



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: WILLIAM J. LEMAY, DIRECTOR and
ROBERT G. STOVALL, GENERAL COUNSEL**

FROM: MICHAEL E. STOGNER, EXAMINER/ENGINEER *M. S.*

SUBJECT: APPLICATION OF DOYLE HARTMAN - LANGLEIE-MATTIX UNIT

DATE: JUNE 5, 1991

In response to Bob Stovall's Memorandum dated June 4, 1991, and to Stovall's and my meeting with Gene Gallegos, Thomas M. Domme and Dan Nutter on Monday, June 3, 1991 concerning this application, it would appear that setting this application directly to a Commission Hearing could best serve all concerned and does appear to meet your requirements for a direct Commission case. As I understand it, if a matter arises that is unique in nature, involves a situation with no prior precedent, and serves to set policy, than such an application may be set on a Commission docket. Also, in my opinion, many of the issues raised by Doyle Hartman Oil Operator, can and should be heard by one of the Examiners; however, a higher authority is needed in this instance to sort which issues are prevalent for the Division to hear and which ones belong in District Court.

Should you decide that this matter be taken to the Examiner level first, I would suggest that we limit that docket to this case and to just a few others (one to five depending upon the applications) so that the docket not be overloaded and the Examiner will not be overwhelmed.

Planning would also be required since a commitment would have to be made by all parties to attend the assigned hearing date and continuance of said matters to other Examiner hearing dates would not be an option.

I concur with Mr. Stovall and recommend this case be docketed before the full Commission.

dr/

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

IN THE MATTER OF DOYLE HARTMAN'S
PETITION FOR ENFORCEMENT OF THE
MYERS LANGLIE-MATTIX UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT,
LEA COUNTY, NEW MEXICO AND
DISAPPROVAL OF CHANGE OF OPERATOR.

CASE NO. _____

ENTRY OF APPEARANCE

COMES NOW L. Summers Oil Company, Post Office Box 776, Hobbs, New Mexico 88241, as a working interest owner in and to the Myers Langlie-Mattix Unit, Lea County, New Mexico, and enters its appearance in the above matter and requests that all future correspondence be forwarded to the undersigned; that the interest of L. Summers Oil Company is a small interest in the unit. The company heretofore executed a consent to the change on the basis that Texaco was resigning as Operator and that Sirgo, with the consent of Texaco, would be the Operator. Based on these representations, a consent was executed. L. Summers Oil Company, by reason of the expenses and the small interest it owns, is agreeable to any Operator that the majority of the working interest owners approves.

L. SUMMERS OIL COMPANY

BY: _____

J. W. NEAL, VICE-PRESIDENT
Post Office Box 278
Hobbs, New Mexico 88241
505-397-3614

WE HEREBY CERTIFY THAT WE HAVE MAILED
A COPY OF THE FOREGOING PLEADING TO
OPPOSING COUNSEL OF RECORD THIS

May 30, 1991

NEAL & NEAL

BY: _____

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
ANNIE-LAURIE COOGAN

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

June 19, 1991

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

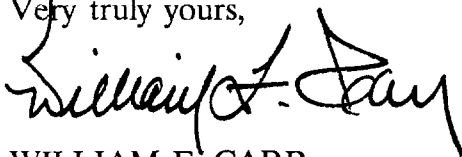
RECEIVED
JUN 1 1991
OIL CONSERVATION DIVISION

Re: In the Matter of Doyle Hartman's Petition for Enforcement of the Myers Langlie-Mattix Unit Agreement and Unit Operating Agreement, and Order No. R-6447, Lea County, New Mexico and Disapproval of Change of Operator and Development Plan

Dear Mr. LeMay:

Enclosed please find our Entry of Appearance for Sirgo Operating Inc. in the above-captioned case.

Very truly yours,



WILLIAM F. CARR

Enc.

WFC:mlh

cc w/enc.: Allen Harvey
J.E. Gallegos

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

JUN 1 1991

OIL CONSERVATION DIVISION

IN THE MATTER OF DOYLE HARTMAN'S
PETITION FOR ENFORCEMENT OF THE
MYERS LANGLIE-MATTIX UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT,
AND ORDER NO. R-6447, LEA COUNTY,
NEW MEXICO AND DISAPPROVAL OF
CHANGE OF OPERATOR AND DEVELOPMENT PLAN.

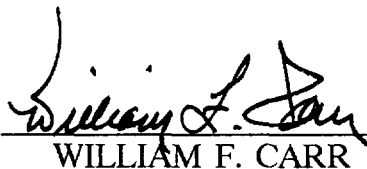
CASE NO. _____

ENTRY OF APPEARANCE

COMES NOW CAMPBELL & BLACK, P.A., and hereby enters its appearance in
the above referenced case on behalf of Sirgo Operating Inc.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

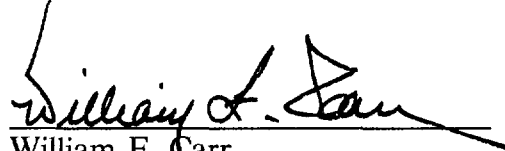
By: 
WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR
SIRGO OPERATING INC.

CERTIFICATE OF MAILING

I hereby certify that I have caused to be mailed a true and correct copy of the foregoing Entry of Appearance to J.E. Gallegos, Gallegos Law Firm, P.C., 141 East Palace Avenue, Santa Fe, New Mexico 87501 on this 19th day of June, 1991.


William F. Carr



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland TX 79702-3109

June 14, 1991

230830 - MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

TO: ALL WORKING INTEREST OWNERS

Gentlemen:

The purpose of this letter is to clarify some confusion that has apparently arisen regarding Texaco's operation of the referenced Unit and the plan of development proposed by Sirgo Operating, Inc. (Sirgo).

Texaco has received a copy of a report regarding further development of the Unit entitled "Evaluation of Waterflood Development Project, Myers Langlie Mattix Unit, Lea County, New Mexico", prepared by T. Scott Hickman & Associates, Inc. Texaco has not participated in, authorized nor endorsed the preparation of either the plan of development or the Hickman report.

Texaco continues to operate the Unit and has not tendered its resignation as Unit Operator. Should Texaco desire to resign as Unit Operator, it will promptly notify all parties in accordance with the provision of the Unit Agreement and Unit Operating Agreement.

Very truly yours,

Texaco Exploration and Production Inc.

Robert A. Solberg
Division Manager

MRM/srt

JUN 18 1991

cc DH
BT ✓
16

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

OIL CONSERVATION DIVISION
RECEIVED

'91 JUN 20 AM 11 01

J.E. GALLEGOS

June 18, 1991

Bob Stovall
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87501

RE: Petition of Doyle Hartman Concerning Change Of Operator of Myers
Langlie Mattix Unit, Lea County, New Mexico

Dear Bob:

It will be pertinent to the above referenced petition and of interest to you that Texaco USA has recently sent a letter to the working interest owners in the Myers Langlie Mattix Unit as reflected by the copy of that letter dated June 14, 1991 from Robert A. Solberg which is enclosed.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

JEG:evm

Enclosure

cc: Doyle Hartman
Brian Jones

5086/5087

dearnley, meier & associates

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 A My name is Charles Deer and I'm employed by Skelly Oil
2 Company as an Advance Petroleum Engineer in their West
3 Central District.

4 Q Have you heretofore testified before this Commission and
5 your qualifications been accepted?

6 A Yes, sir.

7 Q ~~Would~~ your attention to what has been marked Exhibit
8 ~~number 1~~ and ask you what that is and what it shows.

9 A ~~Exhibit 1~~ is a map showing the proposed unit area. It
10 ~~shows the Lessees~~, the location of the wells included
11 ~~in the project~~, location of the proposed injection wells,
12 ~~and all other~~ wells within a radius of two miles from the
13 ~~proposed injection~~ wells. This exhibit also shows the
14 formation from which these wells are producing or have
15 produced. The exhibit was presented with the Application
16 for Permit to inject into the 84 wells.

17 Skelly proposes to inject into the Langlie-Mattix
18 formation on a full-scale basis, to stimulate recovery
19 of secondary reserves.

20 New Mexico Oil Conservation Commission nomenclature
21 designates the limits of the Langlie-Mattix pool as
22 those formations between the lower 100 feet of the
23 Seven Rivers formation and the base of the Queen
24 formation, and this is our primary proposed unitized
25 interval. The proposed injection pattern is primarily

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1 an 80-acre five-spot which has been modified along the
2 unit boundaries and the areas of decreased development.

3 I might mention that there are 36 undrilled
4 locations within the proposed unit. The proposed
5 pattern will require converting 84 wells into injection
6 wells. The injection rate anticipated is 27,300 barrels
7 per day or an average of 325 barrels of water per
8 injection well. Maximum well head pressures of
9 approximately 2,000 pounds are anticipated.

10 You might also include on this exhibit the
11 waterflood projects in the area which have already been
12 approved by the Commission and are currently in operation.
13 In the southern portion of your map, you might note
14 the George Buckles Knight-Jamison waterflood which was
15 started back in April of 1964, and also the Shell Oil
16 Company black waterflood in the Langlie-Mattix
17 waterflood unit. This was also started in 1964. In
18 the northwestern part of your map is the Continental
19 Oil Company's Langlie Lynn Queen Unit and this was
20 initiated in August of this year. Also, the Samedan
21 which is in the northern part of your map, the Samedan
22 Langlie-Mattix, Penrose Queen San Andres Unit, and it
23 was started in April of '73. Then, one other unit that
24 borders the proposed unit is the Reserve Cooper Jal Unit,
25 and this is the Jalmat Unit, and they are producing from

1 the Yates and Upper Seven Rivers formation.

2 Q Now, Mr. Deer, you mentioned there would be 84 injection
3 wells, and you are familiar with the Application that
4 Skelly filed in this case, are you not?

5 A Yes.

6 Q Now, is there any difference between the wells that were
7 outlined in the Application and the 84 wells that
8 are marked on this Exhibit Number 3?

9 A Yes, sir, there is three changes.

10 Q Would you outline those changes, please?

11 A Yes, the first one is the Continental Oil Company
12 Strawn B Number 3, B-1 Number 3, excuse me. That should
13 be included.

14 Q That's added?

15 A That is added.

16 MR. STAMETS: That's in Section 1 of 24,36?

17 THE WITNESS: Yes, sir.

18 A Then, the Skelly Oil Company J. W. Cooper lease, that
19 should be the Number 1 Well instead of the Number 2 Well,
20 and the unit on that is Unit K in the same section and
21 township, range.

22 MR. STAMETS: Then Number 1-K is substituted for
23 Number 2-K?

24 THE WITNESS: Yes.

25 A And then one well should be deleted, and that's the

1 Texas Pacific Oil Company Blinbry Federal-A Number
2 3, that's in Unit L of Section 29, Township 23 South,
3 Range 37 East.

4 MR. STAMETS: The net result is you still have 84
5 wells scheduled for injection?

6 A Yes, sir.

7 Q Mr. Deer, I call your attention to what has been
8 designated Exhibit Number 4. Would you outline what
9 that is and shows?

10 A Yes, sir, Exhibit 4 is downhole diagrammatic sketches of
11 three typical proposed injection wells. The first
12 sketch shows a typical injection well with an openhole
13 completion. The second sketch is a typical injection
14 well with a cased hole completion, and the third is a
15 dually completed injection well with a Jalmat gas zone.

