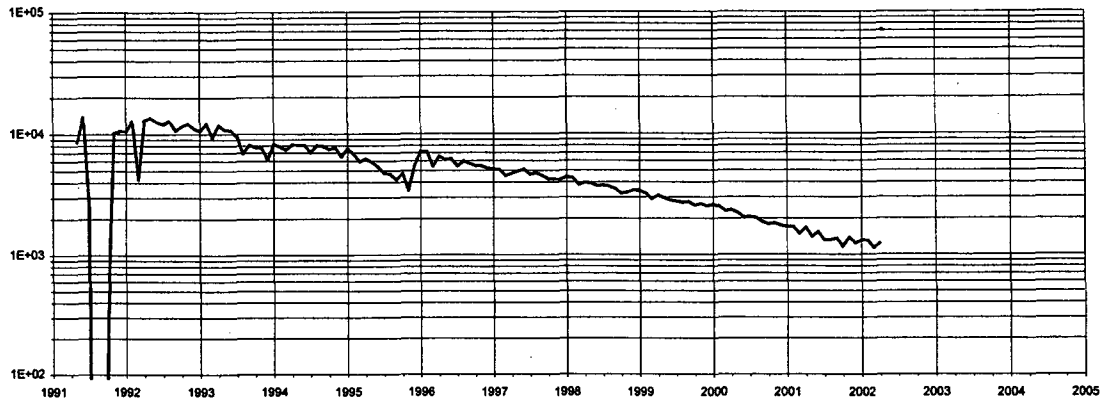
ECONOMIC LIFE (YRS): 5.500
 GROSS GAS (MMCF): 51.517

Britt A-6 #1
Eumont (Yates/Seven Rivers/Queen)
M-06-20S-37E
Doyle Hartman

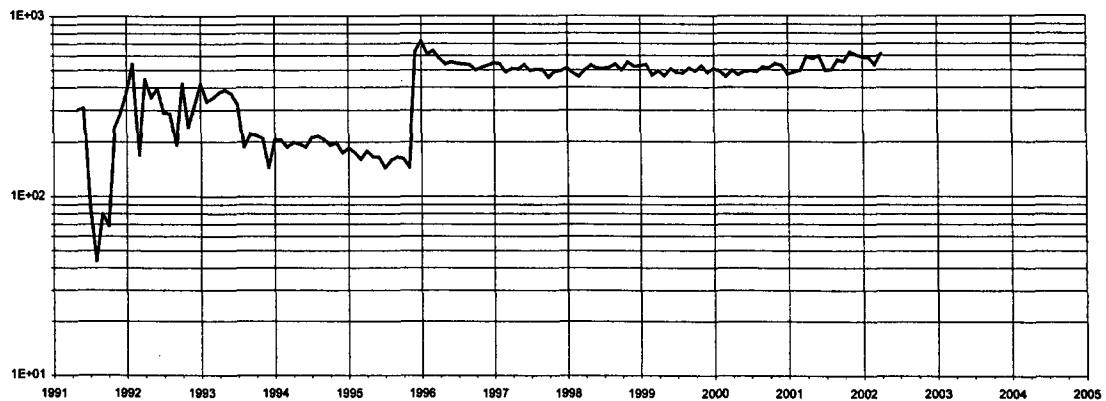


Britt A-6 #1
Eumont (Yates/Seven Rivers/Queen)
M-06-20S-37E
Doyle Hartman

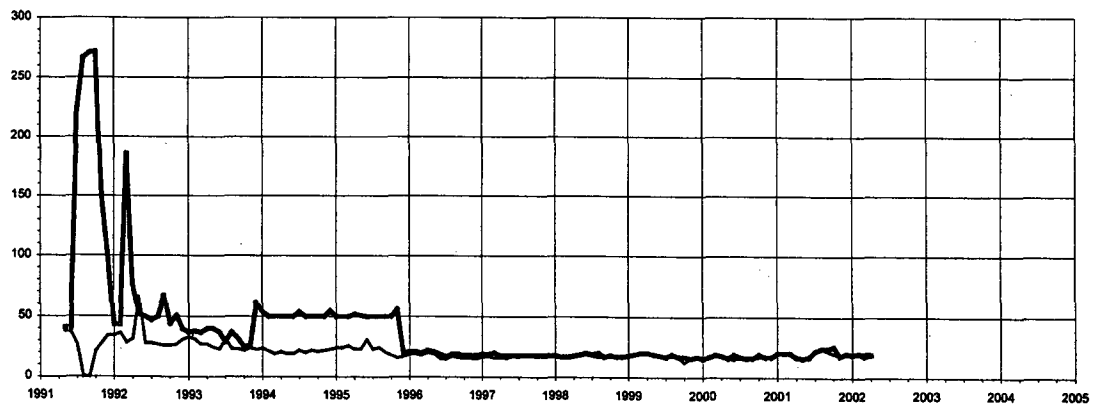
Gas Production (MCFPM)



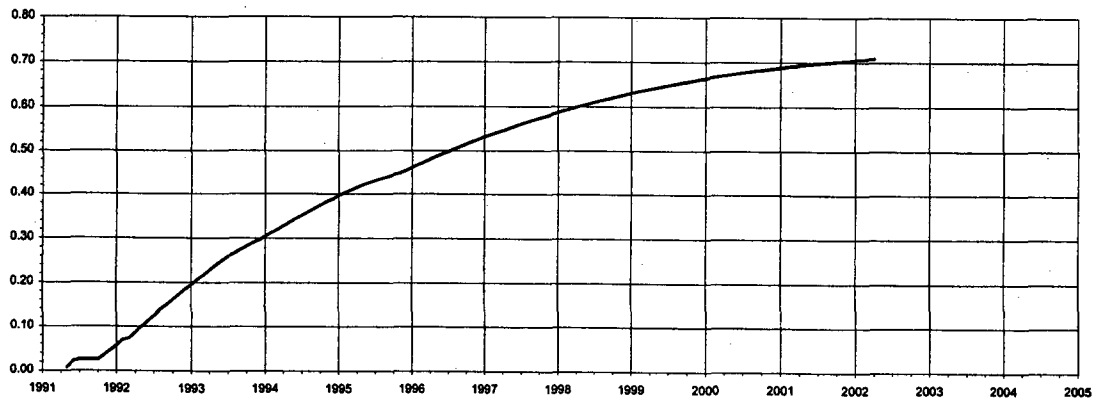
Water Production (BPM)



Casing & Line Pressures (psig)



Cumulative Gas Production (BCF)



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DATE: 08/12/02
TIME: 08:14:02
FILE: DEMON5
GET#: 33
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1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

