

GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue
Santa Fe, New Mexico 87501
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Telefax No. 505 • 986 • 0741

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FEB 20 1990

90-1.27
J. E. Gallegos
George F. Bingham*
Michael L. Oja**
Joanne Reuter
Mary E. Walta†
Harry T. Nutter
Mary Ann R. Burmester*

February 13, 1990

HAND DELIVERED

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FEB 13 1990

William J. LeMay, Director
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
P.O. Box 2008
Santa Fe, New Mexico 87504

OIL CONSERVATION DIV.
SANTA FE

9898

RE: Application of Doyle Hartman for Approval of Non-Standard Gas
Proration Unit and Compulsory Pooling for Eumont Pool, Lea
County, New Mexico

Dear Mr. LeMay:

Enclosed for filing please find the original and two copies of the referenced Application and an additional copy which we request you stamp as received and return to us. Pursuant to Rule 1207(a) 1 and 3 of the Rules on Procedure, we have notified by certified mail, return receipt requested, those parties listed on Exhibit "C" to the Application as stated therein. We will provide the returned receipts evidencing such notification, or attempted notification, at the hearing requested below.

We respectfully request the enclosed Application be placed on the docket for hearing before an Examiner on March 7, 1990. We understand the application of Chevron U.S.A. Inc., Case No. 9878, which proposes to encompass portions of the acreage embraced by the enclosed Application of Doyle Hartman, has been postponed

FILE

*Also admitted in the District of Columbia.

**Also admitted in California.

***Also admitted in Texas.

† Admitted only in Colorado.

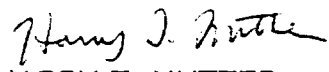
William J. LeMay, Director
February 13, 1990
Page Two

until the March 7th docket according to the letter we received from Bill Carr, attached hereto. Therefore, we further request that Hartman's Application be consolidated for hearing with Case No. 9878 in order to obviate duplicative proceedings and expedite a fair resolution of these matters.

Your prompt attention to this matter will be greatly appreciated.

Sincerely,

GALLEGOS LAW FIRM

By 
HARRY T. NUTTER

HTN:ap

Enclosures and Attachment

cc: Doyle Hartman, Oil Operator (w/enc. and attach.)
Dan Nutter (w/enc.)
William F. Carr, Esq. (w/enc.)

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

January 18, 1990

FEDERAL EXPRESS

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Attention: Mr. William J. LeMay

Re: Administrative Application for
Non-Standard Gas Proration Unit
and Simultaneous Dedication
W/2 NE/4, SE/4 NE/4 & SE/4 NW/4
Section 8, T-20-S, R-37-E
Lea County, New Mexico

Gentlemen:

Under date of January 3, 1990, Chevron USA, Inc. made application for administrative approval for a 160-acre non-standard Eumont gas proration unit comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 of Section 8, T-20-S, R-37-E, Lea County, New Mexico. Also under date of January 3, 1990, and received in our office on January 10, 1990, Chevron requested Doyle Hartman waive any objection to the proposed non-standard Eumont gas proration unit and simultaneous dedication of acreage.

Enclosed please find two executed copies of a Conditional Waiver to Objection from Doyle Hartman, subject to Chevron's agreement to the terms and conditions set forth in that certain letter dated January 16, 1990 from Doyle Hartman to Chevron, copy enclosed.

In the event the NMOCD elects to grant administrative approval to Chevron's request for the proposed non-standard gas proration unit and simultaneous dedication, we assume such approval will be "conditional", per our Conditional Waiver to Objection and subject to the terms and conditions of that certain letter dated January 16, 1990 from Doyle Hartman to Chevron USA, Inc. However, in the event the NMOCD proposes to grant administrative approval to Chevron's request on any basis other than "conditional", we formally object.

Oil Conservation Division
January 18, 1990
Page 2

If you have any questions relative to this matter, please contact Mr. Hartman or the undersigned at 915/684-4011.