16 All three of these sketches show all the casing
17 strings, diameters, setting depths, quantity of cement
18 used, tops of cement, perforated or openhole intervals,
19 the tubing strings including the diameters and setting
20 depths, and also the type and location of the packer.
21 These sketches were presented with the Application for
22 the permit to inject.

23 Q Where will the injected fluid be confined?

24 A Injected fluid will be confined to the unitized interval.

25 Injection will be down internally-lined tubing set on a

1 A Yes.

2 Q I hand you a copy or call to your attention an instrument
3 that has been marked Exhibit Number 1, and I ask you
4 what that is?

5 A Exhibit Number 1 is the Unit Agreement for the Meyers
6 Langlie-Mattix Unit, an instrument to which we've
7 previously made reference.

8 Q Did all of the Lessees who have committed their interest
9 to the plan do so by ratifying this unit Agreement?

10 A Yes, sir.

11 Q I call your attention to what has been marked as Exhibit
12 Number 2 and ask you what that is?

13 A Exhibit Number 2 is a map showing each individual tract
14 within the area of the proposed unit, along with the
15 schedule showing the percent of working interest and
16 the percent of royalty interest in each tract that's
17 been assigned and committed to this unit.

18 Q That percentage is outlined what, on the right-hand side
19 of that exhibit?

20 A That's right.

21 Q Was this exhibit prepared by you or under your direction
22 and supervision?

23 A Yes, it was.

24 Q What percentage of the Lessees of record on the surface
25 acreage basis have signed or ratified the Unit Agreement?

1 A We've secured signature of 37 one-half percent of the
2 Lessee ownership of the surface acreage and this would
3 represent 22 percent of the unit participation as of this
4 time.

5 Q What percent of the royalty owners have signed this
6 or ratified this Unit Agreement?

7 A We have both Federal, State, and additional fee land in
8 the unit; 45 percent are Federal lands, 16 percent are
9 State lands, and the agencies responsible for those
10 lands have extended preliminary approval subject to
11 final approval after approval of the unit by this
12 Commission. The remaining 28 percent of acreage is
13 owned in fee and we have secured approximately 88 percent
14 of the signatures for the fee royalty.

15 Q Does that Unit Agreement designate the area that is
16 covered thereby?

17 A Yes, the Unit Agreement has an exhibit marked Exhibit A,
18 which is a plat showing the unit boundary and the area
19 within the boundary. Exhibit B in the Unit Agreement
20 describes each of the separately owned tracts in the
21 unit area and the entire area outlined by the proposed
22 unit boundary comprises 9,923.68 acres.

23 Q How many separately-owned tracts are covered by the
24 Unit Agreement?

25 A There are 82, and each of these tracts are shown and

dearnley, meier & associates

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1 numbered on Exhibits A and B of the Unit Agreement.

2 Q Will all of these tracts that are included in Exhibit A
3 and B be qualified for inclusion on the effective date of
4 the unit?

5 A No, they will not.

6 Q Will this adversely affect the unit operations?

7 A No, we don't anticipate that it would do so. In those
8 areas where nonjoinder could have an adverse effect on
9 our operations, we have secured indication from each of
10 the working interest owners there that they are willing
11 and would like to execute lease line injection agreements
12 and compensating objections.

13 Q Does the unit provide for such agreement?

14 A Yes, that provision is made in Section 40 of the Unit
15 Agreement.

16 Q How will the operations of the unit be managed?

17 A The actual operations in the unit area will be carried
18 on by the unit operator who will be under the
19 supervision of the working interest owners in the unit
20 at all times.

21 Q Who has been designated in the Unit Agreement as the
22 initial unit operator?

23 A Skelly Oil Company.

24 Q What authority will the working interest owners have over
25 the unit operator?

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- 1 A The unit operator at all times will be acting under the
2 supervision and direction and subject to the approval
3 of the working interest owners.
- 4 Q Does the Unit Agreement establish a method for allocations
5 of unit production among and to the separately-owned
6 tracts in the unit?
- 7 A Yes, the method of allocating unitized substances is
8 described in detail in Section 16 of the Unit Agreement.
- 9 Q Are the tract participation percentages shown in the
10 Unit Agreement?
- 11 A Percentages of tract participation are expressed in
12 Exhibit C to the Unit Agreement and this exhibit will
13 be revised to account for those tracts that may not
14 qualify on the effective date. We will revise those
15 participation factors using the same factors and the
16 same formula that was used to arrive at the present
17 Exhibit C.
- 18 Q How will the unit production allocated to the separately-
19 owned tract be distributed to the individual owners of
20 the royalty and the Lessees in that tract?
- 21 A Unit participation allocated in any separately-owned
22 tract will be distributed among the various interest
23 owners in that tract on the same basis as if the
24 allocated production were actually produced from that
25 tract.

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- 1 Q Who pays the cost and expenses of the unit?
- 2 A All unit costs and expenses will be borne solely by the
3 working interest owners.
- 4 Q Under the terms of the Unit Agreement, is the owner of
5 the normal royalty interest obligated to pay any part of
6 the unit or expenses?
- 7 A No.
- 8 Q When will the Unit Agreement become effective if the
9 Commission issues an order approving it?
- 10 A On the first day of the month next following the date
11 when final approval has been secured from the Commissioner
12 of Public Lands and from the United States Geological
13 Survey.
- 14 Q Does the Unit Agreement provide for a method by which the
15 unit shall or may be dissolved and its affairs wound up?
- 16 A Yes, provision is made for that in Section 24 of the
17 Unit Agreement.
- 18 Q Are you familiar with the formula for allocating unit
19 production for the separately-owned tracts within the
20 unit?
- 21 A Yes, I am.
- 22 Q Would you explain that formula, please?
- 23 A Phase I Tract Participation percentages represent 100
24 percent of the ratio which is oil and gas income
25 attributed to each tract during the year 1968, bears to

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1 the oil and gas income attributed to all the tracts
 2 during the year 1968. However, the term of Phase I
 3 has not expired and Phase II will be effective on the
 4 effective date of the unit. Phase II Tract Participation
 5 percentages represent the sum of 85 percent of the ratio
 6 which the ultimate primary oil volume attributed to all
 7 tracts, or to each tract, bears to the total for all
 8 tracts, plus 10 percent of the ratio which accumulative
 9 oil production, attributed to each tract as of July 1,
 10 1966, bears for the accumulative oil production to all
 11 tracts as of July 1, 1966, plus five percent of the
 12 ratio which tract acreage bears to the acreage of all
 13 the tracts in the unit.

14 Q Does that formula which you have just explained give
 15 weight and take into account, either directly or
 16 indirectly, all the factors that should be considered?

17 A Yes, the formula gives consideration and weight to the
 18 contribution of each tract to the unit in relation to
 19 the contribution made by all other tracts in the unit.

20 Q And will the formula that you have explained apportion
 21 and allocate to each separately-owned tract within the
 22 unit that tract's fair, equitable, and reasonable share
 23 of the unit production or the benefits from the unit
 24 production?

25 A Yes, in my opinion, the formula will allocate to each

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1 tract its fair, reasonable, and equitable share of the
2 unit participation.

3 Q Mr. McAtee, in your opinion, will this Unit Agreement
4 protect the correlative rights of all parties concerned,
5 and the operators, and the operations, in accordance
6 therewith, increase the recovery of the oil from the
7 properties covered?

8 A In my opinion, it will.

9 MR. BLODGETT: We move the admission of Exhibits
10 1 and 2, and we pass the witness.

11 MR. STAMETS: Without objection, these exhibits
12 will be admitted. Are there any questions of this
13 witness?

14 (No response.)

15 MR. STAMETS: He may be excused.

16 CHARLES W. DEER,
17 a witness, having first been duly sworn according to law, upon
18 his oath testified as follows:

19 MR. BLODGETT: We also have an Entry of Appearance
20 by Mr. White in this case as local counsel. I believe
21 you have the original in your files.

22 DIRECT EXAMINATION

23 BY MR. BLODGETT:

24 Q Would you please state your name, your occupation, by
25 whom you are employed?

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

THOMAS M. DOMME*

June 14, 1991

Our File No. 87-1.45

Bob Stovall
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State Land Office Building
Old Santa Fe Trail
Santa Fe, New Mexico 87504

Dear Mr. Stovall:

As a result of our conversation today, it is my understanding that the Hartman petition regarding the Myers Langlie Mattix is currently set for the July 18 Commissioners Docket. By this letter we are requesting a continuance in that hearing until the August 1991 Commissioners Docket. This extension is being requested in order to enable the parties sufficient opportunity to prepare for the hearing.

I appreciate your assistance in this matter.

Sincerely,

GALLEGOS LAW FIRM

By 

THOMAS M. DOMME

TMD:ca
Enclosures

cc: Doyle Hartman
Sirgo Operating Inc.

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

JILL Z. COOPER

August 8, 1991

VIA HAND DELIVERY

RECEIVED

AUG 8 1991

OIL CONSERVATION DIVISION

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: Myers Langlie - Mattix Unit, Lea County, New Mexico
NMOCD Case No. 10378

Dear Mr. LeMay:

The above-referenced matter is currently set for hearing before the Commission on August 29, 1991. By this letter, we are requesting that this case be postponed for one month pending possible settlement.

Thank you for your consideration.

Sincerely,

GALLEGOS LAW FIRM

By 
JILL Z. COOPER

JJC:ap

cc: Doyle Hartman, Oil Operator
Texaco Exploration & Production, Inc.

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

August 19, 1991

JILL Z. COOPER

VIA HAND DELIVERY

RECEIVED

AUG 19 1991

OIL CONSERVATION DIVISION

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: Myers Langlie - Mattix Unit, Lea County, New Mexico
NMOCD Case No. 10378

Dear Mr. LeMay:

It is our understanding that the above-referenced case has been rescheduled for hearing before the Commission on September 12, 1991. Negotiations to reach a settlement of this matter may extend beyond that date. Accordingly, by this letter, we are requesting that this case be postponed again until the end of September or the beginning of October.

Thank you for your consideration.

Very truly yours,

GALLEGOS LAW FIRM

By 
JILL Z. COOPER

JZC:ap

cc: Doyle Hartman, Oil Operator (via telefax)
Texaco Exploration & Production, Inc.
William F. Carr, Esq.

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

IN THE MATTER OF

DOYLE HARTMAN'S PETITION FOR

ENFORCEMENT OF THE MYERS LANGLIE-

MATTIX UNIT AGREEMENT AND UNIT

CASE NO. 10378

OPERATING AGREEMENT AND ORDER NO. R-6447,

LEA COUNTY, NEW MEXICO; AND DISAPPROVAL

OF CHANGE OF OPERATOR AND DEVELOPMENT PLANS.

ENTRY OF APPEARANCE

COMES NOW the law firm of Hinkle, Cox, Eaton, Coffield & Hensley, P. O. Box 10, Roswell, New Mexico, 88202, and enters its appearance for and on behalf of Texaco Exploration and Production, Inc. in the above referenced case. As Operator of the Myers Langlie-Mattix Unit, Texaco Exploration and Production, Inc. is an interested party in the Petition currently before the Oil Conservation Division.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: T. Calder Ezzell, Jr.

T. Calder Ezzell, Jr.
P. O. Box 10
Roswell, New Mexico 88202
(505) 622-6510

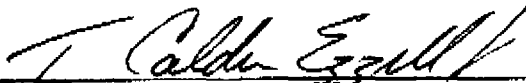
ATTORNEYS FOR TEXACO EXPLORATION AND
PRODUCTION, INC.