L-06-20S-37E
LEASE # 191

| -END-
MO-YR | ---GROSS PRODUCTION--- | | | ---NET PRODUCTION--- | | | --PRICES-- | | -----OPERATIONS, M\$----- | | CAPITAL
COSTS, M\$ | CASH FLOW
BTAX, M\$ | 7.00 PCT
CUM. DISC
BTAX, M\$ | |
|-------------------------------|------------------------|-----------|----------|----------------------|-----------|--------------------------|-------------|-------------|---------------------------|---------------------------------|-----------------------|------------------------|------------------------------------|----------------------|
| | OIL, MMBL | GAS, MMBL | MMCF | OIL, MMBL | GAS, MMBL | MMCF | OIL
\$/B | GAS
\$/M | NET OPER
REVENUES | SEV+ADV
TAXES | | | | NET OPER
EXPENSES |
| 12- 2 | .000 | | 41.523 | .000 | | 33.218 | 18.00 | 2.50 | 83.045 | 7.142 | 1.650 | .000 | 74.253 | 73.011 |
| 12- 3 | .000 | | 70.353 | .000 | | 56.282 | 18.59 | 2.58 | 144.926 | 12.464 | 3.333 | .000 | 129.129 | 193.715 |
| 12- 4 | .000 | | 60.355 | .000 | | 48.284 | 19.21 | 2.65 | 128.061 | 11.013 | 3.366 | .000 | 113.682 | 293.028 |
| 12- 5 | .000 | | 54.061 | .000 | | 43.249 | 19.84 | 2.73 | 118.148 | 10.161 | 3.400 | .000 | 104.587 | 378.418 |
| 12- 6 | .000 | | 49.599 | .000 | | 39.679 | 20.50 | 2.81 | 111.648 | 9.602 | 3.434 | .000 | 98.612 | 453.663 |
| 12- 7 | .000 | | 46.210 | .000 | | 36.968 | 21.17 | 2.90 | 107.140 | 9.214 | 3.468 | .000 | 94.458 | 521.023 |
| 12- 8 | .000 | | 43.515 | .000 | | 34.812 | 21.87 | 2.99 | 103.918 | 8.937 | 3.503 | .000 | 91.478 | 581.990 |
| 12- 9 | .000 | | 41.272 | .000 | | 33.018 | 22.59 | 3.07 | 101.520 | 8.731 | 3.538 | .000 | 89.251 | 637.582 |
| 12-10 | .000 | | 39.208 | .000 | | 31.366 | 23.34 | 3.17 | 99.334 | 8.543 | 3.573 | .000 | 87.218 | 688.353 |
| 12-11 | .000 | | 37.247 | .000 | | 29.798 | 24.11 | 3.26 | 97.199 | 8.359 | 3.609 | .000 | 85.231 | 734.722 |
| 12-12 | .000 | | 35.385 | .000 | | 28.308 | 24.90 | 3.36 | 95.109 | 8.179 | 3.645 | .000 | 83.285 | 777.068 |
| 12-13 | .000 | | 33.616 | .000 | | 26.893 | 25.73 | 3.46 | 93.066 | 8.004 | 3.682 | .000 | 81.380 | 815.738 |
| 12-14 | .000 | | 31.935 | .000 | | 25.548 | 26.58 | 3.56 | 91.063 | 7.831 | 3.719 | .000 | 79.513 | 851.049 |
| 12-15 | .000 | | 30.339 | .000 | | 24.271 | 27.45 | 3.67 | 89.107 | 7.663 | 3.756 | .000 | 77.688 | 883.293 |
| 12-16 | .000 | | 28.821 | .000 | | 23.057 | 28.36 | 3.78 | 87.189 | 7.498 | 3.793 | .000 | 75.898 | 912.733 |
| 12-17 | .000 | | 27.381 | .000 | | 21.905 | 29.29 | 3.89 | 85.318 | 7.337 | 3.831 | .000 | 74.150 | 939.613 |
| 12-18 | .000 | | 26.011 | .000 | | 20.809 | 30.26 | 4.01 | 83.481 | 7.179 | 3.870 | .000 | 72.432 | 964.153 |
| 12-19 | .000 | | 24.711 | .000 | | 19.769 | 31.26 | 4.13 | 81.688 | 7.025 | 3.908 | .000 | 70.755 | 986.556 |
| 12-20 | .000 | | 23.475 | .000 | | 18.780 | 32.29 | 4.26 | 79.929 | 6.874 | 3.947 | .000 | 69.108 | 1007.006 |
| 12-21 | .000 | | 22.301 | .000 | | 17.841 | 33.36 | 4.38 | 78.211 | 6.726 | 3.987 | .000 | 67.498 | 1025.673 |
| 12-22 | .000 | | 21.187 | .000 | | 16.950 | 34.46 | 4.52 | 76.534 | 6.582 | 4.027 | .000 | 65.925 | 1042.713 |
| 12-23 | .000 | | 20.127 | .000 | | 16.102 | 35.59 | 4.65 | 74.886 | 6.440 | 4.067 | .000 | 64.379 | 1058.264 |
| 12-24 | .000 | | 19.121 | .000 | | 15.297 | 36.77 | 4.79 | 73.277 | 6.302 | 4.108 | .000 | 62.867 | 1072.457 |
| 12-25 | .000 | | 18.164 | .000 | | 14.531 | 37.98 | 4.93 | 71.695 | 6.166 | 4.149 | .000 | 61.380 | 1085.407 |
| 12-26 | .000 | | 17.257 | .000 | | 13.806 | 39.24 | 5.08 | 70.162 | 6.034 | 4.190 | .000 | 59.938 | 1097.226 |
| 12-27 | .000 | | 16.393 | .000 | | 13.114 | 40.53 | 5.23 | 68.645 | 5.903 | 4.232 | .000 | 58.510 | 1108.008 |
| 12-28 | .000 | | 15.574 | .000 | | 12.459 | 41.87 | 5.39 | 67.172 | 5.777 | 4.274 | .000 | 57.121 | 1117.846 |
| 12-29 | .000 | | 14.796 | .000 | | 11.837 | 43.25 | 5.55 | 65.733 | 5.653 | 4.317 | .000 | 55.763 | 1126.822 |
| 12-30 | .000 | | 14.055 | .000 | | 11.244 | 44.68 | 5.72 | 64.314 | 5.531 | 4.360 | .000 | 54.423 | 1135.009 |
| 12-31 | .000 | | 13.353 | .000 | | 10.682 | 46.15 | 5.89 | 62.932 | 5.412 | 4.404 | .000 | 53.116 | 1142.477 |
| 12-32 | .000 | | 12.685 | .000 | | 10.148 | 47.67 | 6.07 | 61.580 | 5.296 | 4.448 | .000 | 51.836 | 1149.288 |
| 12-33 | .000 | | 12.051 | .000 | | 9.641 | 49.25 | 6.25 | 60.258 | 5.182 | 4.492 | .000 | 50.584 | 1155.500 |
| 12-34 | .000 | | 11.448 | .000 | | 9.158 | 50.87 | 6.44 | 58.957 | 5.070 | 4.537 | .000 | 49.350 | 1161.164 |
| 12-35 | .000 | | 10.876 | .000 | | 8.701 | 52.55 | 6.63 | 57.695 | 4.962 | 4.583 | .000 | 48.150 | 1166.328 |
| 12-36 | .000 | | 10.332 | .000 | | 8.266 | 54.29 | 6.83 | 56.455 | 4.855 | 4.629 | .000 | 46.971 | 1171.036 |
| 12-37 | .000 | 9.816 | | .000 | | 7.853 | 56.08 | 7.03 | 55.243 | 4.751 | 4.675 | .000 | 45.817 | 1175.328 |
| 12-38 | .000 | 9.324 | | .000 | | 7.459 | 57.93 | 7.25 | 54.046 | 4.648 | 4.722 | .000 | 44.676 | 1179.239 |
| 12-39 | .000 | 8.859 | | .000 | | 7.087 | 59.84 | 7.46 | 52.891 | 4.549 | 4.769 | .000 | 43.573 | 1182.804 |
| 12-40 | .000 | 8.415 | | .000 | | 6.732 | 61.81 | 7.69 | 51.749 | 4.450 | 4.816 | .000 | 42.483 | 1186.053 |
| 1-74 | .000 | 130.567 | | .000 | | 104.454 | 112.69 | 13.23 | 1381.887 | 118.842 | 189.513 | .000 | 1073.532 | 1217.736 |
| S TOT | .000 | 1161.718 | | .000 | | 929.376 | .00 | 4.89 | 4545.211 | 390.887 | 344.324 | .000 | 3810.000 | 1217.736 |
| REM. | .000 | .000 | | .000 | | .000 | .00 | .00 | .000 | .000 | .000 | .000 | .000 | 1217.736 |
| TOTAL | .000 | 1161.718 | | .000 | | 929.376 | .00 | 4.89 | 4545.211 | 390.887 | 344.324 | .000 | 3810.000 | 1217.736 |
| CUM. | 1.497 | 67.101 | | | | NET OIL REVENUES (M\$) | | | .000 | -----PRESENT WORTH PROFILE----- | | | | |
| ULT. | 1.497 | 1228.819 | | | | NET GAS REVENUES (M\$) | | | 4545.211 | DISC | FW OF NET | DISC | FW OF NET | |
| | | | | | | TOTAL REVENUES (M\$) | | | 4545.211 | RATE | BTAX, M\$ | RATE | BTAX, M\$ | |
| BTAX RATE OF RETURN (PCT) | | | 100.00 | | | PROJECT LIFE (YEARS) | | | 71.564 | .0 | 3810.000 | 30.0 | 420.978 | |
| BTAX PAYOUT YEARS | | | .00 | | | DISCOUNT RATE (PCT) | | | 7.000 | 2.0 | 2408.624 | 35.0 | 376.040 | |
| BTAX PAYOUT YEARS (DISC) | | | .00 | | | GROSS OIL WELLS | | | .000 | 5.0 | 1514.820 | 40.0 | 341.390 | |
| BTAX NET INCOME/INVEST | | | .00 | | | GROSS GAS WELLS | | | 1.000 | 8.0 | 1111.125 | 45.0 | 313.799 | |
| BTAX NET INCOME/INVEST (DISC) | | | .00 | | | GROSS WELLS | | | 1.000 | 10.0 | 948.863 | 50.0 | 291.271 | |
| | | | | | | | | | | 12.0 | 831.245 | 60.0 | 256.610 | |
| INITIAL W.I. FRACTION | | | 1.000000 | | | INITIAL NET OIL FRACTION | | | .825000 | 15.0 | 705.019 | 70.0 | 231.096 | |
| FINAL W.I. FRACTION | | | 1.000000 | | | FINAL NET OIL FRACTION | | | .825000 | 18.0 | 615.483 | 80.0 | 211.465 | |
| PRODUCTION START DATE | | | 7- 1- 2 | | | INITIAL NET GAS FRACTION | | | .800000 | 20.0 | 568.924 | 90.0 | 195.845 | |
| MONTHS IN FIRST LINE | | | 6.00 | | | FINAL NET GAS FRACTION | | | .800000 | 25.0 | 481.768 | 100.0 | 183.095 | |
| WI | 1.00000000 | | | | | | | | | | | | | |
| NRI GAS | .80000000 | | | | | | | | | | | | | |
| NRI OIL | .82500000 | | | | | | | | | | | | | |
| PRODUCING | | | | | | | | | | | | | | |

