

# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
Santa Fe, New Mexico 87501  
505 • 983 • 6686  
Telefax No. 505 • 986 • 0741  
Our File No. 90-1.37

June 19, 1990

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

## HAND DELIVERED

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

RECEIVED

JUN 19 1990

OIL CONSERVATION DIVISION

10068

RE: Application of Doyle Hartman for Approval of Rededication of Acreage, Non-Standard Proration Unit, Compulsory Pooling and Unorthodox Location for the Jalmat Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

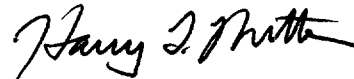
Enclosed for filing please find the original and two copies of the referenced Application. Pursuant to Rule 1207, we have notified by certified mail, return receipt requested, those persons listed on Exhibits "C" and "D" to the Application as stated therein. We respectfully request you publish notice of the enclosed Application according to Rules 1204 and 1205.

As noted in the Application, we respectfully request the enclosed Application be set for hearing before a Division Examiner on July 11, 1990.

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.)  
Mr. Dan Nutter (w/enc.)

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
WILLIAM P. SLATTERY  
PATRICIA A. MATTHEWS

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

July 5, 1990

**RECEIVED**

JUL 05 1990

OIL CONSERVATION DIV.  
SANTA FE

Mr. William J. LeMay,  
Director  
Oil Conservation Commission  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87504

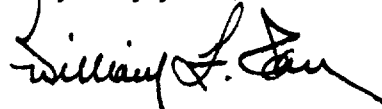
Re: **Case No. 10008:** Application Doyle Hartman for a Non-Standard Gas  
Proration Unit, Compulsory Pooling, and an Unorthodox Gas Well  
Location, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed for filing in the above-referenced case is the Entry of Appearance for  
Chevron USA, Inc.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mtb

Enclosure

cc: J.E. Gallegos, Esq. (w/enclosure)  
Mr. Alan Bohling

# GALLEGOS LAW FIRM

A Professional Corporation

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

MS

July 6, 1990

Our File No. 90-1.37

**RECEIVED**

JUL 06 1990

OIL CONSERVATION DIV.  
SANTA FE

**VIA HAND DELIVERY**

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

RE: Application of Doyle Hartman - NMOCD Case No. 10008

Dear Mr. LeMay:

By our previous letter dated June 19, 1990, we transmitted the referenced Application for filing and requested it be set for hearing before a Division Examiner on July 11, 1990.

As noted on Exhibit "D" to the Application, Hartman and Mobil Exploration & Production U.S.A., Inc. ("Mobil") have tentatively agreed to Hartman's purchase of the interest of Mobil under one of the two tracts that is affected by the pending Application. Hartman also believes that negotiations with Chevron U.S.A., Inc. ("Chevron") will result in his acquisition of Chevron's interest in the other tract affected by the Application.

*\*Also admitted in the District of Columbia*

*\*\*Also admitted in California*

*\*\*\*Also admitted in Texas*

*† Admitted only in Colorado*

Mr. William J. LeMay, Director  
July 6, 1990  
Page Two  
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Hartman's purchase of Mobil's and Chevron's respective interests will eliminate the need for a compulsory pooling proceeding, although a hearing will still need to be held in order to obtain Division approval of a non-standard Jalmat Gas proration unit and unorthodox well location. Therefore, we respectfully request the referenced Application, presently scheduled for hearing on the July 11th docket, be continued until the Examiner Hearing scheduled for July 25, 1990.

Thank you for your cooperation in this matter.