Certificate of Mailing

I hereby certify that I have caused to be mailed and/or hand delivered a true and correct copy of the foregoing Entry of Appearance to the following persons at the following addresses:

The Gallegos Firm
141 East Palace Avenue
Santa Fe, New Mexico 87501
ATTN: J. E. Gallegos, Esquire
Jill Z. Cooper, Esquire

Campbell, Carr, Berge & Sheridan
Jefferson Place, Suite 1
110 North Guadalupe
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
ATTN: William F. Carr, Esquire



T. Calder Ezzeil, Jr.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

700 UNITED BANK PLAZA

POST OFFICE BOX 10

ROSWEEL, NEW MEXICO 88202

(505) 622-9510

FAX (505) 623-9332

OF COUNSEL:
D. M. CALHOUN*
MACK EASLEY*
JOE H. WOOD
RICHARD S. MORRISCLARENCE S. HINKLE (905-1111)
W. E. BONDURANT, JR. (505-273)
ROY C. ENGBRASS, JR. (214-4907)

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANPHERE
C. D. MARTIN
PAUL J. KELLY, JR.
MARSHALL G. MARTIN
OWEN W. LORCE
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD R. WILSON*
THOMAS J. MERRIDE
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. OUSARY
JEFFREY L. FORNACIARI
JEFFREY D. HOWETT
JANIS BRUCE
JENNY F. SHAGHELFORD*
JEFFREY W. HELLBERG*
ALBERT L. FITTS
THOMAS M. HNASKO
JOHN C. CHAMBERS*
GARY D. COMPTON*
MICHAEL A. GROSS

THOMAS D. HAINES, JR.
FRANKLIN H. McCALLUM*
GREGORY J. NIERCT
DAVID T. MARKETTES*
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KAREN M. RICHARDSON*
FRED W. SCHWENDMANN
JAMES M. HUDSON
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MAGDONWELL GORDON
REBECCA NICHOLS JOHNSON
WILLIAM R. JOHNSON

STANLEY K. KOTOVSKY, JR.
BETTY H. LITTLE*
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ELLEN S. CASEY
C. BARRY DARNER
MARGARET CARTER LUDEWIG
MARTIN MEYERS
GREGORY S. WHEELER
ANDREW J. O'QUIFF
JAMES A. GILLESPIE
GARY W. LARSON
STEPHANIE LANDRY
JOHN R. KULSETH, JR.
LISA K. SMITH*
JAMES K. SCHUSTER*

*NOT LICENSED IN NEW MEXICO

2900 CLAYCOTA NATIONAL BANK BUILDING

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

FAX (915) 683-0518

1700 TEAM BANK BUILDING

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AMARILLO, TEXAS 79105

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FAX (806) 372-0761

218 MONTEZUMA

POST OFFICE BOX 2058

SANTA FE, NEW MEXICO 87504

(505) 882-4554

FAX (505) 882-8523

800 MARQUETTE N.W., SUITE 800

ALBUQUERQUE, NEW MEXICO 87102-3121

(505) 768-1500

FAX (505) 768-1529

August 26, 1991

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Oil Conservation Commission Case No. 103
Application of Doyle Hartman for Enforcement of
the Myers Langlie-Mattix Unit Agreement and Unit
Operating Agreement and Order No. R-6447, Lea
County, New Mexico; and Disapproval of Change of
Operator and Development Plans

Dear Mr. LeMay:

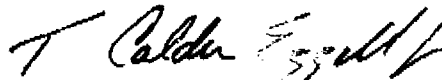
Please find enclosed our Entry of Appearance on behalf of Texaco Exploration and Production, Inc. in the above referenced case. I have not filed a Prehearing Statement relative to this matter because I was informed that Mr. Hartman had been granted a continuance of the matter from its original August 29, 1991 setting to the September 12, 1991 hearing date. I have now received a copy of a hand delivered letter to you from the Gallegos Law Firm requesting, on behalf of Mr. Hartman, an additional continuance until the end of September or beginning of October. This letter cites ongoing settlement negotiations as the reason for the request. I am also in receipt of an August 23, 1991 letter, hand delivered to you, from William F. Carr of Campbell & Black, representing Sirgo Operating, Inc. This letter urges the Commission to hear Sirgo's Motion to Dismiss the Petition on the originally scheduled date of August 29, 1991.

Mr. William J. LeMay
August 26, 1991
Page Two

Texaco Exploration and Production, Inc. has filed its Motion to Dismiss the Petition along with its Memorandum in support thereof and, as stated in the Memorandum, it is our position that no dispute exists at this time. Mr. Hartman's Petition arose from the erroneous and unilateral filing of Change of Operator forms by Sirgo Operating, Inc. reflecting that Sirgo was the successor operator of the Myers Langlie-Mattix Unit. As clearly set forth in the Memoranda and supporting Affidavits filed both by Sirgo and Texaco Exploration and Production, Inc., this is simply not the case. Texaco Exploration and Production, Inc. has not resigned as Unit Operator pursuant to the terms of the Unit Operating Agreement and continues to act as Unit Operator in all respects. Simply stated, there is no dispute for the Commission to hear. By a copy of this letter, I am urging counsel for Mr. Hartman to withdraw the Petition. Failing in that, we would urge the Commission to hear the matter on the earliest possible date. There is no discovery necessary, nor is there any evidence to prepare. Furthermore, Texaco Exploration and Production, Inc. is not aware of any settlement negotiations in process other than Mr. Hartman's efforts to sell his interest in the Myers Langlie-Mattix Unit.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY



T. Calder Ezzell, Jr.

TCE/tw
Enclosure

cc: J. E. Gallegos, Esquire
William F. Carr, Esquire
Nanette J. Crawford, Esquire

HINKLE, COX, EATON, COFFIELD & HENSLEY

HINKLE, COX, EATON, COFFIELD & HENSLEY

Attorneys at Law

700 United Bank Plaza

P.O. Box 10

Roswell, NM 88201

FAX COVER SHEET*PLEASE DELIVER THE FOLLOWING PAGE(S) TO:*NAME: William J. LeMay/Florene DavidsonCOMPANY & LOCATION: Oil Conservation DivisionFAX #: 827-5744TOTAL NUMBER OF PAGES: 5 INCLUDING COVER SHEET.FROM: T. Calder Ezzell, Jr.DATE: August 26, 1991*IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL US BACK AS SOON AS POSSIBLE AT (505) 622-6510.*

CLIENT/MATTER: _____

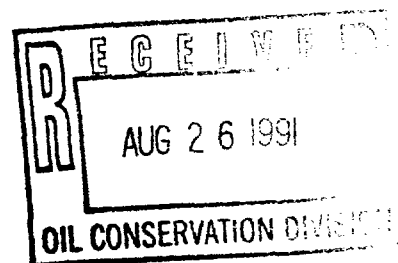
TELECOMMUNICATOR: Teresa

MESSAGE:

The information contained in this facsimile message is attorney/client privileged and confidential information intended only for use by the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivery to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is in error. If you have received this facsimile in error, please immediately notify us by collect telephone call and return the original message to us at the above address via the U.S. Postal Service.

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

IN THE MATTER OF DOYLE HARTMAN'S
PETITION FOR ENFORCEMENT OF THE
MYERS-LANGLIE MATTIX UNIT
AGREEMENT AND UNIT OPERATING
AGREEMENT, AND ORDER NO. R-6447,
LEA COUNTY, NEW MEXICO; AND
DISAPPROVAL OF CHANGE OF OPERATOR
AND DEVELOPMENT PLANS.



CASE NO. _____

AFFIDAVIT OF M.A. SIRGO, III

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

M.A. Sirgo, III, being first duly sworn, upon his oath states:

1. My name is M.A. Sirgo, III. I am President of Sirgo Operating Inc., a company incorporated under the laws of Texas which operates oil and gas producing properties in Texas and New Mexico.
2. Sirgo Operating Inc. owns 54% of the working interest in the Myers-Langlie Mattix Unit located in Lea County, New Mexico.
3. Texaco Exploration and Production Inc., the current operator of the Myers-Langlie Mattix Unit, has advised Sirgo Operating Inc. that it intends to resign as unit operator in the near future.

4. Sirgo Operating Inc., desires to succeed Texaco as the operator of the Myers-Langlie Mattix Unit and has discussed this with Texaco and has had an engineering evaluation made of this project by the consulting firm of T. Scott Hickman & Associates, Inc. of Midland, Texas. Sirgo Operating Inc., has provided copies of this engineering analysis to all other working interest owners in the unit, including Doyle Hartman, and offered to review it with them or have T. Scott Hickman & Associates review the analysis with them. Doyle Hartman had not accepted Sirgo's offer to review the engineering analysis of this project.

5. No amendment to the Plan of Development for the Myers-Langlie Mattix Unit has been proposed to any government agency by Sirgo Operating, Inc.

6. Sirgo Operating Inc., prepared ballots and sent them to the working interest owners in the Myers-Langlie Mattix Unit asking each to vote for Sirgo as successor unit operator to Texaco. At this time, Sirgo Operating Inc., has received sufficient votes from the working interest owners to meet this requirement of Section 8 of the Myers-Langlie Mattix Unit Agreement.

7. Sirgo Operating Inc., prepared New Mexico Oil Conservation Division Forms C-104 for each well in the Myers-Langlie Mattix Unit indicating a change in operator from Texaco Exploration and Production Inc. to Sirgo Operating Inc. These forms were erroneously filed with the Oil Conservation Division in Hobbs, New Mexico in May, 1991. After discussions with representatives of Texaco about this premature filing of Division Forms C-104, Texaco advised the Oil Conservation Division of this error on May 13, 1991.

8. Sirgo Operating Inc., does not contend that it is now or has been the unit operator of the Myers-Langlie Matix Unit.

Further, affiant sayeth naught.


M.A. Sirgo, III

SUBSCRIBED AND SWORN to before me this 26th day of August, 1991 by
M.A. Sirgo, III, President of Sirgo Operating Inc.




Notary Public

My Commission Expires:

copy file

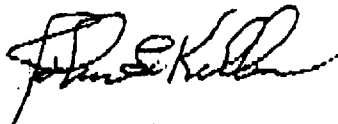
State of New Mexico :
: ss
County of San Juan :

AFFIDAVIT OF SERVICE

I, John Phillips, Acting Area Manager, Bureau of Land Management, Farmington Resource Area office, do swear and affirm that I caused the following company to be served with notice of the agency's intent to request that the New Mexico Oil Conservation Division plug a federal oil and gas well under the New Mexico oil and gas reclamation fund in Case No. 10335.

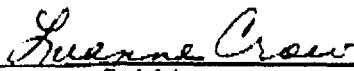
Southland Royalty
P. O. Box 4289
Farmington, NM 87499

Such notice was sent in the form of the attached letter which was sent by certified #P 671-278-022 on July 5, 1991. The attached letter was sent to the above-specified company because of its interest in formations and/or leases adjacent to the well in question, even though our Solicitors office has determined from a review of the official agency records, that the above-specified company has no legal interest, by way of record title or operating rights, in the well proposed to be plugged.


John Phillips
Acting Area Manager

ACKNOWLEDGEMENT

The foregoing affidavit was subscribed before me by John L. Kellie, Chief, Branch Mineral Resources, Bureau of Land Management; Farmington Resource Area on August 26, 1991.