OGRE(R) V1.41 BTAX

D A T A R E P O R T

DATE: 08/12/02

FILE NAME: DHMON5 (33)

TIME: 08:14:02

CASE NAME: NMEUNICE MONUMENT (G-SA)

BRITT "A-6" #2

06L 20S 37E

ACT025

CMD NAME: STDW1402(300)

101 BRITT "A-6" #2
102 LEA COUNTY, NM
103 EUMONT (Y-7R)
104 DOYLE HARTMAN
105 L-06-20S-37E
106 LEASE # 191
107 CUM GAS 67,101 MCF
108 CUM OIL 1,497 STB

117 CASE \$COM1

* 120 7 2002 12 7 1 2002 7 1

| | W.I.
FRACTION | OP. COST
(\$/W/MO) | OP. COST
(\$/MO.) | ADV. TAX
(PCT) | MAJOR
PH. NAME | PROD DATE
(MO/DY/YR) | |
|-----|------------------|-----------------------|----------------------|--------------------|-------------------|-------------------------|----------------------|
| 210 | 1.00000000 | .00 | 275.00 | .000 | GAS | 7/ 1/ 2 | |
| | PHASE
NAME | CUM PROD
(MUNITS) | REV. INT
FRACTION | PRICE
(\$/UNIT) | SEV. TAX
(PCT) | NO. OF
WELLS | RATIO TO
MAJOR PH |
| 221 | OIL | 1.497 | .82500000 | 18.000 | 8.600 | .0 | |
| 222 | GAS | 67.101 | .80000000 | 3.000 | 8.600 | 1.0 | |
| 400 | 10IL 100.00 | 10.000 | 1.0 X | 5.000 % D | | | |
| 401 | 10IL EXP LAST | LAST EL | X X D | | | | |

| | PH. NAME | CURVE TP | DECLINE% | QI RATE | QT RATE | CUM. LIMIT | (M OR Y) | CALC VALUE |
|------|----------|-------------|----------|---------|---------|------------|----------|---------------|
| 405 | GAS | 250.000 | 28.608 | 244.900 | X | 5.000 % | D | |
| CALC | GAS | 250.000END= | 5.000 | 244.900 | 115.337 | 6.611 YRS | D | 437.416 MMCF |
| 406 | GAS | EXP | LAST | LAST | EL | X X | D | |
| CALC | GAS | EXP | END= | 5.000 | 115.337 | 71.564 YRS | D | 1228.819 MMCF |

600 CASE \$COM2

* 600 CASE \$COM2

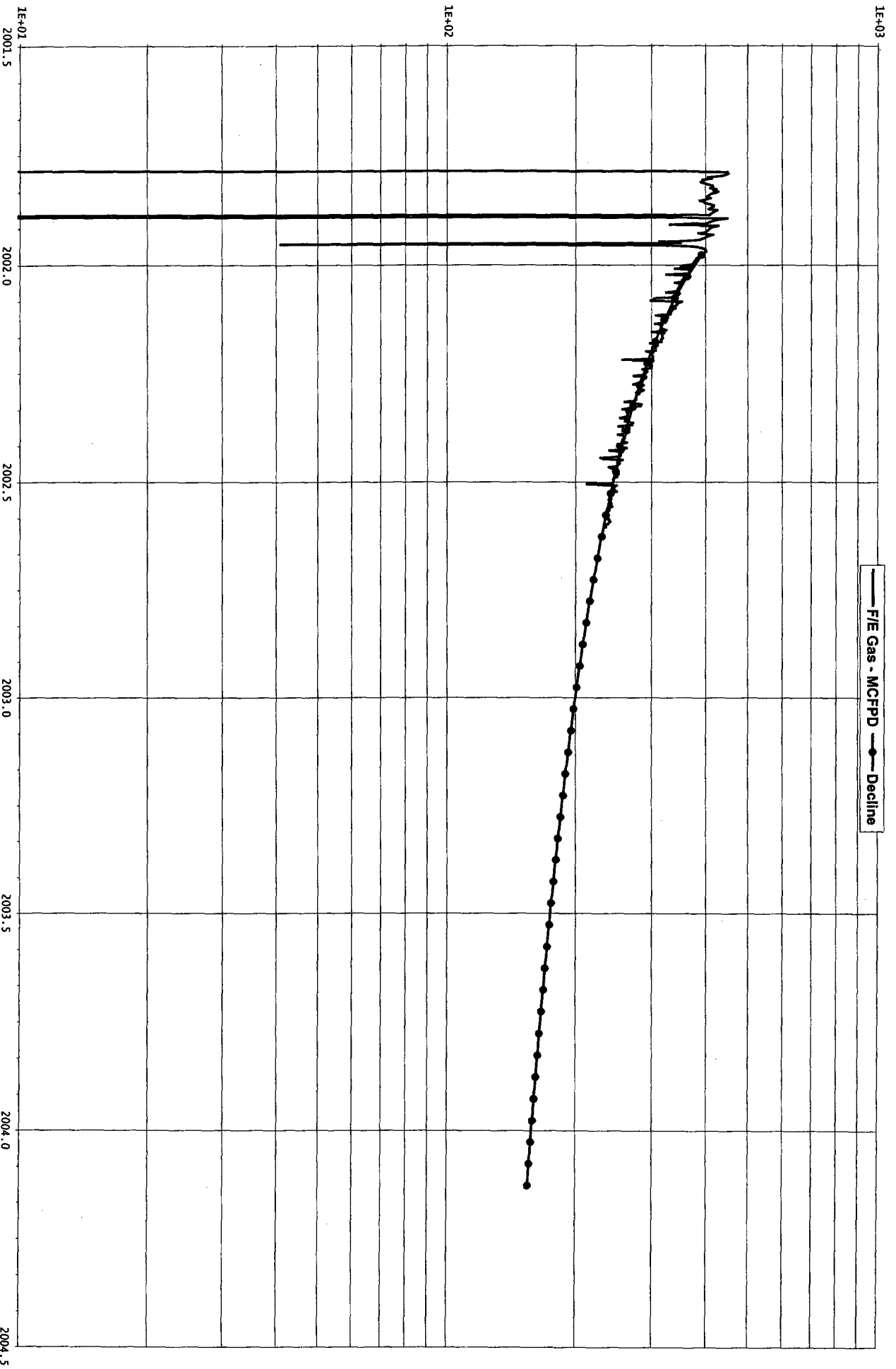
600 SERIES LINES:

* 606 DATA OILP : 18 TO LIFE
* 607 DATA GASP : 2.50 TO LIFE
* 615 DATA OPCOST : ESC 1.0 % TO LIFE
* 620 DATA OILP : ESC 3.3 % TO LIFE
* 630 DATA GASP : ESC 3 % TO LIFE