Very truly yours,

GALLEGOS LAW FIRM

By   
HARRY T. NUTTER

HTN:ap

Enclosures

cc: Doyle Hartman, Oil Operator  
William F. Carr, Esq.  
Mr. Dan Nutter

# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
Santa Fe, New Mexico 87501  
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J. E. Gallegos  
George F. Bingham\*  
Michael L. Oja\*\*  
Joanne Reuter  
Mary E. Walta†  
Harry T. Nutter  
Mary Ann R. Burmester\*\*\*

Our File No. 90-1.37

July 19, 1990

## VIA HAND DELIVERY

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

**RECEIVED**

JUL 20 1990

OIL CONSERVATION DIV.  
SANTA FE

RE: Application of Doyle Hartman, Oil Operator -  
NMOCD Case No. 10008

Dear Mr. LeMay:

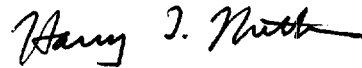
By our letter dated June 19, 1990, we transmitted the referenced Application for filing and requested it be set for hearing before a Division Examiner on July 11, 1990. By our subsequent letter dated July 6, 1990, we requested the Application be continued to the July 25th hearing docket because Hartman had tentatively agreed to purchase the interests of Mobil and Chevron in tracts affected by his pending Application.

We respectfully request the referenced Application be continued until the August 8th hearing docket in order to allow sufficient time for closing the aforementioned purchase transactions.

Thank you for your cooperation in this matter.

Very truly yours,

GALLEGOS LAW FIRM

By 

HARRY T. NUTTER

HTN:ap

cc: Doyle Hartman, Oil Operator  
William F. Carr, Esq.  
Mr. Dan Nutter

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

# GALLEGOS LAW FIRM

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

August 1, 1990

## HAND DELIVERED

Mr. William J. LeMay, Director  
Oil Conservation Division  
Energy, Minerals & Natural Resources Dept.  
State Land Office Building  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

ATTENTION: Florene Davidson

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

Dear Mr. LeMay:

The press of other business makes it impossible for Doyle Hartman and his staff to prepare the above referenced case for hearing that his now scheduled on Wednesday, August 8, 1990. It would be very much appreciated if this case could be postponed to another Examiner Docket at least thirty days in the future.

I have discussed this request for postponement with Bill Carr, counsel for Chevron U.S.A., and he concurs in the postponement. Your consideration of this request is greatly appreciated.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By

J. E. GALLEGOS

JEG:evm

cc: Doyle Hartman  
Brian Jones  
Bill Carr, Esq.

*Case 10008*  
*Continue to Sept. 5<sup>th</sup>*  
*Hearing*

RECEIVED

AUG 1 1990

OIL CONSERVATION DIVISION

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

# GALLEGOS LAW FIRM

A Professional Corporation

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

August 29, 1990

*M.S.*  
J. E. Gallegos  
George F. Bingham\*  
Michael L. Oja\*\*  
Joanne Reuter  
Mary E. Walta†  
Harry T. Nutter  
Mary Ann R. Burmester\*\*\*

## HAND DELIVERED

Mr. William J. LeMay, Director  
Oil Conservation Division  
Energy, Minerals & Natural Resources Dept.  
State Land Office Building  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

ATTENTION: Florene Davidson

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

Dear Mr. LeMay:

The press of other business makes it impossible for Doyle Hartman and his staff to prepare the above referenced case for the hearing that is now scheduled on Wednesday, September 5, 1990. It would be very much appreciated if this case could be postponed to another Examiner Docket at least thirty days in the future.

I have discussed this request for postponement with Bill Carr, counsel for Chevron U.S.A., and he concurs in the postponement. Your consideration of this request is greatly appreciated.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By

JOANNE REUTER

JEG:evm

cc: Doyle Hartman  
Brian Jones  
Bill Carr, Esq.

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

RECEIVED  
AUG 29 1990  
OIL CONSERVATION DIVISION  
OIL CONSERVATION DIVISION

*Continued to Oct. 3, 1990*

# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
Santa Fe, New Mexico 87501  
505 • 983 • 6686  
Telefax No. 505 • 986 • 0741

September 24, 1990

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

## HAND DELIVERED

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 87501

ATTENTION: Florence Davidson

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

Dear Mr. LeMay:

We will be unable to present the above referenced case for the hearing that is now scheduled on Wednesday, October 3, 1990. We would have requested that it be postponed to the October 17, 1990 Examiner Docket. However, Bill Carr, counsel for Chevron U.S.A., who is expected to appear in the case, has advised me that he will be in trial on that date. To accommodate him, we therefore request that it be postponed until the October 31, 1990 docket.

