



DOYLE HARTMAN

Oil Operator

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July 28, 1987

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Amerada Hess Corporation
Post Office Drawer D
Monument, New Mexico 88265

Attention: Denise Ward
Petroleum Engineer

Re: Request for Non-standard
Proration Unit
N/2 Section 36, T-23-S, R-36-E
Lea County, New Mexico
Amerada's State LMT Lease

Gentlemen:

We are in receipt of your administrative application dated July 20, 1987 requesting formation of a 320-acre non-standard Jalmat gas proration unit consisting of N/2 Section 36, T-23-S, R-36-E, Lea County, New Mexico, to be dedicated to Amerada's State LMT No. 9 and 10 wells. This acreage directly offsets two of Doyle Hartman's excellent Jalmat gas producers.

In reviewing the production from the State LMT No. 9 and 10, it is obvious that the purpose for combining the acreage for the two wells is to increase the allowable for the State LMT No. 9, which is by far the better well. This is easily understandable in light of the current ridiculously low allowable levels that exist for the Jalmat pool and other prorated gas pools in Lea County. The majority of Doyle Hartman's production comes from the Jalmat and Eumont pools, and we have expended a great deal of time and money seeking to have the allowable levels returned to a range that will make the wells in those pools economic to produce. There are many operators who are ready and willing to produce their wells but are prevented from doing so by the current artificially low allowable levels. In our communications with the Oil Conservation Division, we have received the message that the other producers in the prorated pools of Southeast Lea County have chosen to shut their wells in rather than produce them, and as a result, the allowables are at the ridiculously low levels we find them today. In addition, in order to "protect" the correlative rights of those operators who have chosen to shut their wells in, operators who have the market for their gas and wish to produce cannot be granted sufficient allowable to do so. We are interested to see Amerada doing what it can to increase its production from one of its better Jalmat proration units.

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Doyle Hartman hereby waives any objection to Amerada Hess's application for non-standard proration unit consisting of N/2 Section 36, T-23-S, R-36-E, Lea County, New Mexico based on the following two conditions:

1. Amerada will support Hartman's campaign to have currently low allowable levels raised in the Eumont and Jalmat gas pools of Lea County, New Mexico in order to be more in line with historic allowables and current available markets.
2. Amerada will not oppose Hartman's request before the OCD to have the boundaries of the non-prorated Rhodes gas pool extended to include, among other acreage, Section 3, T-26-S, R-37-E.

With regard to item 2 above, Doyle Hartman is preparing to docket a hearing before the New Mexico Oil Conservation Division to extend the boundaries of the Rhodes gas pool to include Sections 31, 32, 33, and 34, T-25-S, R-37-E and all of Sections 3, 4, and 10 of T-26-S, R-37-E, which acreage is now located in the Jalmat gas pool. This will enable Hartman to drill a well in the non-prorated Rhodes gas pool without strenuous allowable restrictions, and makes sense because the Rhodes and Jalmat gas pools contain the exact same pay zones. As a result of this extension, Amerada's CC Cagle C Lease, located in Section 3, T-26-S, R-37-E would be moved from the Jalmat gas pool to the Rhodes gas pool and would also be relieved from its current allowable restrictions.

We can only support Amerada's application based upon the above two conditions, but believe those conditions to be in the best interests of both Amerada and Hartman. Please let me know immediately if Amerada cannot accept the conditions placed on Doyle Hartman's waiver of objection to Amerada's request for non-standard proration unit.

Very truly yours,

DOYLE HARTMAN

Michelle Wilcox

Michelle Wilcox

/mw

cc: State of New Mexico
✓ Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. William LeMay

Mr. Gene Gallegos
124 Marcy Street, Suite 201
Santa Fe, New Mexico 87501

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Mr. Robert H. Strand
Atwood, Malone, Mann & Turner
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