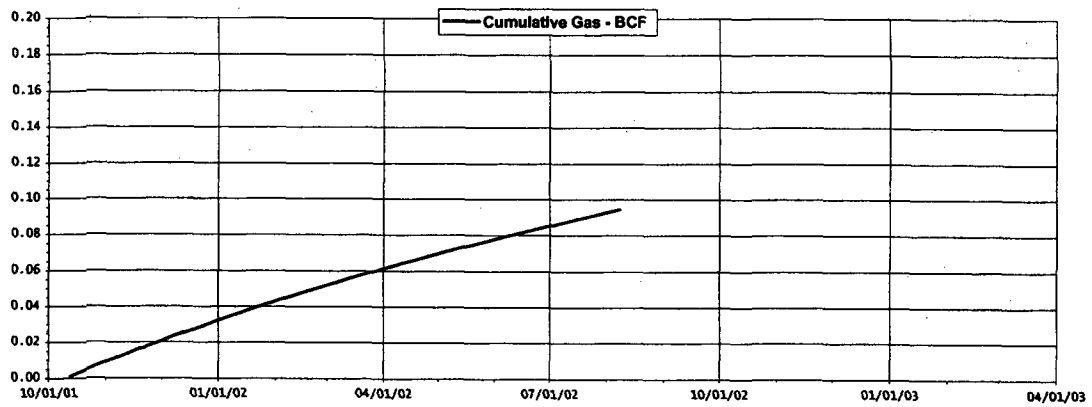
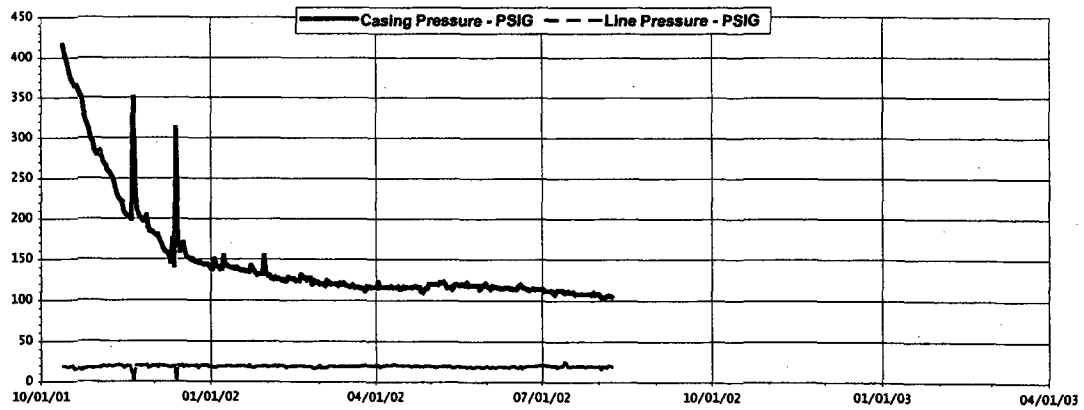
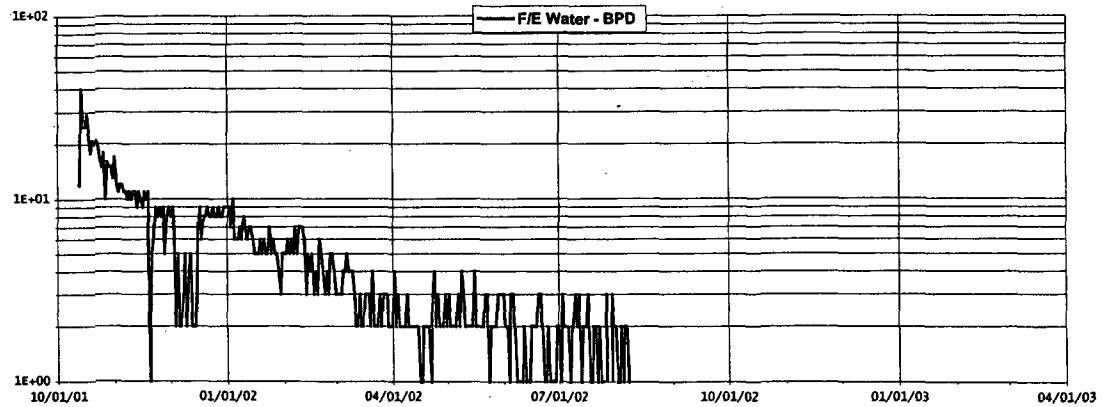
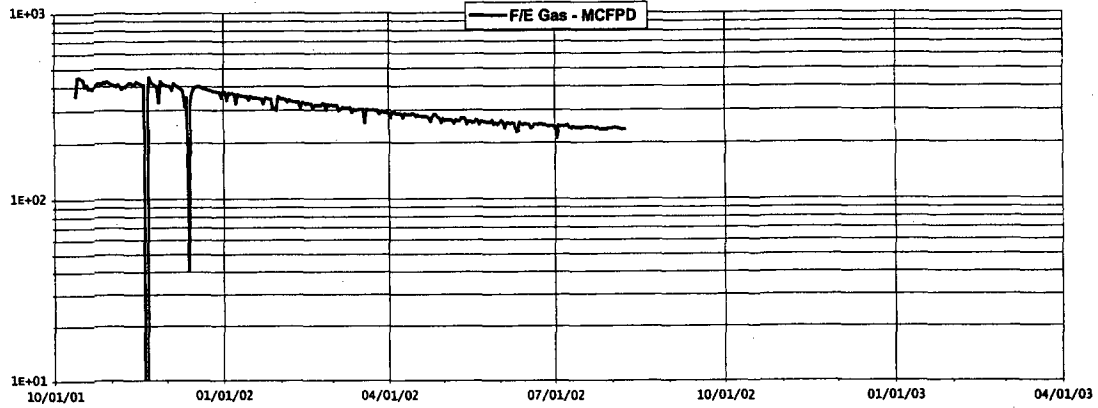
FOOTNOTES:

901 WI 1.00000000
902 NRI GAS .80000000
903 NRI OIL .82500000
904 PRODUCING

Britt "A-6" #2
Eumont (Y-7R) Gas
L-06-20S-37E
Doyle Hartman



Britt "A-6" #2
Eumont Yates 7 Rivers Qn (Gas)
L-06-20S-37E
Doyle Hartman, Oil Operator



**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 12563
ORDER NO. R-8170-P**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
TERMINATION OF GAS PRORATIONING IN THE JALMAT AND EUMONT
GAS POOLS AND TO AMEND THE SPECIAL RULES GOVERNING BOTH
POOLS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, and September 6, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of December, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The Jalmat Gas Pool and the Eumont Gas Pool are currently classified by the Division as "prorated" gas pools and are subject to the following special rules and procedures:

- (a) the "*Special Rules and Regulations for the Jalmat Gas Pool*" and the "*Special Rules and Regulations for the Eumont Gas Pool*," as promulgated by Division Order No. R-8170, as amended;
- (b) the general rules for gas proration as contained in Division Rules 601 through 605;
- (c) Division Rule 104.F., revised by Division Order No. R-11231, issued by the New Mexico Oil

Conservation Commission in Case No. 12119 on
August 12, 1999; and

(d) Rule 1207.A.(2).

(3) The New Mexico Oil Conservation Division ("Division") seeks to terminate gas prorationing in the Jalmat and Eumont Gas Pools, thereby excluding both pools from the provisions of Division Rules No. 601 through 605. The Division further seeks to amend the special rules and regulations for the Jalmat and Eumont Gas Pools by whatever means necessary to prevent waste, maintain orderly development, and protect correlative rights.

(4) Doyle Hartman, Oil Operator ("Hartman"), Raptor Resources, Inc. ("Raptor"), BP Amoco ("BP Amoco"), and Chevron USA Inc. ("Chevron"), all operators within the Jalmat and/or Eumont Gas Pools, appeared at the hearing.

(5) The Eumont Gas Pool currently comprises all or portions of Township 18 South, Ranges 36 and 37 East, Township 19 South, Ranges 36 and 37 East, Township 20 South, Ranges 35 through 38 East, Township 21 South, Ranges 35 through 37 East, and Township 22 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico.

(6) The Jalmat Gas Pool currently comprises all or portions of Township 21 South, Ranges 35 and 36 East, Township 22 South, Ranges 35 through 37 East, Township 23 South, Ranges 35 through 37 East, Township 24 South, Ranges 36 and 37 East, Township 25 South, Ranges 36 and 37 East, and Township 26 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico.

(7) The "*Special Rules and Regulations for the Jalmat Gas Pool*" currently provide that:

- (a) the vertical limits of the pool extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation; however, in an area that encompasses portions of Township 24 South, Ranges 36 and 37 East, the vertical limits of the pool extend from the top of the Tansill formation to a point 250 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation;

- (b) a gas well shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil. An oil well shall be a well producing from the vertical limits of the pool with a gas-liquid ratio less than or equal to 100,000 cubic feet of gas per barrel of oil;
- (c) the limiting gas-oil ratio for oil wells in the Jalmat Gas Pool is 10,000 cubic feet of gas per barrel of oil;
- (d) a standard gas proration unit shall be 640 acres;
- (e) a standard oil proration unit shall be 40 acres;
- (f) a gas well to which 640 acres is dedicated shall be located no closer than 1650 feet to the outer boundary of the section and no closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary;
- (g) an oil well shall be located no closer than 330 feet to the outer boundary of the proration unit;
- (h) for a non-standard gas proration unit, the location of the well with respect to the two nearest boundary lines of the unit shall govern the maximum amount of acreage that may be assigned to the well for the purposes of gas proration as follows:

| <u>Location</u> | <u>Maximum Acreage</u> |
|-----------------|------------------------|
| 660-660 | 160 acres |
| 660-990 | 320 acres |
| 990-990 | 600 acres |

- (i) acreage dedicated to a gas well shall not be simultaneously dedicated to an oil well, and the dual completion of a well so as to produce oil from

the Yates formation and oil from the Seven Rivers or Queen formation is prohibited; and

- (j) for gas proration purposes, a 640-acre gas proration unit shall be assigned an Acreage Factor of 4.0, a 160-acre proration unit shall be assigned an Acreage Factor of 1.0, etc.

(8) The "*Special Rules and Regulations for the Eumont Gas Pool*" are the same as the "*Special Rules and Regulations for the Jalmat Gas Pool*," with the exception of the following:

- (a) the vertical limits of the Eumont Gas Pool extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers and Queen formations; and
- (b) the pool rules for the Eumont Gas Pool do not contain a provision prohibiting the simultaneous dedication of acreage to an oil well and a gas well.

(9) A minimum gas allowable of 600 MCF of gas per day (18,300 MCF/month) per Acreage Factor of 1.0 was established for the Eumont and Jalmat Gas Pools by Division Order No. R-8170-G dated November 8, 1990, and by Division Order No. R-8170-J dated January 8, 1991, respectively.

(10) In September, 2000, the Division hired a contractor to perform an analysis of the gas proration system in New Mexico's prorated gas pools, and in particular, the Eumont and Jalmat Gas Pools.

(11) On November 8, 2000, the contractor, Mr. Jim Morrow, presented the results of his study to the New Mexico Oil Conservation Commission.

(12) The Division presented Mr. Morrow's report titled "Analysis of Proration System, Southeast New Mexico" as evidence in this case. In addition, Mr. Morrow testified at the hearing by telephone.