Your consideration of this request is greatly appreciated.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
JOANNE REUTER

JR:mct

cc: Doyle Hartman  
Brian Jones  
Bill Carr, Esq.

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado



# GALLEGOS LAW FIRM

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

Our File No. 90-1.37

October 25, 1990

## VIA HAND DELIVERY

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

ATTENTION: Florene Davidson  
Michael Stogner, Examiner

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

RECEIVED  
OCT 25 1990  
OIL CONSERVATION DIVISION

Dear Mr. LeMay:

We will be unable to present the above referenced case for the hearing that is now scheduled on Wednesday, October 31, 1990, because Mr. Hartman is renewing attempts to settle this matter. We therefore request that it be postponed until the November 14, 1990 docket. Bill Carr, counsel for Chevron U.S.A., who is expected to appear in the case has no objection.

Your consideration of this request is greatly appreciated.

Sincerely,

GALLEGOS LAW FIRM

By   
JOANNE REUTER

JR:ap

cc: William F. Carr, Esq.  
Doyle Hartman  
Bryan Jones

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
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November 8, 1990

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

## VIA HAND DELIVERY

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

ATTENTION: Florene Davidson  
David R. Catanach, Examiner

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

RECEIVED

NOV 8 1990

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

We respectfully request that the above-referenced case be postponed two weeks from the November 14, 1990 Examiner Docket to the November 28, 1990 Examiner Docket. We apologize for any inconvenience this additional request for postponement may cause. At this time, however, Doyle Hartman and Chevron, who is expected to oppose this application, are in the midst of serious settlement negotiations that may obviate the need for a hearing as shown by the correspondence between Mr. Hartman and Chevron attached to this letter. Mr. Hartman's responsive offer to Chevron is as close as it can come to meet Chevron's written request and concerns, and Mr. Hartman is very hopeful that this matter can be resolved. An additional postponement would serve to quite probably save the Division time and effort. Thank you for your consideration. Bill Carr, counsel for Chevron, is unopposed to a postponement.

Sincerely,

GALLEGOS LAW FIRM

By   
JOANNE REUTER

JR:ap

cc: (via hand delivery)  
Bob Stovall  
William F. Carr

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

DOYLE HARTMAN

Oil Operator

800 N. MAIN

P.O. BOX 10428

MIDLAND, TEXAS 79702

(915) 684-4011

November 7, 1990

HAND DELIVERED

Chevron U.S.A. Inc.  
Post Office Box 1150  
Midland, Texas 79702

Attention: Mr. R. C. Anderson

Re: A. L. Christmas Lease  
State "A" Lease  
Carter-Eaves "NCT-A" Lease  
Lea County, New Mexico

Gentlemen:

Reference is made to the letter dated July 26, 1990, from Michael J. Evans of Chevron U.S.A. Inc. to Doyle Hartman (copy enclosed) concerning various joint Hartman-Chevron property ownership matters. In specific, Mr. Evans' letter addressed the Hartman-operated A. L. Christmas lease (W/2 W/2 Section 18, T-22-S, R-37-E), the Hartman-operated State "A" lease (NE/4 Section 8, T-21-S, R-36-E) and the Chevron-operated Carter-Eaves "NCT-A" lease (E/2 W/2 Section 6, T-24-S, R-367-E). Reference is also made to the meeting that occurred on October 25, 1990 between Mr. R. C. Anderson of Chevron and Mike Stewart of Doyle Hartman's office during which the same above referenced leases were discussed.

Based upon Mr. Evans' letter of July 26, 1990, and Mike Stewart's conversation with Mr. Anderson, we believe that it is Chevron's desire, as it is our desire, that both parties jointly cooperate in an effort to reach the end that each party has the opportunity to develop those Lea County properties that meets each party's own specific operational goals.