Sincerely,

DOYLE HARTMAN

A handwritten signature in black ink, appearing to read 'Bryan E. Jones', written over the typed name.

Bryan E. Jones
Landman

BEJ/lr
Enclosures
1844:OCD0118

cc State of New Mexico
 Energy, Minerals & Natural Resources Department
 Oil Conservation Division
 District I
 Post Office Box 1980
 Hobbs, New Mexico 88240
 Attention: Mr. Jerry Sexton

Chevron USA, Inc.
Post Office Box 670
Hobbs, New Mexico 88240
Attention: Mr. Alan W. Bohling

CHEVRON U.S.A. INC.
Bertie Whitmire Lease

Application For A 160-Acre
Non-Standard Gas Proration Unit
and
Simultaneous Dedication of Acreage
Eumont Y-SR-QN (Pro Gas) Pool
Section 8, T20S, R37E
Lea County, New Mexico

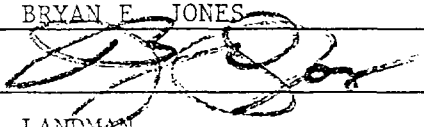
CONDITIONAL

WAIVER TO OBJECTION

Subject to Chevron's agreement to the terms and conditions set out in that certain letter of 1-16-90 from Doyle Hartman to Chevron, We, the undersigned, as an offset operator, waive any objection to Chevron U.S.A. Inc.'s application for NMOC approval of a Non-Standard Gas Proration Unit of 160-acres in the Eumont Y-SR-QN (Prorated Gas) Pool comprising the W/2 NE/4, SE/4 NE/4 and SE/4 NW/4 Section 8, T-20-S, R-37-E, NMPM, Lea County, New Mexico. We understand that this 160-acre proration unit will be simultaneously dedicated to the Bertie Whitmire Wells No. 1 and 2 located in unit letters G and B, respectively, of Section 8.

Company: DOYLE HARTMAN

Representative: BRYAN E. JONES

Signature: 

Title: LANDMAN

Date: JANUARY 16, 1990

GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue
Santa Fe, New Mexico 87501
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J. E. Gallegos
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February 27, 1990

VIA HAND DELIVERY

William J. LeMay, Director
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
P.O. Box 2208
Santa Fe, New Mexico 87504

RECEIVED

FEB 27 1990

OIL CONSERVATION DIV.
SANTA FE

9895

RE: Application of Doyle Hartman for Approval of a 280-Acre Non-Standard Gas Proration Unit, Compulsory Pooling and Simultaneous Dedication for the Eumont Gas Pool, Lea County, New Mexico.

Dear Mr. LeMay:

Enclosed for filing please find the original and two copies of the referenced Application and an additional copy which we request you stamp as received and return to us for our file. Pursuant to Rule 1207(a) 1 and 3 of the Rules on Procedure, we have notified by certified mail, return receipt requested, those parties listed on Exhibit "B" to the Application as stated therein. We will provide the certificates or return receipts evidencing such notification, or attempted notification, at the hearing on the Application. We respectfully request you publish notice of the enclosed Application according to Rules 1204 and 1205 and place the enclosed Application on the docket for hearing before an Examiner on March 21, 1990.

Please be advised that, pursuant to the letter agreements referenced on Exhibit "B" of the enclosed Application, Doyle Hartman has reached definitive written agreements to acquire the working interest of Oxy USA, Inc. ("Oxy") within the SE/4 of Section 5 and the NE/4 NE/4 of Section 8, as well as the working interest of Oryx Energy Company ("Oryx") in the NE/4 SE/4 of Section 5, all in Township 20 South, Range 37 East, Lea County New Mexico. Oxy had previously applied to the Division in Case No. 9884 for a non-standard Eumont gas proration unit consisting of 200 acres, being the SE/4 of said Section 5 and the NE/4 NE/4 of said Section 8. Because Hartman has now acquired the working interests previously held by Oxy and Oryx in those tracts and has included such acreage within the 280-acre non-standard Eumont gas proration proposed in the enclosed Application, we expect Oxy to withdraw its Application No. 9884. In the event Oxy fails to do so, we respectfully request the Division to dismiss Application No. 9884 prior to its scheduled hearing on March 7, 1990.