(13) With respect to the Eumont Gas Pool, the results of Mr. Morrow's study demonstrate that:

- (a) in October, 1992, the non-marginal monthly gas allowable for the Eumont Gas Pool was increased to

24,730 MCF per Acreage Factor of 1.0. In April, 1993, this allowable was increased to 28,928 MCF, and in April, 1995, this allowable was increased to 38,000 MCF. The non-marginal monthly gas allowable of 38,000 MCF per Acreage Factor of 1.0 remains in place at the current time;

- (b) in March, 2000, 555 wells were producing from the Eumont Gas Pool at an average monthly producing rate of 3,054 MCF per month per well;
- (c) production data was analyzed for the period commencing January, 1997 and ending March, 2000. At some time during this production period, six gas proration units ("GPU's") produced in excess of their gas allowable for one or more months; however, all overproduction accrued by these six GPU's was made up by the end of 1999;
- (d) very few, if any, of the GPU's in the Eumont Gas Pool are currently capable of producing at or near the current gas allowable; and
- (e) no production in excess of the gas allowable was reported by any GPU in January, February or March, 2000.

(14) With respect to the Jalmat Gas Pool, the results of Mr. Morrow's study demonstrate that:

- (a) the current non-marginal monthly gas allowable for the Jalmat Gas Pool is 18,300 MCF per Acreage Factor of 1.0;
- (b) in March, 2000, 495 wells were producing from the Jalmat Gas Pool at an average monthly producing rate of 1,117 MCF per month per well;
- (c) production data was analyzed for the period commencing January, 1997 and ending June, 2000. At some time during this production period, five GPU's produced in excess of their gas allowable for

one or more months; however, all overproduction accrued by these five GPU's was made up by November, 1999; and

- (d) very few, if any, of the GPU's in the Jalmat Gas Pool are currently capable of producing at or near the current gas allowable.

(15) Mr. Morrow's report further shows that of the eleven GPU's that overproduced in the Eumont and Jalmat Gas Pools during the period of production analysis, none would have been required to be shut-in pursuant to the provisions of Division Rule 605.E.(3), and none was ever six times overproduced, or overproduced at the end of two consecutive proration periods.

(16) The evidence presented further demonstrates that gas production from the Eumont and Jalmat Gas Pools has declined significantly over the past several years, and will continue to decline in the future.

(17) A reduction in the minimum gas allowable for the Eumont and Jalmat Gas Pools, thereby increasing the effectiveness of gas proration, would tend to discourage further drilling and workover activity in the pools, thereby reducing the ultimate recovery of gas from the Yates, Seven Rivers and Queen formations.

(18) At the conclusion of the hearing on July 12, 2001, the Examiner directed the Division to provide notice to all operators of wells within the Eumont and Jalmat Gas Pools of its proposal to: (i) terminate gas prorationing in the Eumont and Jalmat Gas Pools; and (ii) amend the special pool rules for the Eumont and Jalmat Gas Pools. This notice was sent to these operators on or about July 18, 2001.

(19) No operator appeared at the July 12 or September 6 hearing to oppose the Division's proposal to terminate gas prorationing and to amend the special pool rules for the Eumont and Jalmat Gas Pools. In addition, no operator submitted written correspondence or comments to the Division in opposition to the application.

(20) The evidence presented in this case demonstrates that gas prorationing currently serves no purpose in the Eumont and Jalmat Gas Pools.

(21) Gas prorationing in the Eumont and Jalmat Gas Pools should be terminated.

(22) The evidence presented further demonstrates that:

- (a) development of the Eumont and Jalmat Gas Pools commenced in the 1950's;
- (b) development within these pools has occurred over the years in a somewhat unconventional manner due to certain factors including, but not limited to: (i) the geology and drainage characteristics of the Yates, Seven Rivers and Queen formations; (ii) 640-acre gas spacing; and (iii) the pools being subject to gas proration;
- (c) within the Eumont and Jalmat Gas Pools, there are a considerable number of non-standard gas proration units that have been routinely approved by the Division over the years. These non-standard gas proration units vary in size and shape from 40 acres to 640 acres; and
- (d) within the Eumont and Jalmat Gas Pools, there are a considerable number of wells that have been drilled at non-standard locations.

(23) With termination of gas prorationing within the Eumont and Jalmat Gas Pools, it becomes necessary to amend the special pool rules in order to maintain orderly development, prevent waste, and protect correlative rights.

(24) The Division has proposed that the "*Special Rules and Regulations for the Jalmat Gas Pool*," and the "*Special Rules and Regulations for the Eumont Gas Pool*," be amended to contain provisions whereby:

- (a) a gas well shall be located no closer than: (i) 660 feet to any outer boundary of its assigned gas spacing unit; (ii) 660 feet to any governmental quarter section line; and (iii) 330 feet to any governmental quarter-quarter section line or subdivision inner boundary;
- (b) no more than one well shall be permitted on a standard 40-acre, more or less, oil proration unit;

- (c) no more than one well shall be permitted per 160 acres within existing gas spacing and proration units, either standard or otherwise;
- (d) exceptions may be granted to the requirements of (a), (b) and (c); and
- (e) in no event shall any standard or non-standard gas spacing and prorating unit in the Eumont and Jalmat Gas Pools be allowed more than one well per quarter-quarter section.

(25) Hartman presented evidence and testimony at the hearing generally in agreement with the proposed rule amendments set forth by the Division. Hartman presented written comments and recommendations regarding the proposed rule amendments.

(26) BP Amoco and Raptor, which also expressed general agreement with the proposed rule amendments set forth by the Division, submitted written comments and recommendations regarding the proposed rule amendments.

(27) No other operator presented written comments or correspondence in this case.

(28) Due consideration has been given to the evidence presented in this case, including written comments and recommendations by Hartman, BP Amoco and Raptor in the development of special pool rules for the Eumont and Jalmat Gas Pools.

(29) Approval of amended rules for the Eumont and Jalmat Gas Pools will promote orderly development within the pools, prevent waste and protect correlative rights.

(30) Amended pool rules for the Eumont and Jalmat Gas Pools should be established, and the "*Special Rules and Regulations for the Eumont Gas Pool*," and the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended, should be superseded by the special pool rules set forth by this order.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Oil Conservation Division, gas prorationing in the Eumont Gas Pool, encompassing all or portions of Township 18 South, Ranges 36 and 37 East, Township 19 South, Ranges 36 and 37 East, Township 20 South, Ranges 35 through 38 East, Township 21 South, Ranges 35 through 37 East, and Township 22 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico, is hereby terminated.

(2) Pursuant to the application of the Oil Conservation Division, gas prorationing in the Jalmat Gas Pool, encompassing all or portions of Township 21 South, Ranges 35 and 36 East, Township 22 South, Ranges 35 through 37 East, Township 23 South, Ranges 35 through 37 East, Township 24 South, Ranges 36 and 37 East, Township 25 South, Ranges 36 and 37 East, and Township 26 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico, is hereby terminated.

(3) The "*Special Rules and Regulations for the Eumont Gas Pool*," and the "*Special Rules and Regulations for the Jalmat Gas Pool*," as promulgated by Division Order No. R-8170, as amended, are hereby superseded by the special pool rules for the Eumont and Jalmat Gas Pools hereinafter set forth.

(4) "*Special Pool Rules for the Eumont Gas Pool*" and "*Special Pool Rules for the Jalmat Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE EUMONT GAS POOL

RULE 1. DEFINITIONS:

THE VERTICAL LIMITS of the Eumont Gas Pool shall extend from the top of the Yates formation to the base of the Queen formation, thereby including all of the Yates, Seven Rivers, and Queen formations.

A GAS WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Eumont Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Eumont Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

RULE 2. ACREAGE ASSIGNMENT:

(A) A standard gas spacing unit in the Eumont Gas Pool shall be 640 acres, more or less, and shall comprise a single governmental section.

(B) A standard oil spacing and proration unit in the Eumont Gas Pool shall be 40 acres, more or less, and shall comprise a single governmental quarter-quarter section or lot.

(C) Acreage dedicated to a gas well in the Eumont Gas Pool shall not be simultaneously dedicated to an oil well in the Eumont Gas Pool, and the dual completion of a well so as to produce oil from the Yates formation and oil from the Seven Rivers or Queen formation is prohibited.

RULE 3. WELL DENSITY AND LOCATION:

(A) Well Location:

(1) An oil well in the Eumont Gas Pool shall be located no closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

(2) A gas well in the Eumont Gas Pool shall be located no closer than:
(a) 660 feet to any outer boundary of its assigned gas spacing unit; (b) 660 feet to any governmental quarter section line; and (c) 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

(B) For any 40-acre, more or less, oil spacing and proration unit within the Eumont Gas Pool, no more than one well shall be allowed. ~~Only those 40-acre oil spacing and proration units committed to active secondary recovery projects shall be permitted more than one well.~~ Otherwise, an exception to this rule will require a hearing.