In an effort to achieve the cooperation that we believe is desired by both Chevron and Hartman, and in order to limit any trade between Hartman and Chevron as much as practicably possible to the A. L. Christmas, State "A", and Carter-Eaves "NCT-A" leases, we hereby propose an exchange of properties as outlined on Exhibit "A" enclosed herewith. As you will see from a review of Exhibit "A", and out of the necessity to more evenly match the corresponding amount of reserves to be exchanged by each party, we have also included among the properties listed on Exhibit "A" the interest owned by us in the Chevron-operated Graham State Nos. 8 and 9 Eumont gas wells (E/2 Section 25, T-19-S, R-36-E) as well as the interest owned by Chevron in the Citation Oil and Gas-operated Devonian State No. 1 Eumont gas well (E/2 Section 20, T-21-

S, R-36-E). In addition to more nearly equalizing the reserves to be exchanged, the inclusion of the Graham State and Devonian State leases will allow Chevron to increase to a 100% working interest its ownership in a high-quality Chevron-operated Eumont gas lease while at the same time reducing the number of outside operated properties that Chevron personnel must routinely monitor. Consolidation of Chevron-operated leasehold interests as a means for resolving differences between Hartman and Chevron was mentioned by Mr. R. C. Anderson to Mike Stewart in their meeting on October 25, 1990.

Therefore, so as to achieve a total resolution of all differences between Hartman and Chevron corresponding to the A. L. Christmas, State "A", and Carter-Eaves "A" leases, we respectfully propose the following property exchange and cash payment:

- 1.) Hartman and Chevron to enter into the proposed exchange of properties as outlined on Exhibit "A" attached hereto; and,
- 2.) Hartman to pay Chevron a cash consideration of \$100,000.00 which payment is made so as to totally equalize the value of the net equivalent reserves being assigned by each party.

As is summarized on Exhibit "A", Hartman proposes to assign to Chevron net equivalent reserves of 1,189,302 MCFE and it is proposed that Chevron assign to Hartman net equivalent reserves of 1,241,198 MCFE. To make up for an estimated reserve shortfall to Chevron of 57,869 MCFE (1,241,198 MCFE less 1,189,302 MCFE), Hartman to pay to Chevron a cash consideration of \$100,000.00 which amount equates to a generous in-the-ground value of \$1.73 per MCFE.

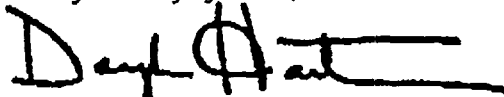
Also associated with the acreage exchange described in Exhibit "A", Hartman will be conveying to Chevron a net daily producing capability of 414 MCFEPD and Chevron will be assigning to Hartman a total of 311 MCFEPD. In the property exchange outlined in Exhibit "A", we have made considerable effort to assign equal or greater current producing deliverability and income to Chevron than Chevron will be assigning to us so as to alleviate the strong concerns previously expressed by Chevron, at the State "A" compulsory pooling hearing held June 28, 1990 (NMOCD Case 9994), that any realignment of Chevron's properties must not result in a dilution of Chevron's present oil and gas income. As you will recall, it was Chevron's opposition to the dilution of its current income that Chevron strongly expressed as its reason for not voluntarily joining in the development of the proposed 280-acre State "A" Com Eumont proration unit.