**Also admitted in the District of Columbia*

***Also admitted in California*

****Also admitted in Texas*

† Admitted only in Colorado

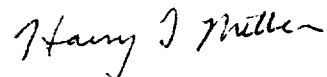
William J. LeMay, Director
February 27, 1990
Page Two

Reference is made to our letter dated February 13, 1990, a copy of which is attached for your convenience, in which we filed an Application on behalf of Doyle Hartman for a 200-acre, or in the alternative a 160-acre, non-standard Eumont gas proration unit, which Application was subsequently assigned Case No. 9885. We also requested in that letter that such Application be set for hearing on March 7, 1990, and consolidated with the Application filed by Chevron USA, Inc. ("Chevron") in Case No. 9878, which had been postponed from February 21 until the March 7th hearing docket. We hereby withdraw Application No. 9885 and request that it be dismissed at the hearing on March 7, 1990. Reference is also made to the letter from Doyle Hartman to you dated January 18, 1990, a copy of which is also attached for your convenience, in which Doyle Hartman objected to Chevron's Application No. 9878. Please be advised that Doyle Hartman has no objection to the formation of the 160-acre non-standard Eumont gas proration unit as proposed in Chevron's Application No. 9878 and hereby withdraws his objection as stated in the previous correspondence dated January 18, 1990.

Your prompt attention to these matters will be appreciated.

Sincerely,

GALLEGOS LAW FIRM



By
HARRY T. NUTTER

HTN:ap

Enclosures

cc: Doyle Hartman, Oil Operator (w/enc.)
Dan Nutter (w/enc.)

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

**IN THE MATTER OF THE APPLICATION OF
DOYLE HARTMAN, OIL OPERATOR FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT, COMPULSORY POOLING
AND SIMULTANEOUS DEDICATION
FOR THE EUMONT POOL, LEA COUNTY,
NEW MEXICO**

RECEIVED

FEB 27 1999 Case No. 9895

OIL CONSERVATION DIV.
SANTA FE

APPLICATION

Applicant DOYLE HARTMAN, OIL OPERATOR hereby applies to the Oil Conservation Division ("Division") for an order approving the creation of a proposed non-standard proration unit for the Eumont Gas Pool consisting of 280 acres, comprising portions of Sections 5 and 8, Township 20 South, Range 37 East, Lea County, New Mexico. Pursuant to §70-2-17 N.M.S.A. 1978, Applicant also applies to the Division for an order that both pools all mineral interests in the Eumont Gas Pool in and under the proposed 280-acre non-standard gas proration unit as well as simultaneously dedicates those interests to the existing wells and a proposed new infill well located thereon. In support thereof, Applicant would show the Division, as follows:

1. Applicant is a working interest owner in the SE/4 and the SE/4 SW/4 of Section 5, and the NE/4 NW/4 and NE/4 NE/4 of Section 8, T20S, R37E, Lea County, New Mexico and has the right to drill, develop or otherwise produce such tracts.
2. Applicant proposes the creation of a non-standard gas proration unit consisting of 280 acres, being the SE/4 and the SE/4 SW/4 of

Section 5 and the NE/4 NW/4 and the NE/4 NE/4 of Section 8, all in T20S, R37E, Lea County, New Mexico, as shown on Exhibit "A" attached hereto.