Suzanne Crow
Notary Public

My Commission expires: 4-19-95

Reviewed By

7-2-91	WFS

NMNM0468128 (GC)

3100 (019)

JUL 05 1991 AM 9:05

CERTIFIED—RETURN RECEIPT REQUESTED

P 671-278 022

Southland Royalty Company
P.O. Box 4289
Farmington, NM 87499

SANTA FE, NEW MEXICO

Gentlemen:

In a joint effort with the New Mexico Oil & Gas Commission the Bureau of Land Management is attempting to plug the wells previously operated by Paramount Petroleum Incorporated. The wells are in the Totah Gallup formation and have not produced in paying quantity prior to 1982. The Central Totah Unit well No. 1 in the SW/4SW/4 of section 21, T. 29 N., and R. 13 W., is currently on the docket for July 25, 1991. The following wells will be plugged at a later date:

1. Central Totah Unit, well No. 15, NW/4NW/4, sec. 34, T. 29 N., R. 13 W.
2. Central Totah Unit, well No. 16, NW/4NE/4, sec. 34, T. 29 N., R. 13 W.
3. Central Totah Unit, well No. 17, SE/4NW/4, sec. 34, T. 29 N., R. 13 W.
4. Central Totah Unit, well No. 18, SE/4NE/4, sec. 34, T. 29 N., R. 13 W.
5. Central Totah Unit, well No. 19, NW/4SW/4, sec. 34, T. 29 N., R. 13 W.
6. Central Totah Unit, well No. 20, NW/4SE/4, sec. 34, T. 29 N., R. 13 W.
7. Central Totah Unit, well No. 21, SE/4SE/4, sec. 34, T. 29 N., R. 13 W.
8. Central Totah Unit, well No. 22, SE/4SW/4, sec. 34, T. 29 N., R. 13 W.

The Bureau of Land Management is requesting a release of liability for the United States Government and the New Mexico State Government during the plugging operations of these wells.

If you concur with the requested release please sign below and return to the above office by July 15, 1991.

Sincerely,

/s/ John L. Keller

FOR John Phillips
Acting Area Manager

cc:

Lease file

NM (922)

NM (015)

3100

Fluids

019:BBlackard:dh:07-02-91

P 671 278 022



Certified Mail Receipt

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

PS Form 3800, June 1990

Sent to	
Southland Royalty Co.	
Street & No.	
P. O. Box 4289	
P.O., State & ZIP Code	
Farmington, NM 87499	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$
Postmark or Date	
JUL 05 1991	

PMNM0468128 (GC)

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece next to the article number.

I also wish to receive the following services (for an extra fee):

1. ☒ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Southland Royalty Co.
P. O. Box 4289
Farmington, NM 87499

4a. Article Number

P 671 278 022

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

7-8-91

5. Signature (Addressee)

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, October 1990 U.S. GPO: 1990-273-861 DOMESTIC RETURN RECEIPT



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

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

MEMO TO: Bill LeMay
FROM: Jerry Sexton *J.S.*
SUBJECT: Change of Operator -
Texaco E&P, Inc./Sirgo Oper., Inc.
DATE: August 16, 1991

On April 1, 1991, Sirgo Operating Inc. submitted a C-104 for a Change of Operator of the Myers Langlie Mattix Unit waterflood. After one day of operation, Texaco Exploration & Production, Inc. decided all legalities were not proper and Texaco E&P, Inc. would continue to operate until the legal work was straight.

The time period before the legalities were to be straightened up was thought to be less than two months. To reduce numerous change of operator forms the District requested the computer section of the OCD accept Texaco E&P, Inc. as operator, and submit the C-115 under Texaco E&P, Inc., until legalities were cleared up.

Texaco E&P, Inc. is submitting a new C-104 to designate them as operators. We will hold these C-104's until legal problems are settled or Sirgo Operating, Inc. and Texaco E&P, Inc. can agree as to who is operator.

A hearing on the operation of this unit is coming up on August 29th and I wanted the Division to be aware of how the District had handled the problem.

Due to a conflicting meeting in Midland, I will not be able to attend the hearing. Evelyn Downs will be there and can clarify any questions as to how the District has handled this problem, if any questions arise.

NOTE: Both Texaco E&P, Inc. and Sirgo Operating, Inc. were aware of what was being done and had no problem with the way the situation was being handled.

cc: Bob Stovall

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

IN THE MATTER OF
DOYLE HARTMAN'S PETITION FOR
ENFORCEMENT OF THE MYERS LANGLIE-
MATTIX UNIT AGREEMENT AND UNIT
OPERATING AGREEMENT AND ORDER NO. R-6447,
LEA COUNTY, NEW MEXICO; AND DISAPPROVAL
OF CHANGE OF OPERATOR AND DEVELOPMENT PLANS.

RECEIVED
AUG 21 1991
OIL CONSERVATION DIVISION
CASE NO. 10378

ENTRY OF APPEARANCE

COMES NOW the law firm of Hinkle, Cox, Eaton, Coffield & Hensley, P. O. Box 10, Roswell, New Mexico, 88202, and enters its appearance for and on behalf of Texaco Exploration and Production, Inc. in the above referenced case. As Operator of the Myers Langlie-Mattix Unit, Texaco Exploration and Production, Inc. is an interested party in the Petition currently before the Oil Conservation Division.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: T. Calder Ezzell, Jr.
T. Calder Ezzell, Jr.
P. O. Box 10
Roswell, New Mexico 88202
(505) 622-6510

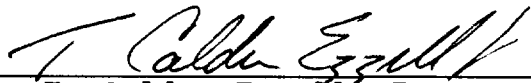
ATTORNEYS FOR TEXACO EXPLORATION AND
PRODUCTION, INC.

Certificate of Mailing

I hereby certify that I have caused to be mailed and/or hand delivered a true and correct copy of the foregoing Entry of Appearance to the following persons at the following addresses:

The Gallegos Firm
141 East Palace Avenue
Santa Fe, New Mexico 87501
ATTN: J. E. Gallegos, Esquire
Jill Z. Cooper, Esquire

Campbell, Carr, Berge & Sheridan
Jefferson Place, Suite 1
110 North Guadalupe
P. O. Box 2208
Santa Fe, New Mexico 87504-2208
ATTN: William F. Carr, Esquire



T. Calder Ezzeil, Jr.

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 28, 1991

OIL CONSERVATION DIVISION
RECEIVED
AUG 31 1991

VIA TELEFAX/CERTIFIED RETURN RECEIPT MAIL

Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702-3109

Attn: Robert Solberg
H. C. Patterson
Bill Johnson

Case 10378
Case file

Re: Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Reference is made to Texaco's Motion to the New Mexico Oil Conservation Division that was received by the NMOCD on August 23, 1991, and reference is also made to the Hinkle Law Firm's letter to the NMOCD of August 26, 1991, both pertaining to the future operations of the Myers Langlie Mattix Unit waterflood project in Lea County, New Mexico.

Doyle Hartman first had an opportunity to review the above referenced Hinkle letter and motion this morning (August 28, 1991) and we are appalled at both the harsh tone of the motion toward our application to the NMOCD (Case 10378) and are also appalled at the inaccurate statements contained in both Texaco's motion and the Hinkle letter. When we drafted our letter to the NMOCD dated August 27, 1991 (copy enclosed) wherein we asked the NMOCD to dismiss our case 10378, we did so in good faith believing that Texaco in its two letters to us of June 14, 1991 and its letter of August 15, 1991 (copies enclosed) had set the record straight concerning its position as to the operations and future development of the Myers Langlie Mattix (waterflood) Unit. However, after having had an opportunity to review Texaco's motion to the NMOCD of August 23, 1991, including the supporting documentation, we are again mystified about Texaco's position as to the operation of the MLMU waterflood.

Furthermore, Hinkle's letter to the NMOCD of August 26, 1991 (copy enclosed) also incorrectly implied that there were no ongoing negotiations and discussions between Hartman and Texaco about the future operatorship and future development plan for the MLMU. In its letter to the NMOCD of August 26 1991, Hinkle incorrectly stated that Texaco was "...not aware of any settlement negotiations in progress other than Mr. Hartman's efforts to sell his interest in the Myers Langlie Mattix Unit." As you well know, on June 13, 1991, at a meeting between Texaco and Hartman pertaining to operations of the

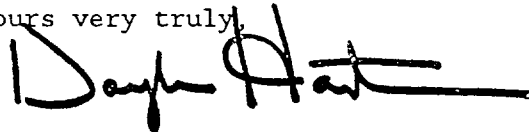
MLMU, Robert Solberg, Division Manager of Texaco, in what we perceived to be a sincere attempt to avoid any future disagreements between Hartman and Texaco about the operations and further development of the MLMU, invited Hartman to submit to Texaco a trade (settlement) proposal. Also discussed at the June 13, 1991 meeting was the Hartman group's concern about Sirgo's financial inability to become Unit operator and inability to pursue a proposed \$44,000,000 redevelopment plan. Sirgo's financial inability to qualify as unit operator is clearly demonstrated on page 2 of M.A. Sirgo's letter to ARCO of November 7, 1991 (copy enclosed herewith).

On August 5, 1991, approximately seven weeks after Mr. Solberg had extended his trade invitation, Hartman tendered to Texaco a like-kind property exchange proposal. As can easily be ascertained from a careful review of our letter to Texaco of August 5, 1991, Hartman has never offered to sell to Texaco his interest in the MLMU and we submitted the subject trade proposal to Texaco at the invitation of Mr. Solberg in an attempt to minimize the total damages suffered by us as a result of ARCO's and Sirgo's recent abrogation of the three-way Hartman-Sirgo-ARCO property trade, which included in part a divestment by us of our approximately 5% working interest in the MLMU.

It has always been our desire to maintain a good relationship with Texaco and we believe that Mr. Solberg's invitation of June 13, 1991 and our trade (settlement) proposal of August 5, 1991 are a positive means of avoiding potential conflicts over the MLMU and continuing the long time good relationship between the two parties. On the other hand, we must ask that Texaco in the future carefully monitor filings made on its behalf by its attorneys since the inaccurate statements made by your attorneys on August 23, 1991 and August 26, 1991 about Hartman's petition to the NMOCD do nothing but compromise a long time good relationship between Hartman and Texaco.

Thank you for your consideration of this matter and we look forward to hearing from you in the near future.