In summary, we believe that the trade suggested herein accomplishes the following:

1. Eliminates the necessity of the 280-acre State "A" Com Eumont proration unit having to be developed under the terms of an NMOCDC Compulsory Pooling Order (R-9332) and will simultaneously prevent Chevron from suffering dilution of its current income from the 160-acre State "A" lease.
2. Allows Chevron to increase its participation in the soon to be formed Arrowhead waterflood unit by Chevron acquiring Hartman's A. L. Christmas oil and gas rights along with the recently drilled A. L. Christmas No. 1 well. Since participation in new waterflood projects, at this time, is not part of our long-term Lea County strategy, assignment by us to Chevron of our Arrowhead rights will prevent us from having to participate in the Arrowhead waterflood project.
3. Allows for the urgently needed redevelopment of the Carter-Eaves "NCT-A" Jalmat lease without Chevron participating in the needed redevelopment work. Just as with the proposed 280-acre State "A" Com Eumont proration unit, Chevron has also indicated that it is not interested in further development of the Carter-Eaves "NCT-A" Jalmat tract. Our proposal will eliminate the necessity of Chevron having to participate in the redevelopment of the Carter-Eaves "NCT-A" lease and will avoid a possible protracted compulsory pooling hearing at the NMOCDC.
4. Allows Chevron to fully consolidate its interest in the valuable 320-acre Chevron-operated Graham State Eumont lease while trading out of the non-operated Citation Oil and Gas Devonian State Eumont lease over which Chevron has minimal operational control and in which Chevron must invest valuable personnel resources to adequately monitor.

As you are aware, we currently have scheduled for next week a compulsory pooling hearing corresponding to the further development of the Carter-Eaves "NCT-A" Jalmat tract located in E/2 W/2 Section 6, T-24-S, R-36-E. In order to potentially save time and effort for both Chevron and Hartman as well as the NMOCDC, we hereby propose to continue this hearing for two weeks if you think such a continuance will serve a useful purpose in resolving our various differences pertaining to the subject tracts.

Very truly yours,



Doyle Hartman

DH/lr  
Enclosures  
549:CHEV1106

cc Mr. Sam Martin  
NM District Land Manager  
Chevron USA, Inc.  
Post Office Box 1150  
Midland, Texas 79702

Mr. Michael J. Evans  
Land Representative  
Chevron USA, Inc.  
Post Office Box 1635  
Houston, Texas 77251

Mr. James A. Davidson  
Post Office Box 494  
Midland, Texas 79702

Mr. J. E. Gallegos  
Gallegos Law Firm  
141 East Palace Avenue  
Santa Fe, New Mexico 87501

Mr. William F. Carr  
Campbell and Black  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208



**Chevron U.S.A. Inc.**  
P.O. Box 1635, Houston, TX 77251 • Phone (713) 754-2455

Michael J. Evans  
Land Representative  
Interior Division  
Land Department  
Central Region

July 26, 1990

Doyle Hartman, Oil Operator  
Attention: Mr. Bryan E. Jones  
500 N. Main  
Midland, Texas 79702

Trade Proposal  
Carter-Eaves "NCT-A"  
E/2 W/2 Sec. 6-24S-37E  
Lea County, New Mexico

Gentlemen:

This letter is in response to your letter of July 19, 1990. After careful review, Chevron feels that your counter proposal is unacceptable due in part to the inclusion of additional properties. However, Chevron does feel that it will be beneficial to both Chevron and Hartman to reach quick accord on a trade involving the Carter-Eaves NCT-A, the State A and the A. L. Christmas lease.

Each of these 3 properties has actions pending which will require additional work by both parties.

In the matter of the Carter-Eaves NCT-A, both Chevron and Hartman are currently preparing for hearing before the NMOCD. Both sides are obviously confident of success.

Although the State A was not part of our June 26, 1990 proposal, we are receptive to including it. Chevron is certain of a successful outcome in the NMOCD proceedings and you should be aware that Chevron will exercise our right, as successor to Devonian, to assume operations from Hartman pursuant to Article 22 of the May 9, 1930 operating agreement.

Finally, in regard to the A. L. Christmas lease and more specifically your July 6, 1990 letter reference to an apparent discrepancy between Ms. Denise Beckham's June 15, 1990 letter and my letter of June 26, 1990, Chevron recognizes that you hold that portion of the property assigned to Mr. Davidson which was included in a NMOCD approved proration unit 5 years after the April 18, 1985 effective date, such date being April 18, 1990. Our review reveals that the A. L. Christmas No. 1 is the only well drilled and that it was reclassified as a 37 acre oil well February 1, 1990. Therefore, pursuant to Article 3 of the assignment, the balance of the acreage should have been reassigned to Chevron. Chevron hereby requests such reassignment.