3. The creation of the non-standard gas proration unit is necessary to prevent waste and protect correlative rights.
4. Applicant proposes to simultaneously dedicate all production from the Eumont Gas Pool in the proposed non-standard gas proration unit to his Britt-Laughlin Com. Well No. 1 (formerly the Britt "B-8" Well No. 1), located 660 feet from the North line and 1980 feet from the West line of said Section 8, and to his Britt-Laughlin Com. Well No. 5 (formerly the Laughlin "B" Well No. 5) located 330 feet from the South line and 2310 feet from the East line of said Section 5, and to one additional infill well to be drilled somewhere in the approximate center of the SE/4 of said Section 5, at a location to be determined later.
5. The pooling of mineral interests within the non-standard gas proration unit to be so created will avoid the drilling of unnecessary wells, prevent waste, protect correlative rights and permit all parties to obtain their just and fair share of the Eumont production underlying such unit.
6. Pursuant to the applicable notice requirements, Applicant has notified by certified mail, return receipt requested, all parties listed on Exhibit "B" attached hereto of this application and the date of the hearing requested below.

WHEREFORE, Applicant prays this matter be set for hearing before a duly appointed Examiner of the Division on March 21, 1990, and, after the notice and hearing required by law, that the Division enter an order approving the creation of the non-standard gas proration unit proposed herein and also approving the pooling of the mineral interests therein for the Eumont Gas pool. Applicant further prays he be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom his costs of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, and an equitable and proper percentage of the value of the existing wellbores of applicant's Britt-Laughlin Com. Well Nos. 1 and 5, and all costs of supervision and operation of such non-standard gas proration unit, and that such order also provide for any other relief which may be deemed equitable and proper.

Respectfully submitted,

GALLEGOS LAW FIRM

By Harry T. Nutter
J.E. GALLEGOS
HARRY T. NUTTER
141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

EXHIBIT "A"

Attached to and made part of the Application
by Doyle Hartman, Oil Operator for Approval of
a Non-Standard Gas Proration Unit, Compulsory Pooling
and Simultaneous Dedication for the Eumont Gas Pool,
Lea County, New Mexico

PROPOSED 280-ACRE NON-STANDARD EUMONT GAS PRORATION
UNIT CONSISTING OF THE SE/4 AND THE SE/4 SW/4 OF
SECTION 5 AND THE NE/4 NW/4 AND THE NE/4 NE/4 OF
SECTION 8, T20S, R37E, LEA COUNTY, NEW MEXICO,
AND SHOWING LOCATION OF THE BRITT-LAUGHLIN COM.
WELL NOS. 1 AND 5.