Yours very truly,



Doyle Hartman

DH/cb
002:TEX0828
Enclosure

cc: Mr. Gene Gallegos
Gallegos Law Firm
141 Palace Ave
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

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

William P. Aycock
1207 W. Wall
Midland, Texas 79701

Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

Mr. Alfred C. DeCrane, Jr.
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. James W. Kinnear
President, Chief Executive Officer & Director
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. William S. Barrack, Jr.
Senior Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Paul B. Hicks, Jr.
Senior Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Allen J. Krowe
Senior Vice President & Chief Financial Officer
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. William K. Tell
Senior Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Stephen M. Turner
Senior Vice President & General Counsel
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Elton G. Yates
Senior Vice President
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White Plains, NY 10650

Mr. Ralph S. Cunningham
Vice President
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2000 Westchester Avenue
White Plains, NY 10650

Mr. Richard R. Dickinson
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Peter I. Bijur
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. C. Robert Black
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Gerald F. Rome
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Earl L. Johnson
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Carl B. Davidson
Vice President & Secretary
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. John D. Ambler
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. J. Donald Annett
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. Glenn F. Tilton
Vice President
Texaco, Inc.
2000 Westchester Avenue
White Plains, NY 10650

Mr. James L. Dunlap
President
Texaco, Inc.
1111 Rusk Avenue
Houston, Texas 77002

Mr. L. Paul Teague
Vice President, Western Exploration & Producing Region
Texaco, Inc.
4601 DTC Boulevard
Denver, Colorado 80237

H. C. Patterson
Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702-3109

B. H. Johnson
Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, Texas 79702-3109

Mr. James Head
Texaco Exploration & Production, Inc.
P.O. Box 730
Hobbs, New Mexico 88240-0730

Texaco Exploration & Production, Inc.
August 28, 1991
Page 6

Bruce Pope, Legal Department
Texaco Exploration & Production, Inc.
P.O. box 2100
Denver, Colorado 80201-2100

Ron O'Dwyer
Texaco Exploration & Production, Inc.
P.O. Box 2100
Denver, Colorado 80201-2100

Ron Lanning
Texaco Exploration & Production, Inc.
P.O. Box 2100
Denver, Colorado 80201-2100

All MLMU Working Interest Owners
(list attached)

INTEREST OWNERS
MYERS LANGLEIE MATTIX UNIT

Amerada Hess Corporation
P. O. Box 2040
Tulsa, OK 74102-2040

Arlene S. Anthony
721 Chatham Road
Glenview, IL 60025

George R. Bentley
P. O. Box 37
Pineville, KY 40977-0037

James C. Brown
P. O. Box 10621
Midland, TX 79702-0621

Ellen Harris Clay Trust
c/o Texas American Bank Fort Worth
P. O. Box 2605
Fort Worth, TX 76113-2605

Jennifer Ann Clay
4135 Glenwick, #25
Dallas, TX 75205

Joan Clay
c/o Grant Thornton
P. O. Box 19585
Irvine, CA 92713-9585

Clay Trusts 618-123
Ameritrust Texas N.A.
P. O. Box 901004
Fort Worth, TX 76101-1004

John W. Clay III
4005 Pin Oak Terrace, #304
Euless, TX 76040

Rufus "Pete" Clay, Jr. Trust
P. O. Box 50688
Amarillo, TX 79159-0688

Susan Marie Clay
2737 Colonial Parkway
Fort Worth, TX 76109

Adele Combs Clough
6926 Midbury Drive
Dallas, TX 75230

Michael Clough
7717 Meadowhaven Dr.
Dallas, TX 75240

Margaret Couch Trust
P. O. Box 50688
Amarillo, TX 79159-0688

Cross Timbers Production Co.
810 Houston St., Ste 2000
Fort Worth, TX 76102

El Paso Natural Gas Company
P. O. Box 1492
El Paso, TX 79978-1492

Geodyne Resources, Inc.
NW-8045
P. O. Box 8045
Minneapolis, MN 55485-8045

HCW Income Properties
The Historic Church
Grn Bld, 101 Summer Street
Boston, MA 21100

Headington Oil Company
7557 Rambler Road, #1150
Dallas, TX 74231
Attention: Brooks Purnell, Vice President

Edythe B. Prikryl
5708 Melstone
Arlington, TX 76016

Lamar Hunt
2400 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201

N. B. Hunt
2400 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201

W. H. Hunt
2400 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201

Kerr-McGee Corporation
P. O. Box 730330
Dallas, TX 75373-0330

Weslynn McCallister
P. O. Box 88
Nokomis, FL 34274

Lortscher Family Trust
Marilyn A. Tarlton, Trustee
561 Orange Avenue
Los Altos, CA 94022

Maralo, Inc.
P. O. Box 832
Midland, TX 79702-0832
Attention: R. A. Lowery, Production Manager

Myers Partners, Inc.
214 W. Texas, Ste 1200
Midland, TX 79701

Evelyn Clay O'Hara Trust
c/o Juanita Jackson
3774 West Sixth Street
Fort Worth, TX 76107

OXY USA Inc.
P. O. Box 300
Tulsa, OK 74102

PC Ltd.
P. O. Box 911
Breckenridge, TX 76024-0911

Robert C. Scott
2400 N.E. 26th Avenue
Fort Lauderdale, FL 33305

Sirgo Brothers, Inc.
P. O. Box 3531
Midland, TX 79702-3531

L. Summers Oil Co.
P. O. Box 776
Hobbs, NM 88240-0776
Attention: Louise Summers

James A. Davidson
P. O. Box 494
Midland, TX 79702-0494

Ruth Sutton
2826 Moss
Midland, TX 79702

James E. Burr
P. O. Box 50233
Midland, TX 7910-0233

Jack Fletcher
P. O. Box 10887
Midland, TX 79702-0887

Larry A. Nermyr
HC-57 Box 4106
Sidney, Montana 59270

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

August 27, 1991

JILL Z. COOPER

VIA HAND DELIVERY

Oil Conservation Commission
State Land Office Building
Old Santa Fe Trail
Santa Fe, New Mexico 87504

RECEIVED

AUG 27 1991

OIL CONSERVATION DIVISION

RE: Petition of Doyle Hartman
Case No. 10378
Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Reference is made to Doyle Hartman's petition before the New Mexico Oil Conservation Commission (Case No. 10378) relative to the Myers Langlie Mattix (Waterflood) Unit in Lea County, New Mexico.

As you will recall, Hartman's petition was filed as a result of Sirgo Operating, Inc.'s representations (beginning in October, 1990) that Texaco had agreed to turn over operation of the Unit to Sirgo. As a result of such representation, Hartman sought to enjoin Texaco from resigning as the operator of the Myers Langlie Mattix Unit until such time as all provisions of the Unit Agreement and Unit Operating Agreement had been strictly complied with. Additionally, Hartman's petition sought the cancellation of all NMOCD Form C-104's (Change of Operator) filed by Sirgo Operating, Inc. And, finally, Hartman's petition sought the cancellation of the redevelopment plan for the Unit, as prepared by T. Scott Hickman & Associates, Inc. for the account of Sirgo Operating, Inc.

By letter dated June 14, 1991 from Texaco to all working interest owners in the Myers Langlie Mattix Unit (copy enclosed), Texaco represented that it continues to be the operator of the Unit and that "... should Texaco desire to resign as Unit Operator, it will promptly notify all parties in accordance with the provision of the Unit Agreement and Unit Operating Agreement." Furthermore, in its June 14, 1991 letter Texaco represented that it "... has not participated in, authorized nor endorsed the preparation of either [Sirgo's] plan of development or the Hickman report." Subsequently, in its letter of August 15, 1991 to Doyle Hartman (copy enclosed), Texaco reasserted (page 2) that it remains as operator of the Myers Langlie Mattix Unit by stating that "... new (amended) Division Orders are presently being issued reflecting Texaco as operator of the subject unit." Additionally, Texaco stated in its August 15, 1991 letter that it "has not yet made its decision regarding operatorship of Unit."

August 27, 1991
Page 2

The C-104's filed by Sirgo Operating, Inc. were filed prior to Texaco's letters of June 14 and August 15, 1991 and have obviously now been superceded by Texaco's undisputable representations of June 14 and August 15, 1991, that it remains as operator of the unit.

In light of the recent revelations by Texaco, a hearing at this time concerning operatorship of the Myers Langlie Mattix Unit would be inappropriate. Accordingly, as a matter of convenience to the Commission, the NMOCD and all other parties, and based upon the foregoing representations by Texaco upon which we rely, Doyle Hartman hereby withdraws the subject petition, docketed as Case No. 10378. In the future, if Texaco elects to resign as Operator of the Myers Langlie Mattix Unit, but fails to comply with the provisions of the Unit Agreement and Unit Operating Agreement or fails to comply with the Statutory Unitization Act of the State of New Mexico, we will at that time make application to the Commission for appropriate relief.

Thank you for your cooperation in this matter and please advise if you need anything further.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By 
JILL Z. COOPER

JZC:ap
Enclosures

cc: Doyle Hartman, Oil Operator
William F. Carr, Esq.
J.W. Neal, Esq.
T. Calder Ezzell, Jr., Esq.
Interest Owners on attached list

INTEREST OWNERS
MYERS LANGLE-MATTIX UNIT

Amerada Hess Corporation
P.O. Box 2040
Tulsa, OK 74102-2040

Arlene S. Anthony
721 Chatham Road
Glenview, IL 60025

George R. Bentley
P.O. Box 37
Pineville, KY 40977-0037

James C. Brown
P.O. Box 10621
Midland, TX 79702-0621

James E. Burr
P. O. Box 50233
Midland, Texas 7910-0233

Ellen Harris Clay Trust
c/o Texas American Bank Fort Worth
P.O. Box 2605
Fort Worth, TX 76113-2605

Jennifer Ann Clay
4135 Glenwick, #25
Dallas, TX 75205

Joan Clay
c/o Grant Thornton
P.O. Box 19585
Irvine, CA 92713-9585

Clay Trusts 618-123
Ameritrust Texas N.A.
P.O. Box 901004
Fort Worth, TX 76101-1004

John W. Clay, III
4005 Pin Oak Terrace, #304
Euless, TX 76040

Rufus "Pete" Clay, Jr. Trust
P.O. Box 50688
Amarillo, TX 79159-0688

Susan Marie Clay
2737 Colonial Parkway
Fort Worth, TX 76109

Adele Combs Clough
6926 Midbury Drive
Dallas, TX 75230

Michael Clough
7717 Meadowhaven Dr.
Dallas, TX 75240

Margaret Couch Trust
P.O. Box 50688
Amarillo, TX 79159-0688

Cross Timbers Production Co.
810 Houston St., Ste 2000
Fort Worth, TX 76102

James A. Davidson
P. O. Box 494
Midland, Texas 79702-0494

El Paso Natural Gas Company
P.O. Box 1492
El Paso, TX 79978-1492

Jack Fletcher
P. O. Box 10887
Midland, Texas 79702-0887

Geodyne Resources, Inc.
NW-8045
P.O. Box 8045
Minneapolis, MN 55485-8045
Attention: R. L. Clemens, Vice President

HCW Income Properties
The Historic Church
Grn Bld, 101 Summer Street
Boston, MA 21100

Headington Oil Company
7557 Rambler Road, #1150
Dallas, TX 74231
Attention: Brooks Purnell, Vice President

Edythe B. Prikryl
5708 Melstone
Arlington, TX 76016

Lamar Hunt
2400 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201

N. B. Hunt
2400 Thanksgiving Tower
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W. H. Hunt
2400 Thanksgiving Tower
1601 Elm Street
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Kerr-McGee Corporation
P.O. Box 730330
Dallas, TX 75373-0330

Weslynn McCallister
P.O. Box 88
Nokomis, FL 34274

Lortscher Family Trust
Marilyn A. Tarlton, Trustee
561 Orange Avenue
Los Altos, CA 94022

Maralo, Inc.
P.O. Box 832
Midland, TX 79702-0832
Attention: R. A. Lowery, Production Manager

Myers Partners, Inc.
214 W. Texas, Ste. 1200
Midland, TX 79701

Larry A. Nermyr
HC-57 Box 4106
Sidney, MT 59270

Evelyn Clay O'Hara Trust
c/o Juanita Jackson
3774 West Sixth Street
Fort Worth, TX 76107

OXY USA, Inc.
P.O. Box 300
Tulsa, OK 74102

PC Ltd.
P.O. Box 911
Breckenridge, TX 76024-0911

Robert C. Scott
2400 N.E. 26th Avenue
Fort Lauderdale, FL 33305

Sirgo Brothers, Inc.
P.O. Box 3531
Midland, TX 79702-3531

L. Summers Oil Co.
P.O. Box 776
Hobbs, NM 88240-0776
Attention: Louise Summers

Ruth Sutton
2826 Moss
Midland, Texas 79702

Texaco E & P, Inc.
P.O. Box 3109
Midland, TX 79702-3109



Robert A Solberg
Division Manager

Texaco USA

PO Box 3109
Midland TX 79702

June 14, 1991

230830 - MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

Mr. Bryan Jones
Doyle Hartman, Oil Operator
500 N. Main
Midland, Texas 79701

Mr. J. A. (Buddy) Davidson
P. O. Box 494
Midland, Texas 79702

Mr. Bill Aycock
1207 W. Wall
Midland, Texas 79701

Gentlemen:

I wanted to let you know how much I enjoyed meeting each of you and how much I appreciated your comments concerning the possible transfer of the operatorship of the Myers Langlie-Mattix Unit.