JUL 31 1990

Mr. Doyle Hartman

-2-

July 26, 1990

There are benefits for both parties to quickly bring these matters to a prompt conclusion and Chevron is agreeable to entertaining any proposal or discussion limited to these three properties and a mutually agreeable cash differential provided that suspension by you of the action you have brought before the NMOCD be made a part of any such proposal or precedent to any discussions.

Should you have any questions, please feel free to contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michael J. Evans", with a long horizontal flourish extending to the right.

Michael J. Evans  
Land Representative

MJE:dm



# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
Santa Fe, New Mexico 87501  
505 • 983 • 6686  
Telefax No. 505 • 986 • 0741

November 27, 1990

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

Our File No. 90-1.37

## VIA HAND DELIVERY

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

Attn: Jim Morrow

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

RECEIVED

NOV 27 1990

OIL CONSERVATION DIVISION

Dear Mr. LeMay:

Doyle Hartman respectfully requests that the hearing on the above referenced application be continued from its current setting on November 28, 1990 to January 10, 1990. Mr. Hartman and Chevron, U.S.A., who is expected to oppose this application, are still attempting to negotiate a resolution of this matter, but due to the Thanksgiving holiday, were unable to complete their discussions. Bill Carr, counsel for Chevron, consents to this request.

Sincerely,

GALLEGOS LAW FIRM

By   
JOANNE REUTER

JR:ca

cc: William F. Carr, Esq.

\*Also admitted in the District of Columbia

\*\*Also admitted in California

\*\*\*Also admitted in Texas

† Admitted only in Colorado

# GALLEGOS LAW FIRM

A Professional Corporation

141 East Palace Avenue  
Santa Fe, New Mexico 87501  
Telephone No. 505 • 983 • 6686  
Telefax No. 505 • 986 • 0741

*DL*  
January 3, 1991

JOANNE REUTER

## VIA HAND DELIVERY

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

RECEIVED

JAN 3 1991

OIL CONSERVATION DIVISION

ATTENTION: Jim Morrow

RE: Application of Doyle Hartman  
NMOCD Case No. 10008

Dear Mr. LeMay:

Doyle Hartman respectfully requests that the hearing on the above referenced application be continued from its current setting on January 10, 1991 to January 24, 1991. Mr. Hartman and Chevron, U.S.A., who had opposed this application, have reached an agreement in principle resolving this matter, but are still finalizing the necessary documentation. We anticipate that ultimately, no hearing will be necessary but we would like to keep the application on the Commission's docket until the deal is closed. Bill Carr, counsel for Chevron, consents to this request.

Thank you for your cooperation in this matter.

Sincerely,

GALLEGOS LAW FIRM

By   
JOANNE REUTER

JR:ap

cc: William F. Carr, Esq.



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

BRUCE KING  
GOVERNOR

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

**MEMORANDUM**

**TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF GAS  
FROM ALL PRORATED GAS POOLS IN NEW MEXICO**

**FROM: WILLIAM J. LEMAY, DIRECTOR**

**SUBJECT: ORDER NO. R-8170-H, AMENDED RULES FOR PRORATED GAS  
POOLS, EFFECTIVE APRIL 1, 1991**

**DATE: January 3, 1991**

On December 10, 1990, the Oil Conservation Commission approved amendments to the Gas Proration Rules. Copies of the amended rules are available on request. The major changes are shown on an attached sheet which compares current procedures with those which will become effective April 1, 1991.

The most visible changes will be in the methods for determining and assigning allowables. Allowables will be established for 6-month allocation periods beginning in April and October of each year. To assist in determining the market demand and proper allowable to be assigned to each pool, Commission hearings will be held prior to the beginning of each allocation period. The first such hearing is set for February 28, 1991.