(C) For any gas spacing unit, either standard or otherwise, the number of wells allowed shall be limited to no more than one well per 160 acres. For either a standard or non-standard 640-acre unit, a maximum of four wells shall be allowed, provided that no more than one well shall be allowed to occupy any one of the four quarter sections. For a non-standard 480, 320 or 160-acre unit, a maximum of three wells, two wells, or one

well, respectively, shall be allowed, provided that no more than one well shall be allowed to occupy each quarter section that comprises the unit.

(D) In no event shall any Eumont gas spacing unit be allowed more than one well per quarter-quarter section.

RULE 4. ADMINISTRATIVE EXCEPTIONS:

(A) The Division Director may grant an administrative exception to the well location requirements of Rule 3(A) above, without hearing, when the exception is necessary to prevent waste or protect correlative rights, so long as:

- (1) an application has been duly filed under the provisions of Division Rule 104.F; and
- (2) the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the gas spacing unit in which the well is located and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(B) The Division Director may grant an administrative exception to the gas well density provisions of Rule 3(C) above, or may administratively approve the formation of a non-standard gas spacing unit that will result in a well density of more than one well per 160 acres, so long as the operator presents sufficient engineering, geologic, reservoir drainage and other applicable evidence that demonstrates:

- (1) the proposed well is necessary (a) to effectively and efficiently drain a 160-acre quarter section that cannot be adequately drained by the existing well or wells, or (b) to adequately protect the subject unit from offsetting drainage, or (c) to prevent waste by utilizing an existing or previously abandoned wellbore, or (d) to recover additional reserves that would otherwise not be recovered from the reservoir;
- (2) the proposed well will not violate correlative rights; and
- (3) the applicant has obtained consent of or given notice to all operators of any unit or units adjacent to the gas spacing unit requiring the well density exception and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(C) Non-Standard Gas Spacing Units:

(1) The Director may establish non-standard gas spacing units in the Eumont Gas Pool as follows:

(a) Units that comprise complete quarter sections:

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a single 160-acre, more or less, non-standard spacing unit comprising a single quarter section, or a 320-acre, 480-acre, or 640-acre, more or less, non-standard gas spacing unit that consists of two, three, or four complete quarter sections that share a common bordering side, without a hearing, so long as the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4 (D).

(b) Units that involve partial quarter sections regardless of size (up to 640 acres):

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a non-standard gas spacing unit containing legal subdivisions smaller than a quarter section [quarter-quarter section(s) or lots] without a hearing provided that:

(i) the non-standard spacing unit consists of quarter-quarter sections or lots that share a common bordering side; and

(ii) the applicant presents proof of consent of or notice to all offset operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(2) Applications for non-standard gas spacing units shall include:

(a) a detailed explanation of the necessity for requesting the proposed non-standard gas spacing unit;

- (b) a land plat that identifies the non-standard gas spacing unit being sought and identifies all existing Eumont gas wells contained within the acreage;
 - (c) information concerning any old well within the proposed unit that once had Eumont production, either oil or gas (well name and number, operator, last acreage dedication, plugging date and cumulative oil and gas production, and any applicable Division order granting an exception to any Eumont rule);
 - (d) a land plat that clearly shows all existing Eumont oil and gas spacing units that directly offset the proposed non-standard unit and, if available, reference to all orders approving such non-standard gas spacing units;
 - (e) for a non-standard Eumont gas spacing unit that contains partial quarter sections, a land plat must be submitted that clearly depicts the acreage and mineral interests that will be excluded from the unit within the quarter section and that are not committed to any other Eumont gas or oil spacing unit; the plat shall identify the owners of such mineral interests by name, address (if known) and percentage;
 - (f) geological and technical information required by Rule 4(B), if applicable; and
 - (g) proof of compliance with applicable consent or notice provisions of Rule 4.
- (D) With reference to any exception that may be granted administratively without hearing as provided by any provision of this Rule 4:
- (1) any required proof of consent shall be evidenced by written waivers setting forth the substance of the exception sought and expressly consenting thereto, and signed by the person whose consent is required by the applicable provision of this Rule;
 - (2) any required notice shall be given in the manner provided in Rule 1207 (B), except that in lieu of stating the time and place of hearing, such notice shall state that the exception sought may be granted without hearing unless a protest is filed with the Santa Fe office of the Division within

twenty (20) days after the filing of the application and proof of notice with the Division. An affidavit shall be filed with the application setting forth the information required by Rule 1207 (C) with respect to any persons required to be notified by the applicable provision of this Rule from whom written waivers are not furnished;

(3) if an application is supported by written waivers as provided in Rule 4(D) (1) from all persons whose consent is required and an affidavit attesting that the persons whose waivers are attached are all of the persons whose consent is required, the Director may grant the application without further notice or hearing; and

(4) if an application is supported by proof of notice as provided in Rule 4(D) (2), the Director may grant the application without hearing if no protest is filed with the Division within twenty (20) days after the date of filing of the application and proof of notice.

(E) The Division Director may set for hearing any application that was filed for administrative approval. If a protest is filed as to any such application as provided in Rule 4(D), such application shall be denied or set for hearing, in the discretion of the Director.

RULE 5. WELL TESTING:

(A) **Gas-liquid ratio tests:** The operator of each newly completed well shall conduct a gas-liquid ratio test on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production. Semi-annual gas-liquid ratio tests shall be conducted on all wells during each year in accordance with a test schedule prepared by the Hobbs district office of the Division. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Any well that is shut-in shall be exempt from the gas-liquid ratio test requirement so long as it remains shut-in. Gas-liquid ratio tests shall be conducted for 24 hours, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of each test shall be filed on Division Form C-116 on or before the tenth day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Hobbs district office of the Division a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The supervisor of the Hobbs district office may grant an exception to the above well-test requirements where it is demonstrated that the well produces no liquids. Special gas-liquid ratio tests shall also be conducted at the request of the Division and may also be conducted at the option of the operator. Such special

gas-liquid ratio tests shall be conducted in accordance with the procedures outlined hereinabove, including notification to the Division and offset operators.

(B) An initial shut-in pressure test shall be conducted on each gas well and shall be reported to the Division on Form C-125.

RULE 6. MISCELLANEOUS:

(A) Oil wells in the Eumont Gas Pool shall receive oil and casinghead gas allowables as provided in Division Rules 503, 505, and 506.

(B) All existing exceptions, whether granted administratively or through hearing, in effect on the issuance date of this order shall be "grandfathered" and shall remain in full force and effect until further notice.

SPECIAL POOL RULES
FOR THE JALMAT GAS POOL

RULE 1. DEFINITIONS:

THE VERTICAL LIMITS of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation, except as provided below.

In the area described immediately below, the vertical limits of the Jalmat Gas Pool shall extend from the top of the Tansill formation to a point 250 feet above the base of the Seven Rivers formation, thereby including all of the Yates formation:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

| | |
|-------------|-----------------|
| Section 13: | SE/4 NE/4, SE/4 |
| Section 23: | E/2 E/2 |
| Section 24: | All |
| Section 25: | N/2 |
| Section 26: | E/2 NE/4 |

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

| | |
|-------------|---------------------|
| Section 18: | SW/4 NW/4, W/2 SW/4 |
| Section 19: | W/2 |
| Section 30: | NW/4 |

A GAS WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool with a gas-liquid ratio in excess of 100,000 cubic feet of gas per barrel of oil.

AN OIL WELL in the Jalmat Gas Pool shall be a well producing from the vertical limits of the pool and not classified as a gas well as defined above.

THE LIMITING GAS-OIL RATIO for oil wells in the Jalmat Gas Pool shall be 10,000 cubic feet of gas per barrel of oil.

RULE 2. ACREAGE ASSIGNMENT:

(A) A standard gas spacing unit in the Jalmat Gas Pool shall be 640 acres, more or less, and shall comprise a single governmental section.

(B) A standard oil spacing and proration unit in the Jalmat Gas Pool shall be 40 acres, more or less, and shall comprise a single governmental quarter-quarter section or lot.

(C) Acreage dedicated to a gas well in the Jalmat Gas Pool shall not be simultaneously dedicated to an oil well in the Jalmat Gas Pool, and the dual completion of a well so as to produce oil from the Yates formation and oil from the Seven Rivers or Queen formation is prohibited.

RULE 3. WELL DENSITY AND LOCATION:

(A) **Well Location:**

(1) An oil well in the Jalmat Gas Pool shall be located no closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

(2) A gas well in the Jalmat Gas Pool shall be located no closer than:
(a) 660 feet to any outer boundary of its assigned gas spacing unit; (b) 660 feet to any governmental quarter section line; and (c) 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

(B) For any 40-acre, more or less, oil spacing and proration unit within the Jalmat Gas Pool, no more than one well shall be allowed. Only those 40-acre oil spacing and proration units committed to active secondary recovery projects shall be permitted more than one well. Otherwise, an exception to this rule will require a hearing.