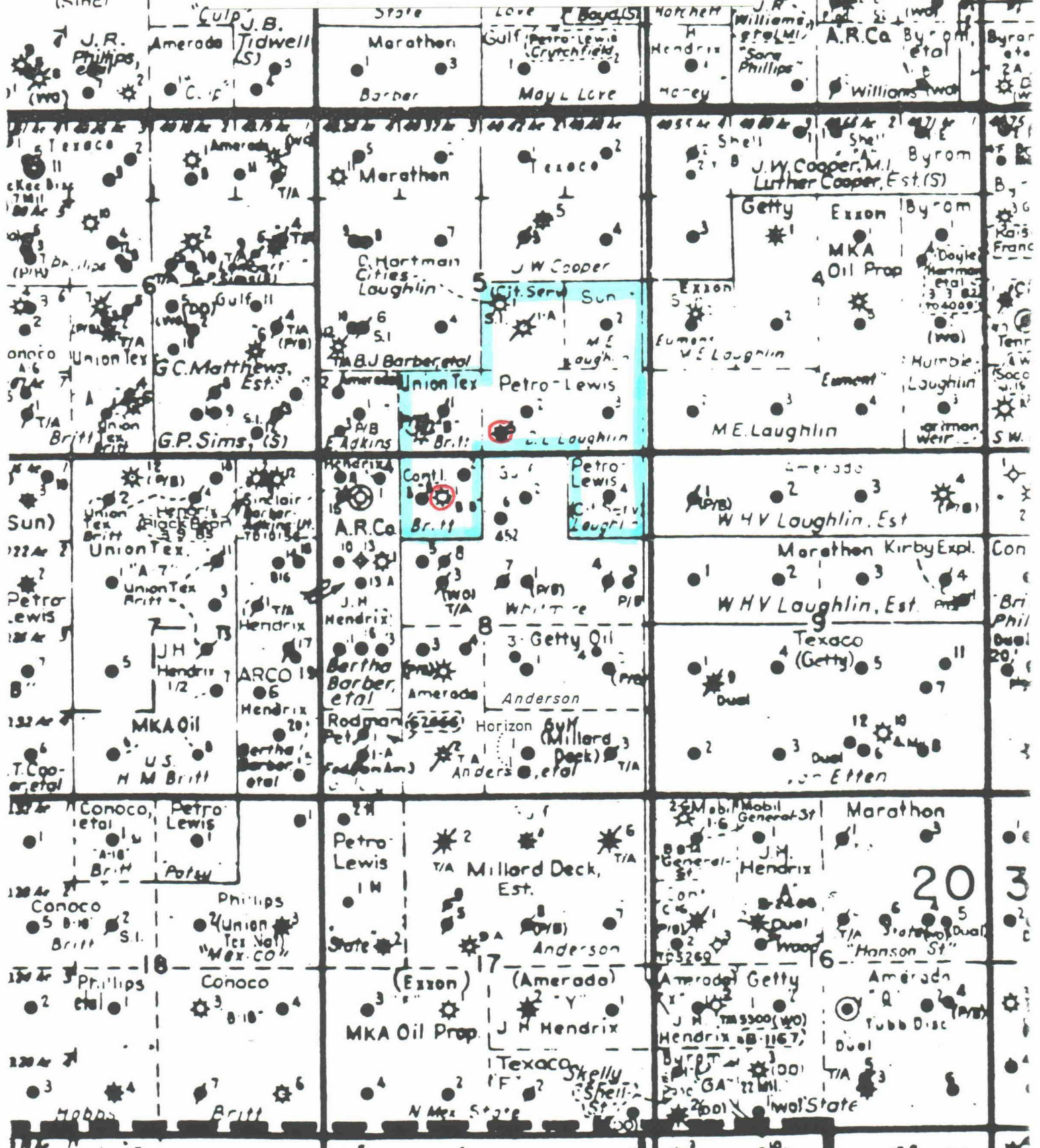


EXHIBIT "B"

Attached to and made part of the Application by Doyle Hartman, Oil Operator for Approval of a Non-Standard Gas Proration Unit, Compulsory Pooling and Simultaneous Dedication for the Eumont Gas Pool, Lea County, New Mexico

OFFSET EUMONT (GAS) OPERATORS AND PRORATION UNITS
TO THE PROPOSED 280-ACRE NON-STANDARD
GAS PRORATION UNIT, SECTIONS 5 AND 8,
120S, R37E, LEA COUNTY, NEW MEXICO

<u>OPERATOR & ADDRESS</u>	<u>LEASE & WELL NAME(S)</u>	<u>GAS WELL LOCATION(S)</u>	<u>UNIT DESCRIPTION</u>	<u>NUMBER OF ACRES</u>
Oxy USA, Inc. P.O. Box 50250 Midland, Texas 79710 Mr. Charles Dickinson	Laughlin "B" #5	0-05-20S-37E	SE/4 Sec.5, T-20-S, R-37-E	160
NOTE: This unit is to be included in the proposed 280-acre non-standard Eumont proration unit and is subject to a letter agreement dated February 20, 1990, between Doyle Hartman and Oxy USA, Inc., for the sale of the interest of Oxy USA, Inc. to Doyle Hartman.				
Exxon USA Mr. D. Mendell, 111 P.O. Box 1600 Midland, Texas 79702	Eumont Gas "Com-1" #1 Eumont Gas "Com-1" #2	J-04-20S-37E L-04-20S-37E	Sec. 4, T-20-S, R-37-E	640
Amerada Hess Corp. P.O. Box 2040 Tulsa, Oklahoma 74102 Mr. G.E. Miller	V. Laughlin #4	A-09-20S-37E	N/2 N/2 Sec. 9, T-20-S, R-37-E	160
Marathon Oil Co. P.O. Box 552 Midland, Texas 79702 Mr. John F. Strong	W.H. Laughlin #3	G-09-20S-37E	S/2 N/2 Sec. 9, T-20-S, R-37-E	160
Chevron USA, Inc. P.O. Box 1635 Houston, Texas 77251 Mr. Ray Vaden	Theodore Anderson #1	0-08-20S-37E	SE/4 Sec. 8, T-20-S, R-37-E	160
Arco Oil & Gas Co. P.O. Box 1610 Midland, Texas 79702	Barber Gas "Com" #1	E-08-20S-37E	E/2 E/2 Sec. 7 & W/2 W/2 Sec. 8, T-20-S, R-37-E	320