Hopefully, we have opened the lines of communication and each of us now has a better understanding of the other's position.

I look forward to meeting with Mr. Hartman personally upon my return from China.

Very truly yours,

MRM\srt



JUN 18 1991

CC DH
BJ
JEG



Texaco USA
Producing Department
Midland Division

PO Box 3109
Midland TX 79702-3109

June 14, 1991

230830 - MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

TO: ALL WORKING INTEREST OWNERS

Gentlemen:

The purpose of this letter is to clarify some confusion that has apparently arisen regarding Texaco's operation of the referenced Unit and the plan of development proposed by Sirgo Operating, Inc. (Sirgo).

Texaco has received a copy of a report regarding further development of the Unit entitled "Evaluation of Waterflood Development Project, Myers Langlie Mattix Unit, Lea County, New Mexico", prepared by T. Scott Hickman & Associates, Inc. Texaco has not participated in, authorized nor endorsed the preparation of either the plan of development or the Hickman report.

Texaco continues to operate the Unit and has not tendered its resignation as Unit Operator. Should Texaco desire to resign as Unit Operator, it will promptly notify all parties in accordance with the provision of the Unit Agreement and Unit Operating Agreement.

Very truly yours,

Texaco Exploration and Production Inc.

Robert A. Solberg
Division Manager

MRM/srt

JUN 18 1991

cc DH
BJ
J&K
IPA



Texaco Exploration and Production Inc
Midland Producing Division

P O Box 3109
Midland TX 79702-3109

August 15, 1991

230830 - MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO
Account of Doyle Hartman

Doyle Hartman
500 N. Main
P. O. Box 10426
Midland, Texas 70702

Attention: Mr. Bryan Jones

Gentlemen:

Following our meeting of August 6, 1991, we have had the opportunity to review the "Six Month Performance Schedule" that you provided to us. We are unclear as to how you calculated your revenue columns in the aforementioned schedule and offer the following information which is based on Texaco's accounting records:

<u>PERIOD</u>	<u>TOTAL UNIT SALES-BBLS</u>	<u>ESTIMATED TOTAL UNIT REVENUES</u>	<u>TOTAL UNIT BILLINGS</u>	<u>HARTMAN GROUP REVENUE (TRACTS 20, 21 & 22 ONLY)</u>
1/91	19,983	\$422,536	\$336,521.61	\$7,130.27
2/91	19,213	330,392	250,841.48	5,575.30
3/91	21,159	340,938	208,859.47	5,753.31
4/91	19,920	341,130	282,234.31	5,756.50
5/91	20,242	354,237	207,831.00	5,977.65
6/91	19,969	329,494	145,517.50	4,039.75

The "Estimated Total Unit Revenues" column has been estimated using Texaco Trading and Transportation crude oil prices.

Texaco Trading and Transportation is responsible for Hartman's revenue in Unit Tracts 20, 21 and 22 only; therefore, the above "Hartman Revenue" column can reflect only the information that is available to us. We would also like to point out that we carry Hartman's working interest as 0.0486908, not 0.04809916 as is shown on your schedule.

As is evidenced by using the above information, the Myers Langlie-Mattix Unit is continuing to operate profitably.

Mr. Bryan Jones

- 2 -

August 15, 1991

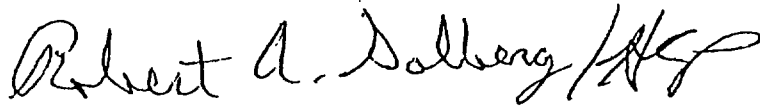
We have also been in contact with Ms. Sandy Cramer with Enron Oil Trading and Transportation and have been advised that new Division Orders are presently being issued reflecting Texaco as operator of the subject unit. Ms. Cramer further advised that all impounded funds will be released as a matter of course.

We have received a copy of your letter dated August 6, 1991 to Enron Trading and Transportation, and wish to clarify to you certain statements made in said letter to which we take issue. At our meeting of August 6, no statement was made to you concerning Texaco's future plans in regard to this unit. You were informed that Texaco had not communicated to Enron that operations were to be turned over to Sirgo Operating, Inc. on September 1, 1991. Texaco has not yet made its decision regarding operatorship of the Unit.

We trust the above information will prove satisfactory for your needs; however, if you need anything further, please advise.

Yours very truly,

Texaco Exploration and Production Inc.

A handwritten signature in dark ink, appearing to read "Robert A. Solberg" followed by a stylized flourish or set of initials.

Robert A. Solberg
Division Manager

RCD/srt

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

700 UNITED BANK PLAZA

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88202

(505) 822-0510

FAX (505) 822-0522

OF COUNSEL:
D. M. CALVERT
NANCY E. ELLIOTT
JOE W. WOODS
PETER H. MOORE

CLARENCE E. WHELE SHAWHAN
P. E. BOLDEN, JR. (505) 772-1721
REY C. THOMPSON, JR. (505) 772-1721

2700 CLAYCESTA NATIONAL BANK BUILDING

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(512) 583-1081

FAX (512) 583-0518

1700 TEAM BANK BUILDING

POST OFFICE BOX 8234

AMARILLO, TEXAS 79106

(806) 372-3569

FAX (806) 372-0761

710 MONTEZUMA

POST OFFICE BOX 3008

SANTA FE, NEW MEXICO 87504

(505) 982-4654

FAX (505) 982-6083

700 MARQUETTE N.W. SUITE 600

ALBUQUERQUE, NEW MEXICO 87102-2221

(505) 768-1500

FAX (505) 768-1520

LEVIN E. COX
PAUL W. EATON
CONRAD E. COFFIELD
WILLIAM L. HENSLEY, JR.
STUART D. SHANOR
ERIC D. LANDRIGAN
C. R. MARTIN
PAUL J. KELLY, JR.
MARSHALL G. MARTIN
DAVID A. LUTER
DOUGLAS L. LUNSFORD
JOHN J. KELLY
T. CHADDER STEPHEN, JR.
WILLIAM E. BURFORD
RICHARD E. OLSON
HOWARD R. WILSON
THOMAS J. HENRICK
STEVEN S. ARNOLD
JAMES J. WHEELER
NANCY S. SUMMERS
JEFFREY L. FORBES
JENNIFER D. HENNETT
JAMES S. BAILEY
JERRY F. SHANLEY, JR.
JEFFREY W. WILSON
ALEXIS L. SMITH
THOMAS H. BRANSON
JOHN C. CHAMBERS
GARY D. CONNOR
MICHAEL A. SHORE

THOMAS D. HANSEN, JR.
FRANKLIN H. McCALLUM
GREGORY J. MURPHY
DAVID T. MARKETTES
MARK E. BISH
KAREN M. RICHMONDSON
FRED W. RICHMONDSON
JAMES W. RUSSELL
JEFFREY S. BAIRD
PATRICK A. MORRIS
MAGGONNELL GORDON
ACCESSA NICHOLS JOHNSON
WILLIAM R. JOHNSON

STANLEY H. KOTOWSKI, JR.
DETTY M. LITTLE
RUTH A. MURRAY
HOWARD R. THOMAS
ELLEN E. CASEY
S. BARRY BAILEY
MARGARET C. CASEY
MARTIN HENRICK
GREGORY S. WHEELER
ANDREW J. G. OLIVER
JAMES J. GALLAGHER
GARY W. LARSON
STEFANIE L. LARSON
JOHN R. KULSETH, JR.
LISA K. SMITH
JAMES H. SCHUSTER

*NOT LICENSED IN NEW MEXICO

August 26, 1991

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Oil Conservation Commission Case No. 10378
Application of Doyle Hartman for Enforcement of
the Myers Langlie-Mattix Unit Agreement and Unit
Operating Agreement and Order No. R-6447, Lea
County, New Mexico; and Disapproval of Change of
Operator and Development Plans

Dear Mr. LeMay:

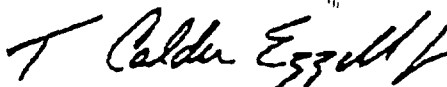
Please find enclosed our Entry of Appearance on behalf of Texaco Exploration and Production, Inc. in the above referenced case. I have not filed a Prehearing Statement relative to this matter because I was informed that Mr. Hartman had been granted a continuance of the matter from its original August 29, 1991 setting to the September 12, 1991 hearing date. I have now received a copy of a hand delivered letter to you from the Gallegos Law Firm requesting, on behalf of Mr. Hartman, an additional continuance until the end of September or beginning of October. This letter cites ongoing settlement negotiations as the reason for the request. I am also in receipt of an August 23, 1991 letter, hand delivered to you, from William F. Carr of Campbell & Black, representing Sirgo Operating, Inc. This letter urges the Commission to hear Sirgo's Motion to Dismiss the Petition on the originally scheduled date of August 29, 1991.

Mr. William J. LeMay
August 26, 1991
Page Two

Texaco Exploration and Production, Inc. has filed its Motion to Dismiss the Petition along with its Memorandum in support thereof and, as stated in the Memorandum, it is our position that no dispute exists at this time. Mr. Hartman's Petition arose from the erroneous and unilateral filing of Change of Operator forms by Sirgo Operating, Inc. reflecting that Sirgo was the successor operator of the Myers Langlie-Mattix Unit. As clearly set forth in the Memoranda and supporting Affidavits filed both by Sirgo and Texaco Exploration and Production, Inc., this is simply not the case. Texaco Exploration and Production, Inc. has not resigned as Unit Operator pursuant to the terms of the Unit Operating Agreement and continues to act as Unit Operator in all respects. Simply stated, there is no dispute for the Commission to hear. By a copy of this letter, I am urging counsel for Mr. Hartman to withdraw the Petition. Failing in that, we would urge the Commission to hear the matter on the earliest possible date. There is no discovery necessary, nor is there any evidence to prepare. Furthermore, Texaco Exploration and Production, Inc. is not aware of any settlement negotiations in process other than Mr. Hartman's efforts to sell his interest in the Myers Langlie-Mattix Unit.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD & HENSLEY



T. Calder Ezzell, Jr.

TCE/tw
Enclosure

cc: J. E. Gallegos, Esquire
William F. Carr, Esquire
Nanette J. Crawford, Esquire

Sirgo Operating, Inc.

P. O. Box 3531, Midland, Texas 79702 (915) 685-0878

November 7, 1990

ARCO Oil & Gas Company
P. O. Box 1610
Midland, Texas 79702

RECEIVED
NOV - 9 1990

Attention: Messrs. Eric D. Siegmund
Mike McPherran

Acquisitions & Divestiture

Gentlemen,

Reference is made to your counterproposal dated September 25, 1990, for the sale of the following properties located in Lea County, New Mexico.