(C) For any gas spacing unit, either standard or otherwise, the number of wells allowed shall be limited to no more than one well per 160 acres. For either a standard or non-standard 640-acre unit, a maximum of four wells shall be allowed, provided that no more than one well shall be allowed to occupy any one of the four quarter sections. For a non-standard 480, 320 or 160-acre unit, a maximum of three wells, two wells, or one well, respectively, shall be allowed, provided that no more than one well shall be allowed to occupy each quarter section that comprises the unit.

(D) In no event shall any Jalmat gas spacing unit be allowed more than one well per quarter-quarter section.

RULE 4. ADMINISTRATIVE EXCEPTIONS:

(A) The Division Director may grant an administrative exception to the well location requirements of Rule 3(A) above, without hearing, when the exception is necessary to prevent waste or protect correlative rights, so long as:

(1) an application has been duly filed under the provisions of Division Rule 104.F; and

(2) the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the gas spacing unit in which the well is located and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(B) The Division Director may grant an administrative exception to the gas well density provisions of Rule 3(C) above, or may administratively approve the formation of a non-standard gas spacing unit that will result in a well density of more than one well per 160 acres, so long as the operator presents sufficient engineering, geologic, reservoir drainage and other applicable evidence that demonstrates:

(1) the proposed well is necessary (a) to effectively and efficiently drain a 160-acre quarter section that cannot be adequately drained by the existing well or wells, or (b) to adequately protect the subject unit from offsetting drainage, or (c) to prevent waste by utilizing an existing or previously abandoned wellbore, or (d) to recover additional reserves that would otherwise not be recovered from the reservoir;

(2) the proposed well will not violate correlative rights; and

(3) the applicant has obtained consent of or given notice to all operators of any unit or units adjacent to the gas spacing unit requiring the well density exception and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(C) Non-Standard Gas Spacing Units:

(1) The Director may establish non-standard gas spacing units in the Jalmat Gas Pool as follows:

(a) Units that comprise complete quarter sections:

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a single 160-acre, more or less, non-standard spacing unit comprising a single quarter section, or a 320-acre, 480-acre, or 640-acre, more or less, non-standard gas spacing unit that consists of two, three, or four complete quarter sections that share a common bordering side, without a hearing, so long as the applicant presents proof of consent of or notice to all operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4 (D).

(b) Units that involve partial quarter sections regardless of size (up to 640 acres):

The Director may administratively grant an exception to the requirements of Rule 2(A) above to establish a non-standard gas spacing unit containing legal subdivisions smaller than a quarter section [quarter-quarter section(s) or lots] without a hearing provided that:

(i) the non-standard spacing unit consists of quarter-quarter sections or lots that share a common bordering side; and

(ii) the applicant presents proof of consent of or notice to all offset operators of any unit or units adjacent to the proposed non-standard spacing unit and, for any adjacent unit or units where there is no operator, all lessees or unleased mineral interest owners, in the form and manner prescribed by Rule 4(D).

(2) Applications for non-standard gas spacing units shall include:

(a) a detailed explanation of the necessity for requesting the proposed non-standard gas spacing unit;

(b) a land plat that identifies the non-standard gas spacing unit being sought and identifies all existing Jalmat gas wells contained within the acreage;

(c) information concerning any old well within the proposed unit that once had Jalmat production, either oil or gas (well name and number, operator, last acreage dedication, plugging date and cumulative oil and gas production, and any applicable Division order granting an exception to any Jalmat rule);

(d) a land plat that clearly shows all existing Jalmat oil and gas spacing units that directly offset the proposed non-standard unit and, if available, reference to all orders approving such non-standard gas spacing units;

(e) for a non-standard Jalmat gas spacing unit that contains partial quarter sections, a land plat must be submitted that clearly depicts the acreage and mineral interests that will be excluded from the unit within the quarter section and that are not committed to any other Jalmat gas or oil spacing unit; the plat shall identify the owners of such mineral interests by name, address (if known) and percentage;

(f) geological and technical information required by Rule 4(B), if applicable; and

(g) proof of compliance with applicable consent or notice provisions of Rule 4.

(D) With reference to any exception that may be granted administratively without hearing as provided by any provision of this Rule 4:

(1) any required proof of consent shall be evidenced by written waivers setting forth the substance of the exception sought and expressly consenting thereto, and signed by the person whose consent is required by the applicable provision of this Rule;

(2) any required notice shall be given in the manner provided in Rule 1207 (B), except that in lieu of stating the time and place of hearing, such notice shall state that the exception sought may be granted without hearing unless a protest is filed with the Santa Fe office of the Division within twenty (20) days after the filing of the application and proof of notice with the Division. An affidavit shall be filed with the application setting forth the information required by Rule 1207 (C) with respect to any persons required to be notified by the applicable provision of this Rule from whom written waivers are not furnished;

(3) if an application is supported by written waivers as provided in Rule 4(D) (1) from all persons whose consent is required and an affidavit attesting that the persons whose waivers are attached are all of the persons whose consent is required, the Director may grant the application without further notice or hearing; and

(4) if an application is supported by proof of notice as provided in Rule 4(D) (2), the Director may grant the application without hearing if no protest is filed with the Division within twenty (20) days after the date of filing of the application and proof of notice.

(E) The Division Director may set for hearing any application that was filed for administrative approval. If a protest is filed as to any such application as provided in Rule 4(D), such application shall be denied or set for hearing, in the discretion of the Director.

RULE 5. WELL TESTING:

(A) **Gas-liquid ratio tests:** The operator of each newly completed well shall conduct a gas-liquid ratio test on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production. Semi-annual gas-liquid ratio tests shall be conducted on all wells during each year in accordance with a test schedule prepared by the Hobbs district office of the Division. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Any well that is shut-in shall be exempt from the gas-liquid ratio test requirement so long as it remains shut-in. Gas-liquid ratio tests shall be conducted for 24 hours, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of each test shall be filed on Division Form C-116 on or before the tenth day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the Hobbs district office of the Division a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the

test schedule shall also be furnished to all offset operators. The supervisor of the Hobbs district office may grant an exception to the above well-test requirements where it is demonstrated that the well produces no liquids. Special gas-liquid ratio tests shall also be conducted at the request of the Division and may also be conducted at the option of the operator. Such special gas-liquid ratio tests shall be conducted in accordance with the procedures outlined hereinabove, including notification to the Division and offset operators.

(B) An initial shut-in pressure test shall be conducted on each gas well and shall be reported to the Division on Form C-125.

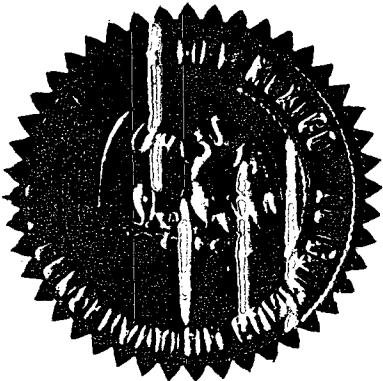
RULE 6. MISCELLANEOUS:

(A) Oil wells in the Jalmat Gas Pool shall receive oil and casinghead gas allowables as provided in Division Rules 503, 505, and 506.

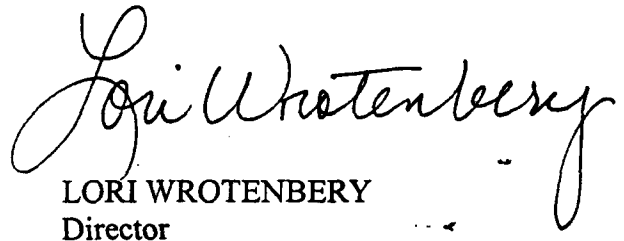
(B) All existing exceptions, whether granted administratively or through hearing, in effect on the issuance date of this order shall be "grandfathered" and shall remain in full force and effect until further notice.

(5) Jurisdiction is hereby 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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

CMD : ONGARD
OG5SECT INQUIRE LAND BY SECTION

08/29/02 14:45:07
OGOMES -TPV1
PAGE NO: 1

Sec : 06 Twp : 20S Rng : 37E Section Type : NORMAL

| 4 | 3 | 2 | 1 |
|--|-------------------------|-------------------------|-------------------------|
| 38.81 | 40.16 | 40.18 | 40.19 |
| Fee owned
U
A A A | Fee owned
U
P A A | Fee owned
U
A A P | Fee owned
U
P A |
| 5 | F | G | H |
| 38.80 | 40.00 | 40.00 | 40.00 |
| <i>7761</i>
Fee owned
U
P A A A | Fee owned
U
A A A | Fee owned
U
A A A | Fee owned
U
A A A |

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

08/29/02 14:45:10
OGOMES -TPV1
PAGE NO: 2

Sec : 06 Twp : 20S Rng : 37E Section Type : NORMAL

| 6 | K | J | I |
|---------------|---------------|-----------|-----------|
| 38.94 | 40.00 | 40.00 | 40.00 |
| Federal owned | Federal owned | Fee owned | Fee owned |
| A A | A A | A A A | A A A |
| 7 | N | O | P |
| 39.07 | 40.00 | 40.00 | 40.00 |
| Federal owned | Federal owned | Fee owned | Fee owned |
| A A | A A A | A A | A A |