Preliminary pool allowables will be sent out with the Docket for this hearing. These allowables may be adjusted based upon nominations and other information received at this hearing. Producers, purchasers, transporters and others are requested to present information at the hearing which will assist the Commission in adjusting these allowables where needed.

Nominations for each of the six months must be submitted on Form C-121-A prior to or at the hearing. Additional factors which the Commission should consider may be submitted at the hearing. Information which compares expected volumes for the Apr-Sep 1991 period to the same period in 1990 will be especially useful.

The amendments to the rules have improved the proration system in several areas. Allowables assigned on a semi-annually rather than monthly basis, while more difficult to accurately assign, will enable producers, purchasers and transporters to plan their future operations more effectively. The active participation of all segments of the natural gas industry in the allowable determination process is needed to make the system successful. Your cooperation and participation in implementing these new proration procedures will be appreciated.

## GAS PRORATION RULES PROCEDURES

### CURRENT RULES

Proration Period 1 yr - begins Apr 1

Allocation Period - monthly

Classification Periods - 3 beginning Apr, Aug., and Dec.

Allowable Hearing - Each month before an examiner

Basis for Allowables - Previous months production equals next month's allowable with seasonal and overproduction adjustments.

Classification to Marginal - Highest single months production during a classification period is less than the average monthly allowable and the GPU is underproduced or if GPU is 6 or 12 times underproduced.

Classification to Non-Marginal. Production exceeds Non-Marginal allowable rate during a classification period.

Overproduction Limit - 6 times average monthly allowable for the preceding 12 months in the SE; 12 times in the NW.

Proration Schedules - monthly

### REVISED RULES

Same

6-month periods beginning in Apr. and Oct.

4 beginning Jan, Apr. July, and Oct.

Feb. and Aug. before the Commission.

Average allowable for the 6-month allocation period is based on production from the same period last year - adjusted for changes in market conditions determined by recent production trends and Industry Data presented at hearing.

Same

Same

6 times current Jan. allowable in the SE; 12 times in the NW.

Semi-Annual; Apr-Sep. and Oct-Mar. Supplemental Schedules if needed.

Dockets Nos. 4-91 and 5-91 are tentatively set for February 7, 1991 and February 21, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 24, 1991

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Jim Morrow, Examiner, or Michael E. Stogner or David R. Catanach, Alternate Examiners:

CASE 10195: (Continued from January 10, 1991, Examiner Hearing.)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 3, 4, 8 and 9, the NW/4 NE/4, and the S/2 NE/4 (E/2 equivalent) of Section 27, Township 32 North, Range 9 West, to form a 312.49-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its Federal Blancett Com C Well No. 1 to be drilled at a standard coal gas well location in the NE/4 equivalent of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles south of Mile Post No. 260 on the New Mexico/Colorado Stateline.

CASE 10216: Application of Cross Timbers Oil Company to amend Division Order No. R-6849, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6849 to increase the gas-oil ratio for the West Nadine-Blinebry Pool to 10,000 cubic feet of gas per barrel of oil produced. Applicant further seeks to cancel overproduction of oil from said West Nadine-Blinebry Pool from its McAllister Well No. 4 located in the SE/4 SW/4 (Unit M) of Section 5, Township 20 South, Range 38 East. Said well is located approximately 4 miles east-southeast of Nadine, New Mexico.

CASE 10141: (Continued from January 10, 1991, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 North, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10179: (Continued from January 10, 1991, Examiner Hearing.)

Application of Stevens Operating Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation, Twin Lakes -Devonian Pool, in the perforated intervals from 7211 feet to 7405 feet (7211 feet to 7245 feet and 7392 feet to 7405 feet) in its O'Brien "C" Well No. 9 located 1870 feet from the North line and 80 feet from the West line (Unit E) of Section 1, Township 9 South, Range 28 East. Said well is located approximately 18 miles east of the Bitter Lake National Wildlife Refuge.