- . T. M. Lankford WN-NW/4 Sec. 25-36E-23S;
- . E. L. Steeler/Gas/WN, E. L. Steeler/Oil/WN, Eva E. Blinebry WN-SW/4 Sec. 19-37E-23S and N/2 Sec. 30-37E-23S;
- . Jalmat State Gas Com.-W/2 NE/4, S/2 SE/4, SE/4 SW4 Sec. 37E-25S

Sirgo hereby accepts your counterproposal to purchase the above referenced tracts for the sum of 1.1 million dollars, for an effective date of sale of October 1, 1990. This acceptance is contingent upon a satisfactory opinion of title, review of the applicable gas contracts, and resolution of the following outstanding balances between Sirgo and ARCO on the Myers Langlie-Mattix Unit.

Sirgo purchased ARCO's interests in the Myers Langlie-Mattix Unit effective January 1, 1990 and ARCO NMFU interests effective April, 1990 for approximately \$500,000. To date, ARCO has remitted two checks to Sirgo; #1 dated 10-29-90 for \$76.51 and #2 dated 10-31-90 for \$79.26.

The following is a summary of the Unit's Gross Sales and Expenses provided by Texaco since January 1, 1990:

	<u>GROSS OIL SALES, \$</u>	<u>GROSS GAS SALES, \$</u>	<u>LEASE OPERATING EXPENSES</u>
January	497,746.47	19,568.62	241,126.86
February	442,039.41	22,394.39	185,499.87
March	431,407.52	16,081.13	321,357.14
April	359,637.53	18,317.35	241,703.30
May	371,534.61	12,296.66	271,899.67
June	306,248.93	16,076.26	249,703.48
July	343,118.07	19,673.17	221,794.80
August	535,925.00	18,503.90	214,497.16
September	647,435.99	16,467.40	265,470.58

Exhibit "A"

We purchased ARCO's non-N.M. Federal Unit interest of 9.1350% W.I. and 8.113% N.R.I. effective January 1, 1990. We purchased ARCO's NM Federal Unit interest of .6668% W.I. and .57773% N.R.I. effective April 1, 1990.

ARCO's net income for the above months is calculated as follows:

	<u>GROSS REVENUE, \$</u>	<u>SEVERANCE TAX, \$</u>	<u>LEASE OPERATING EXPENSE</u>	<u>ARCO'S NET LEASE INCOME, \$</u>
JAN	41,969.77	(3,307.21)	(22,026.93)	16,635.63
FEB	37,679.51	(2,969.14)	(16,945.41)	17,764.96
MAR	36,304.75	(2,860.81)	(29,355.97)	4,087.97
APR	32,847.03	(2,562.07)	(23,691.27)	6,593.69
MAY	33,357.74	(2,628.58)	(26,651.06)	4,078.10
JUN	28,012.41	(2,207.38)	(24,475.44)	1,329.59
JUL	31,529.20	(2,484.50)	(21,739.88)	7,304.82
AUG	48,677.67	(3,835.00)	(21,024.58)	23,818.09
SEP	58,289.39	(4,593.20)	(26,020.89)	27,675.30
TOTAL	348,667.47	(27,447.89)	(211,931.43)	109,288.15
		Less Revenue Received		(155.77)
		ARCO's Net Owed to Sirgo		<u>109,132.38</u>

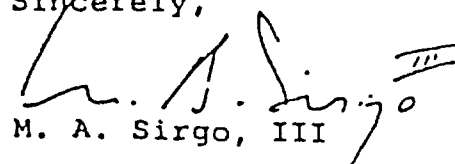
We have worked all over your company trying to collect our money, and have had no satisfaction, as evident by the amount of money we have received. Would you please remit to us a check for the amount above, and work this reconciliation out with your people. This only represents ARCO's interests we purchased that ARCO disburses. There are additional tracts that ARCO purchases the crude that we own an interest in. God only knows how we will ever reconcile those. Additionally, October has come and gone so there will be revenue accumulated there.

We have approached a default issue with our bank, since we cannot pay on our acquisition line when we don't get paid on interests we have bought. We are facing suspension of any borrowings for acquisitions until this is cleared up. Needless to say we have provided all kinds of people in your company, all kinds of support that we bought ARCO's interests, but no checks have materialized.

We cannot wait any longer for something to happen. Would you please cut us a check for the above net amount. Needless to say, yesterday would not be soon enough.

Your cooperation, help and delivery of a check would be most appreciated.

Sincerely,


M. A. Sirgo, III

MAS/pr

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 5, 1991

Texaco USA
P.O. Box 3109
Midland, Texas 79702

Attention: Mr. Robert A. Solberg,
Division Manager

Re: Trade Proposal
Texaco Operated Waterflood
Eumont/Jalmat Gas Pools
Lea County, New Mexico

Gentlemen:

Reference is made to our meeting with you of June 13, 1991 wherein we discussed our concerns and strong objections to Texaco resigning as operator of the Myers Langlie Mattix (Waterflood) Unit and to our objections to Sirgo Operating, Inc. being named as successor Unit operator. As you will recall, we also discussed a possible property exchange whereby Doyle Hartman and James A. Davidson would assign to Texaco their working interest in the Myers Langlie Mattix Unit in exchange for Hartman-Davidson being assigned certain Texaco properties in Lea County, New Mexico.

We apologize for the delay in our submitting to Texaco a suggested exchange of property, but our attention has been temporarily diverted to more pressing matters, and in the interim we have been performing an extensive analysis of our working interests in the Texaco operated waterflood units, which ownership is depicted in the attached Table I. Additionally, since our meeting with you of June 13, 1991, we have attempted to identify a combination of Texaco properties to include in a trade that would keep the proposed trade as balanced as possible and as simple as possible.

Therefore, Doyle Hartman and James A. Davidson hereby offer to assign their working interests in the Texaco operated waterflood units identified in the attached Table I in exchange for the three Texaco operated Eumont Gas Pool leases and Jalmat Gas Pool lease identified in Table II.

As you will recall, our concerns regarding the operation and future development of the Myers Langlie Mattix Unit came to the forefront when Arco and Sirgo failed to consummate a trade whereby Sirgo would have acquired our interest in the Myers Langlie Mattix Unit via a three-way exchange of properties, and Hartman would have acquired

certain Jalmat Gas Pool leases in Lea County, New Mexico previously owned by ARCO. Inasmuch as Sirgo and Arco, by virtue of their agreed-to three-way trade, established the overall value of an exchange, including the value of our interest in the Myers Langlie Mattix Unit, one method of evaluation we used in attempting to identify a trade with Texaco was to equate to the Sirgo-Arco Trade (on a reserve value basis) the leases that we are proposing be assigned to us by Texaco.

Alternatively, we have also estimated the remaining recoverable reserves from the Texaco properties identified in Table II and equated those to the estimated future recoverable reserves corresponding to our waterflood interests identified in Table I. In fact, by utilizing the discounted present worth value of the projected recoverable reserves in the Myers Langlie Mattix Unit, as reported in Sirgo's "Evaluation of Waterflood Development Project Myers Langlie Mattix Unit" dated February 15, 1991, the value of our interest in the Myers Langlie Mattix Unit alone exceeds the value of the leases we would be receiving from Texaco, as identified in Table II.

By virtue of this trade, and in order to continue to foster our good relationship with Texaco, it is our strong desire to prevent occurrence of any potential disputes that may arise with Texaco relative to the subject Texaco operated waterflood units in Lea County, New Mexico. Additionally, the acquisition of our interests in the subject waterflood properties will enable Texaco to optimize its available options as to future waterflood development potential, and will allow us to dispose of properties in which we have no present desire to invest additional capital. In other words, we view this proposed trade as a win-win situation and we believe Texaco will also after you have thoroughly evaluated same.

Your early response to this matter is appreciated and please advise if you have any questions, or need further information.

Yours very truly,

DOYLE HARTMAN

A handwritten signature in black ink, appearing to read "Bryan Jones", with a stylized flourish at the end.

Bryan Jones
Land Manager

Texaco USA
August 5, 1991
Page 3

cc: H.C. Pattison
Texaco USA
P.O. Box 3109
Midland, Texas 79702

Mike Mullins
Texaco USA
P.O. Box 3109
Midland, Texas 79702

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

TABLE I
LEA COUNTY WATERFLOOD INTERESTS TO BE
ASSIGNED BY HARTMAN & DAVIDSON TO TEXACO

OPERATOR	UNIT	GROSS UNIT ACRE	HARTMAN UNIT WI	DAVIDSON UNIT WI	COMBINED	
					DH/JAD NET UNIT ACRES	
Texaco	Myers Langlie Mattix Unit	9923.00	0.04869073	0.0013410		496.46
Texaco	Cooper Jal Unit	3748.00	0.04220843	0.0119540		203.00
Texaco	Rhodes Yates Unit *	520.00	0.11364627	0.0399635		79.88
Texaco	South Langlie Jal Unit	1080.00	0.06676485	0.0234778		97.46
TOTAL		15271.00				876.80

* Subject to 50% NPI owned by Doyle Hartman et al

TABLE II
EUMONT GAS POOL PROPERTIES TO BE
ASSIGNED TO HARTMAN/DAVIDSON

LEASE NAME	PRORATION UNIT DESCRIPTION PROPERTY ASSIGNED	GROSS ACRES	TEXACO WI	TEXACO NET ACRES
Texaco-Van Etten	SW/4 Sec. 9 T-20-S, R-37-E (Surface to base Eumont)	160.0	100%	160.0
Texaco-O.L. Coleman	NE/4 Sec. 17 T-21-S, R-36-E (SURFACE TO BASE EUMONT)	160.0	100%	160.0
Texaco-S.E. Toby	S/2 SW/4 Sec. 7 T-2 1 ⁴ -S, R-37-E (Surface to base Jalmat)	80.0	100%	80.0
		400.0		400.0