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

117
58.94
39.07
78.01

CMD : ONGARD 08/29/02 14:46:52
 OG6IWCN INQUIRE WELL COMPLETIONS OGOMES -TPV1

API Well No : 30 25 5938 Eff Date : 03-21-1994 WC Status : A
 Pool Idn : 23000 EUNICE MONUMENT;GRAYBURG-SAN ANDRES
 OGRID Idn : 6473 DOYLE HARTMAN
 Prop Idn : 5033 BRITT A 6

Well No : 002
 GL Elevation: 99999

| B.H. Locn | U/L | Sec | Township | Range | North/South | East/West | Prop/Act (P/A) |
|--|-----|-----|----------|-------|-------------|-------------|----------------|
| Lot Identifier: | --- | --- | --- | --- | --- | --- | --- |
| Dedicated Acre: 40.00 | 6 | 6 | 20S | 37E | FTG | 999 F S FTG | 999 F E P |
| Lease Type : F | | | | | | | |
| Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) : | | | | | | | |

M0025: Enter PF keys to scroll
 PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
 PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 08/29/02 14:45:45
OG6IWCW INQUIRE WELL COMPLETIONS OGOMES -TPV1

API Well No : 30 25 5937 Eff Date : 04-30-1991 WC Status : A
Pool Idn : 76480 EUMONT,YATES-7 RVRS-QUEEN (PRO GAS)
OGRID Idn : 6473 DOYLE HARTMAN
Prop Idn : 5033 BRITT A 6

Well No : 001
GL Elevation: 3571

U/L Sec Township Range North/South East/West Prop/Act (P/A)

B.H. Locn : 7 6 20S 37E FTG 660 F S FTG 660 F W A
Lot Identifier:
Dedicated Acre: 78.01
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD : ONGARD 08/29/02 14:45:52
OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPV1
Page No : 1

API Well No : 30 25 5937 Eff Date : 04-30-1991 Well No : 001
Pool Idn : 76480 EUMONT,YATES-7 RVRs-QUEEN (PRO GAS)
Prop Idn : 5033 BRITT A 6
Spacing Unit : 49369 OCD Order : Simultaneous Dedication:
Sect/Twp/Rng : 6 20S 37E Acreage : 78.01 Revised C102? (Y/N) :
Dedicated Land:

| ----- | | | | | | | | | |
|-------|------|-----|-----|-----|-------|---------|-----|-----------|---------|
| S | Base | U/L | Sec | Twp | Rng | Acreage | L/W | Ownership | Lot Idn |
| ----- | | | | | | | | | |
| L | 6 | 6 | 20S | 37E | 38.94 | N | | FD | |
| M | 7 | 6 | 20S | 37E | 39.07 | N | | FD | |
| ----- | | | | | | | | | |

E0005: Enter data to modify or PF keys to scroll
PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD : ONGARD 08/29/02 14:46:00
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPV1
 Page No: 1

OGRID Identifier : 6473 DOYLE HARTMAN

Pool Identifier : 76480 EUMONT;YATES-7 RVRs-QUEEN (PRO GAS)

API Well No : 30 25 5937 Report Period - From : 01 2000 To : 07 2002

| API Well No | Property Name | Prodn. Days
MM/YY Prod | Production Volumes
Gas Oil Water | Well
Stat |
|-------------|----------------|---------------------------|-------------------------------------|--------------|
| 30 25 | 5937 BRITT A 6 | 01 00 31 | 2518 | 490 P |
| 30 25 | 5937 BRITT A 6 | 02 00 29 | 2303 | 458 P |
| 30 25 | 5937 BRITT A 6 | 03 00 31 | 2351 | 496 P |
| 30 25 | 5937 BRITT A 6 | 04 00 30 | 2227 | 470 P |
| 30 25 | 5937 BRITT A 6 | 05 00 31 | 2040 | 490 P |
| 30 25 | 5937 BRITT A 6 | 06 00 30 | 2064 | 493 P |
| 30 25 | 5937 BRITT A 6 | 07 00 31 | 2022 | 488 P |

Reporting Period Total (Gas, Oil) :

M0025: Enter PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD : ONGARD
OG6IPRD INQUIRE PRODUCTION BY POOL/Well

08/29/02 14:46:04
OGOMES -TPV1
Page No: 2

OGRID Identifier : 6473 DOYLE HARTMAN

Pool Identifier : 76480 EUMONT;YATES-7 RVRs-QUEEN (PRO GAS)

API Well No : 30 25 5937 Report Period - From : 01 2000 To : 07 2002

| API Well No | Property Name | Prodn. Days | | Production Volumes | | | Well |
|-------------|----------------|-------------|------|--------------------|-----|-------|------|
| | | MM/YY | Prod | Gas | Oil | Water | |
| 30 25 | 5937 BRITT A 6 | 08 00 | 31 | 1883 | | 520 | P |
| 30 25 | 5937 BRITT A 6 | 09 00 | 30 | 1790 | | 515 | P |
| 30 25 | 5937 BRITT A 6 | 10 00 | 31 | 1837 | | 544 | P |
| 30 25 | 5937 BRITT A 6 | 11 00 | 30 | 1745 | | 530 | P |
| 30 25 | 5937 BRITT A 6 | 12 00 | 31 | 1696 | | 475 | P |
| 30 25 | 5937 BRITT A 6 | 01 01 | 31 | 1695 | | 485 | P |
| 30 25 | 5937 BRITT A 6 | 02 01 | 28 | 1490 | | 498 | P |

Reporting Period Total (Gas, Oil) : -----

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD :
OG6IPRD
ONGARD
INQUIRE PRODUCTION BY POOL/Well

08/29/02 14:46:05
OGOMES -TPV1
Page No: 3

OGRID Identifier : 6473 DOYLE HARTMAN
Pool Identifier : 76480 EUMONT,YATES-7 RVRs-QUEEN (PRO GAS)
API Well No : 30 25 5937 Report Period - From : 01 2000 To : 07 2002

| API Well No | Property Name | Prodn. Days | | Production Volumes | | | Well |
|-------------|----------------|-------------|------|--------------------|-----|-------|------|
| | | MM/YY | Prod | Gas | Oil | Water | |
| 30 25 | 5937 BRITT A 6 | 03 01 | 31 | 1682 | | 594 | P |
| 30 25 | 5937 BRITT A 6 | 04 01 | 30 | 1409 | | 578 | P |
| 30 25 | 5937 BRITT A 6 | 05 01 | 31 | 1551 | | 600 | P |
| 30 25 | 5937 BRITT A 6 | 06 01 | 30 | 1318 | | 498 | P |
| 30 25 | 5937 BRITT A 6 | 07 01 | 31 | 1324 | | 502 | P |
| 30 25 | 5937 BRITT A 6 | 08 01 | 31 | 1364 | | 569 | P |
| 30 25 | 5937 BRITT A 6 | 09 01 | 30 | 1166 | | 556 | P |

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD : ONGARD 08/29/02 14:46:07
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOMES -TPV1
 Page No: 4

OGRID Identifier : 6473 DOYLE HARTMAN
 Pool Identifier : 76480 EUMONT;YATES-7 RVRS-QUEEN (PRO GAS)

API Well No : 30 25 5937 Report Period - From : 01 2000 To : 07 2002

| API Well No | Property Name | Prodn. Days
MM/YY Prod | Production Volumes
Gas Oil Water | Well
Stat |
|----------------------|---------------|---------------------------|-------------------------------------|--------------|
| 30 25 5937 BRITT A 6 | | 10 01 31 | 1389 | 629 P |
| 30 25 5937 BRITT A 6 | | 11 01 30 | 1244 | 606 P |
| 30 25 5937 BRITT A 6 | | 12 01 31 | 1303 | 589 P |
| 30 25 5937 BRITT A 6 | | 01 02 31 | 1302 | 585 P |
| 30 25 5937 BRITT A 6 | | 02 02 28 | 1135 | 534 P |
| 30 25 5937 BRITT A 6 | | 03 02 31 | 1233 | 613 P |
| 30 25 5937 BRITT A 6 | | 04 02 30 | 1148 | 587 P |

Reporting Period Total (Gas, Oil) :

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12

CMD : ONGARD
OG6IPRD INQUIRE PRODUCTION BY POOL/Well

08/29/02 14:46:08
OGOMES -TPVL
Page No: 5

OGRID Identifier : 6473 DOYLE HARTMAN
Pool Identifier : 76480 EUMONT;YATES-7 RVRS-QUEEN (PRO GAS)
API Well No : 30 25 5937 Report Period - From : 01 2000 To : 07 2002

| API Well No | Property Name | Prodn. Days
MM/YY Prod | Production Volumes
Gas Oil Water Stat | Well |
|-------------|----------------|---------------------------|--|-------|
| 30 25 | 5937 BRITT A 6 | 05 02 31 | 1157 | 622 P |
| 30 25 | 5937 BRITT A 6 | 06 02 30 | 1076 | 579 P |

Reporting Period Total (Gas, Oil) : 48462 16193

E0049: User may continue scrolling.

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 NXTPool PF11 NXTOGD PF12