CASE 10217: Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 NW/4 (Unit E) of Section 12, Township 18 South, Range 31 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing which presently includes, but is not necessarily limited to the Undesignated Tamano-Bone Spring Pool and Shugart Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.5 miles south of mile marker No. 3 on New Mexico State Highway 529.

CASE 10218: Application of Newbourne Oil Company to amend Division Order No. R-9389, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend the compulsory pooling provisions of Division Order No. R-9389 to include all possible spacing and proration units for a well presently being drilled in the SE/4 SW/4 of Section 1, Township 18 South, Range 27 East; the applicant therefore requests that the following units within the pooled interval be included as a part of said Order No. R-9389: the SW/4 forming a standard 160-acre gas spacing and proration unit; the S/2 SW/4 or E/2 SW/4 to form an 80-acre oil spacing and proration unit; and the SE/4 SW/4 to form a standard 40-acre oil spacing and proration unit. Said area is located approximately 5.5 miles southeast of Riverside, New Mexico.

CASE 10185: (Readvertised)

Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Turner "B" Well No. 100 to be drilled 150 feet from the South line and 50 feet from the West line (Unit M) of Section 20, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Turner "B" Grayburg-Jackson Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of said Section 20 to which is currently dedicated the Turner "B" Well No. 43 located at a standard oil well location 660 feet from the South line and 560 feet from the West line (Unit M) of said Section 20. Said unit is located approximately 8.5 miles southwest of Maljamar, New Mexico.

CASE 10187: (Readvertised)

Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Turner "B" Well No. 99 to be drilled 2590 feet from the South line and 100 feet from the West line (Unit L) of Section 29, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Turner "B" Grayburg-Jackson Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the NW/4 SW/4 (Unit L) of said Section 29 to which is currently dedicated the Turner "B" Well Nos. 80 and 86 both located at previously approved unorthodox oil well locations in the NW/4 SW/4 of said Section 29. Said unit is located approximately 8.75 miles southwest of Maljamar, New Mexico.

CASE 10182: (Continued from January 10, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its existing Angel Peak "B" Well No. 44 located 485 feet from the North line and 2310 feet from the West line (Unit C) of Section 24, Township 28 North, Range 11 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 24 to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 4.5 miles south-southeast of Bloomfield, New Mexico.

CASE 10183: (Continued from January 10, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for the existing Union Texas Petroleum Corporation Angel Peak "B" Well No. 31 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 25, Township 28 North, Range 11 West, the W/2 of said Section 25 to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 5.5 miles south by east of Bloomfield, New Mexico.

CASE 10211: (Continued from January 10, 1991, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10219: Application of Hanley Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated South Corbin-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10220: Application of Conoco Inc. to amend Division Order No. R-6906 by expanding, contracting and redesignating its Conoco-Southland Blinebry Cooperative Waterflood Project, extend the vertical limits and to include additional injection wells into said project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6906, which authorized the Conoco-Southland Blinebry Cooperative Waterflood Project by the injection of water into the Blinebry Oil and Gas Pool through nine wells located in Sections 33 and 34, Township 20 South, Range 38 East and in Sections 3 and 4, Township 21 South, Range 38 East. Applicant proposes to redesignate said project and reestablish its area to include the S/2 S/2 of Section 22, all of Sections 26, 27, 33 and 34, and the N/2 N/2 of Section 35, Township 20 South, Range 38 East. Applicant also seeks to extend the vertical limits of said project to include both the Blinebry and Tubb formations. Further, the addition of 20 injection wells into said project area will be considered. Said area is located approximately 7.5 miles north of Eunice, New Mexico.



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

BRUCE KING  
GOVERNOR

February 12, 1991

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SANTA FE, NEW MEXICO 87504  
15051827-5800

Ms. Joanne Reuter  
Gallegos Law Firm  
141 E. Palace  
Santa Fe, New Mexico 87501

Re: CASE NO. 10008  
ORDER NO. R-9437

Applicant:

Doyle Hartman

Dear Madam:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD           

Other William E. Carr