Amerada Hess Corp. P.O. Box 2040 Tulsa, Oklahoma 74102 Mr. Jim Crandall Mr. G.E. Miller	E.S. Adkins #3	M-05-20S-37E	SW/4, SW/4 Sec. 5, T-20-S, R-37-E	40
Marathon Oil Co. P.O. Box 552 Midland, Texas Mr. John F. Strong	Bertha Barber #11	D-05-20S-37E	S/2 SW/4 Sec. 32, T-19-S, R-37-E, NW/4 & N/2 SW/4 Sec. 5, T-20-S, R-37-E	320
Texaco Producing Co. P.O. Box 3109 Midland, Texas 79702 Mr. Steve Chandler	J.W. Cooper #5	G-05-20S-37E	NE/4 Sec. 5, T-20-S, R-37-E & S/2 SE/4 Sec. 32, T-19-S, R-37-E	240
Amerada Hess Corp. P.O. Box 2040 Tulsa, Oklahoma 74102 Mr. Jim Crandall Mr. G.E. Miller			E/2 SW/4 Sec. 8, T-20-S, R-37-E	80

WORKING INTEREST OWNERS TO BE FORCED POOLED IN
PROPOSED 280-ACRE NON-STANDARD GAS PROPRATION UNIT IN
SECTIONS 5 AND 8, T20S, R37E, LEA COUNTY, NEW MEXICO

Section 5: SE/4, SW/4

Union Texas Petroleum
P.O. Box 2120
Houston, Texas 77252-2120
Mr. Rod Cranford

Doyle Hartman
P.O. Box 10426
Midland, Texas 79701

James A. Davidson
P.O. Box 494
Midland, Texas 79702

Phillips Petroleum Company
4001 Penbrooke
Odessa, Texas 79761
Mr. Frank Hulise

Section 5: SE/4 SW/4 (cont.)

James E. Burr
P.O. Box 50233
Midland, Texas 79701

Ruth Sutton
2826 Moss
Midland, Texas 79702

Jack Fletcher
P.O. Box 10887
Midland, Texas 79702

Larry Nermyr
P.O. Box 4106
Sidney, Montana 59270

Section 5: SE/4

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710
Mr. Charles Dickinson

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
between Doyle Hartman and
Oxy USA, Inc. for the sale
of the interest of Oxy USA, Inc.
to Doyle Hartman.

Section 5: NE/4 SE/4

Oryx Energy Company
P.O. Box 1861
Midland, Texas 79702

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
as amended February 23, 1990,
between Doyle Hartman and
Oryx Energy Company for
the sale of the interest of
Oryx Energy Company to
Doyle Hartman.

Section 8: NE/4 NW/4

Doyle Hartman

Section 8: NE/4 NE/4

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710
Mr. Charles Dickinson

NOTE: This interest is
subject to a letter agreement
dated February 20, 1990,
between Doyle Hartman and
Oxy USA, Inc. for the sale
of the interest of Oxy USA, Inc,
to Doyle Hartman.