RESERVES AND ECONOMICS

SIRCO OPERATING INC ESC

AS OF JANUARY 1, 1991

-END- MO-YR	---GROSS PRODUCTION---		---NET PRODUCTION---		--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW RTAX, M\$	12.00 PCT CUM. DISC RTAX, M\$	
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET DPER REVENUES	SEV+ADU+ WF TAXES	NET DPER EXPENSES				
12-91	397.141	133.999	297.856	104.250	20.54	2.20	6348.383	421.373	1972.245	12508.809	-8554.044	-6025.061	
12-92	705.431	246.902	529.073	185.177	21.78	2.33	11953.037	793.382	2328.383	11432.543	-2601.271	-10170.123	
12-93	1141.643	379.575	856.232	299.681	23.08	2.47	20505.005	1361.020	2991.620	16670.387	-518.022	-10494.358	
12-94	1280.250	448.087	960.188	336.065	24.47	2.62	24374.209	1617.838	3337.012	3507.381	15911.978	123.720	
12-95	1192.989	417.546	894.742	313.160	25.94	2.78	24075.650	1598.022	3759.769	.000	18717.859	11369.962	
12-96	1102.004	385.702	826.503	289.277	27.49	2.94	23573.851	1564.714	3935.868	.000	18073.269	21065.457	
12-97	985.050	344.766	738.787	258.575	29.14	3.12	22336.294	1482.571	4172.020	.000	16681.703	29055.620	
12-98	843.231	295.132	632.423	221.349	30.89	3.31	20267.747	1345.271	4236.996	.000	14685.480	35335.992	
12-99	722.152	252.753	541.614	189.565	32.74	3.50	18398.969	1221.232	4491.216	.000	12686.521	40180.189	
12- 0	634.167	221.958	475.626	166.468	34.71	3.71	17126.751	1136.787	4227.559	.000	11762.405	44190.308	
12- 1	503.608	176.263	377.706	132.197	36.79	3.94	14416.811	956.916	2494.469	.000	10965.427	47528.172	
12- 2	453.247	158.636	339.935	118.977	39.00	4.17	13753.622	912.897	2644.136	.000	10196.589	50299.450	
12- 3	407.923	142.773	305.942	107.080	41.34	4.42	13120.979	870.905	2802.784	.000	9447.290	52591.976	
12- 4	367.130	128.496	275.343	96.372	43.82	4.69	12517.422	830.845	2970.951	.000	8715.626	54480.348	
12- 5	330.417	115.646	247.813	86.735	46.45	4.97	11941.613	792.624	2926.255	.000	8222.734	56071.044	
\$ TOT	11066.383	3873.234	8299.788	2904.928	29.58	3.17	254710.343	16906.397	49291.282	44119.119	144393.545	56071.044	
REM.	1266.023	450.108	964.518	337.582	49.80	5.34	49838.904	3308.057	15520.389	.000	31010.458	60459.698	
TOTAL	12352.406	4323.342	9264.306	3242.510	31.69	3.39	304549.247	20214.454	64811.671	44119.119	175404.003	60459.698	
CUM.	14516.212	42654.774					NET OIL REVENUES (M\$)	293553.501		-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	10995.746		DISC	PW OF NET	DISC	PW OF NET
ULT.	26868.618	46978.116					TOTAL REVENUES (M\$)	304549.247		RATE	RTAX, M\$	RATE	RTAX, M\$
RTAX RATE OF RETURN (PCT)							PROJECT LIFE (YEARS)	20.376	.0	175404.002	30.0	16859.521	
RTAX PAYOUT YEARS							DISCOUNT RATE (PCT)	12.000	2.0	143730.379	35.0	11948.959	
RTAX PAYOUT YEARS (DISC)							GROSS OIL WELLS	.000	5.0	108597.314	40.0	8327.571	
RTAX NET INCOME/INVEST							GROSS GAS WELLS	.000	8.0	83625.916	45.0	5600.763	
RTAX NET INCOME/INVEST (DISC)							GROSS WELLS	.000	10.0	70888.198	50.0	3511.880	
									12.0	60459.698	60.0	611.732	
									15.0	48086.066	70.0	-1215.531	
									18.0	38606.559	80.0	-2403.815	
									20.0	33485.887	90.0	-3193.317	
									25.0	23688.894	100.0	-3724.644	

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 20, 1991

Via Telefax/U. S. Mail

Texaco Exploration & Production, Inc.
P.O. Box 3109
Midland, TX 79702

Attention: Mr. Robert A. Solberg

RE: Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Reference is made to your letter of August 15, 1991, wherein you provided us with a tabulation of estimated revenues and expenses for the Myers Langlie Mattix Unit based upon Texaco's accounting records.

Obviously, a considerable discrepancy remains between Texaco's accounting records and Hartman's records. An analysis of the differences between the two sets of records indicates that Hartman's revenues are considerably less than they should be when compared to the estimated unit revenues provided in your schedule. The most obvious explanation for this is that there are additional revenues due Hartman which have been improperly placed in suspense due to Texaco allowing Sirgo Operating, Inc. to interfere in the disbursement of revenues by notifying purchasers and transporters of a change in operator of the unit. The revenues due Hartman from Enron, which were placed in suspense by Enron after being notified of a change in operator from Texaco to Sirgo, do not make up the differences between the two schedules. Even after taking into account the revenues held by Enron for Hartman, our records indicate that the unit has suffered a net operating loss for the first six months of this year. And, it seems reasonable to assume that if one operator is in a net loss position then other operators within the unit must also be in a net loss position, which means that the unit has possibly terminated pursuant to the provisions of the Unit Agreement.

One other item in your letter of August 15, 1991 to us needs to be addressed, and that is with regard to your understanding of various statements made in our letter of August 6, 1991 to Enron Oil Trading & Transportation. Our letter of August 6 to Enron made the following statement: "Based upon the representations made to Hartman by Texaco, upon which we are relying, it is a fact that Sirgo Operating, Inc. will not become operator of the

Myers Langlie Mattix Unit on September 1, 1991." I think all parties present at the August 6 meeting between Texaco and Hartman will agree that Texaco stated (without reservation) that Sirgo would not become the operator of the Myers Langlie Mattix Unit on September 1, 1991, as was being represented by Sirgo. That is precisely what we stated in our letter of August 6, 1991 to Enron, and no statement was made in the subject letter as to "Texaco's future plans in regard to this unit". Apparently, you have read something into our letter to Enron that is quite frankly not there. However, we must remind you that Hartman will not stand aside and allow an operator who has neither the financial or the technical ability to become the operator of this unit, and we will continue to take every available measure to make certain our investment in this unit is not jeopardized by Texaco's ultimate "decision regarding operatorship of this unit."

The most expeditious and obvious means by which to dispose of this growing problem is to consummate the trade proposed to Texaco in our letter of August 5, 1991. It is our belief that upon final analysis Texaco will agree that the proposed trade is beneficial to both parties and should be consummated as soon as possible. Please advise if anything further is needed with regard to the proposed trade.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Bryan E. Jones', with a stylized flourish at the end.

Bryan E. Jones
Land Manager

cc: James A. Davidson
P.O. Box 494
Midland, TX 79702

William P. Aycock
1207 W. Wall
Midland, TX 79701

Texaco Exploration & Production, Inc.
Attn: H. C. Pattison
P.O. Box 3109
Midland, TX 79702

L

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

June 11, 1991

Texaco, Inc.
2000 Westchester Avenue
White Plains, NM 10650

Attention: Mr. Alfred C. DeCrane, Jr.
Chairman

Re: Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

As a stockholder of Texaco, I am quite distressed by recent events indicating that Texaco is potentially violating the provisions of the Unit Agreement and Unit Operating Agreement, both dated January 1, 1973, of the Texaco-operated Myers Langlie Mattix (Waterflood) Unit located in Lea County, New Mexico. I am further appalled by the discovery that Texaco apparently intends to relinquish its long-time operation of this potentially valuable Texaco asset (which is the largest waterflood unit in the State of New Mexico) to a very small independent oil and gas production company with doubtful financial strength or technical ability.

The Myers Langlie Mattix Unit is a Federal and State approved unit, formed in 1973 for the express purpose of recovering oil reserves not expected to be recovered through primary means, with the Unit Agreement and plan of development having been approved by the District Supervisor of the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission. Any change in such development plan must be approved by these regulatory bodies as well as the working interest owners of the unit.

By letter dated April 15, 1991 (copy enclosed) we were advised of Texaco's apparent desire to resign as operator of the MLMU; however, it is our opinion that Texaco's resignation was not tendered in accordance with the provisions of the Unit Agreement (Sections 7 & 8, pages 7, 8 & 9, copy enclosed). Furthermore, by letter dated May 20, 1991 (copy enclosed) I have been advised that Texaco has formulated in association with a very small independent producer (Sirgo Operating, Inc.) a \$44,000,000.00 redevelopment plan for the MLMU, with implementation of the project to begin in July of this year. Nevertheless, to date, the extremely high cost and economically questionable redevelopment plan has not been submitted by Texaco to, nor formally approved by, the working interest owners of the unit, or by the appropriate regulatory agencies,

Texaco, Inc.
June 11, 1991
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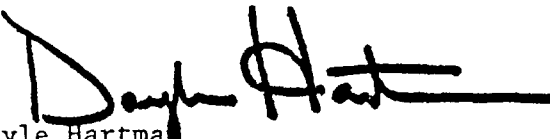
which we believe to be in obvious violation of the provisions of the Unit Agreement, the Statutory Unitization Act of the State of New Mexico and the Statutes of the Code of Federal Regulations governing the unit.

Texaco's management has an obligation to its stockholders not to carelessly dispose of valuable assets and to ensure that Texaco's assets are operated for the maximum benefit of the owners of Texaco. Furthermore, Texaco has an express duty to operate the MLMU in accordance with the provisions of the Unit Agreement and the appropriate governing statutes. Any mismanagement by Texaco that results in an abrogation of those obligations and duties may constitute a negligent act, which could result in unanticipated and needless litigation similar to the Pennzoil case. Texaco's statement, as expressed in its letter of June 7, 1991 (copy enclosed), that it remains "neutral in the matter of selecting a successor Unit Operator" is not a position that will adequately protect Texaco's shareholders' investment in the MLMU nor fulfill its current obligations as Unit Operator. Texaco's management cannot bury its head in the sand and ignore the fact that Texaco owns approximately a 24% working interest in the MLMU, as that would obviously constitute an abrogation of its obligations and duties to the shareholders of Texaco. Similarly, Texaco, after charging substantial overhead fees to the MLMU working interest owners for many years, cannot now acquiesce in the waste by Sirgo (who has a carried position) of \$44,000,000.00 on a potentially ill conceived redevelopment plan for the MLMU.

Regrettably, I have had to file a Petition with the New Mexico Oil Conservation Division (copy enclosed) enjoining Texaco from resigning as Operator of the MLMU for the reasons specifically documented therein. Such an action is necessary to protect my investment as well as the investment of other working interest owners in the MLMU and to prevent the needless waste of substantial investment capital on an economically doubtful redevelopment plan.

Again, as a stockholder of Texaco, I sincerely hope that the management of Texaco does not lose sight of the fact that all of its actions must be directed toward the maximization of Texaco's assets and the minimization of potential liability. I have had a long and mutually beneficial business relationship with Texaco and have profited from my stock ownership, and I sincerely hope that an ill-advised decision by Texaco's management will not jeopardize either.

Very truly yours,


Doyle Hartman

Texaco, Inc.
June 11, 1991
Page 3

DH/lr
Enclosures
555:TEXA0605

cc: Mr. James W. Kinnear
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White Plains, NY 10650

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Texaco, Inc.
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Texaco, Inc.
June 11, 1991
Page 6

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Attention: R. A. Solberg

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Attention: Helen Pattison

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Attention: James Head

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Attention: Charles Irvin
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Attention: Ron O'Dwyer

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Attention: Ron Lanning

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Adele Combs Clough
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Michael Clough
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Cross Timbers Production Co.
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El Paso Natural Gas Company
P. O. Box 1492
El Paso, TX 79978-1492

Geodyne Resources, Inc.
NW-8045
P. O. Box 8045
Minneapolis, MN 55485-8045
Attention: R. L. Clemons, Vice President)

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Boston, MA 21100

Headington Oil Company
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Attention: Brooks Purnell, Vice President

Edythe B. Prikryl
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Lamar Hunt
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N. B. Hunt
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Texaco, Inc.
June 11, 1991
Page 9

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Marilyn A. Tarlton, Trustee
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Los Altos, CA 94022

Maralo, Inc.
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Midland, TX 79702-0832
Attention: R. A. Lowery, Production Manager

Myers Partners, Inc.
214 W. Texas, Ste 1200
Midland, TX 79701

Evelyn Clay O'Hara Trust
c/o Juanita Jackson
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Fort Worth, TX 76107

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Tulsa, OK 74102

PC Ltd.
P. O. Box 911
Breckenridge, TX 76024-0911

Robert C. Scott
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L. Summers Oil Co.
P. O. Box 776
Hobbs, NM 88240-0776
Attention: Louise Summers

James A. Davidson
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Midland, TX 79702-0494

Texaco, Inc.
June 11, 1991
Page 10

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