

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

August 17, 1988

El Paso Natural Gas Company
One Petroleum Center, Building 2
3300 North "A" Street
Midland, Texas 79705

RE: Compressor Installation
Samedan Hughes Fed Lease
NW/4 Section 19
T-23-S, R-37-E
Meter No. 58372

Shell State Lease
SE/4 Section 13
T-23-S, R-36-E
Meter No. 58540
Lea County, New Mexico

Reference to our letter of August 4, 1988 concerning compressor installation on Samedan Hughes Well No. 1 and Shell State Well No. 5. In our letter of August 4, 1988 we stated we would install our compressor at 2030' FNL and 610' FWL of Section 19, T-23-S, R-37-E. We also stated the compressor system would discharge into El Paso pipeline at meter station no. 58372. After further study we have determined it would be better to locate the compressor at Shell State Well No. 5 instead of at Samedan Hughes Well No. 1. We propose to install the compressor system at a location 1700' FSL and 1550' FEL of Section 13, T-23-S, R-36-E, Lea County, New Mexico. The compressor system will discharge into El Paso's pipeline at meter station No. 58540. We request you note this change and welcome any comments or suggestions.

We have received a letter from William J. Le May, Director State of New Mexico Oil Conservation Division stating he had no objection to our proposed installation. They do have some concern about who will file the C-111 forms with the state of New Mexico. We propose to have our gas meter charts integrated and calculated by a third party measurement company. We will notify El Paso Measurement Department of the production from each well and they can allocate the total production accordingly. I feel that under these conditions El Paso should continue to file the C-111 forms. If you do not agree please let me know and we can change our plans as required. If you have any other suggestions or comments please advise.

Very truly yours,

Larry A. Nemmyr

Larry A. Nemmyr
Production Engineer

LAN/sgb



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

August 10, 1988

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

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

Attention: Larry A. Nermyr

Re: Compressor Installation - Jalmat Pool

Dear Mr. Nermyr:

Thank you for copy of letter dated August 4 to El Paso Natural Gas Co. concerning the subject installation. The Division has no objection to your proposed installation. We would like to be assured that Forms C-111 will continue to be filed showing the measurement of gas from each well that enters El Paso's system. Since you apparently will be taking and measuring the gas on an individual basis, combining the stream at the suction end of the compressor and delivering to El Paso the combined stream at the outlet of the compressor, you may be classified as the transporter and thus have the responsibility of filing the C-111. You would also need to file revised C-104 for the wells showing Doyle Hartman (or Doyle Hartman and El Paso) as the transporter. Connection notice of the revised arrangement should be filed when installation is complete.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,
Director

WJL/VTL/dr

cc: Jerry Sexton, OCD, Hobbs
El Paso Natural Gas Co.

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10428

MIDLAND, TEXAS 79702

(915) 684-4011

August 4, 1988

El Paso Natural Gas Company
One Petroleum Center, Building 2
3300 North "A" Street
Midland, Texas 79705

Attention: Clovis Moore

RE: Compressor Installation
Samedan Hughes Fed Lease
NW/4 Section 19
T-23-S, R-37-E
Meter No. 58372

Shell State Lease
SE/4 Section 13
T-23-S, R-36-E
Meter No. 58540
Lea County, New Mexico

Dear Mr. Moore:

We are in the process of installing a compressor system at a location 2030' FNL and 610' FWL of Section 19, T-23-S, R-37-E, Lea County, New Mexico. This compressor system will compress the combined Jalmat production from our Shell State Well No. 5 and our Samedan Hughes Federal Well No. 1. The proposed compressor site is located at the Samedan Hughes Federal Well No. 1. A 4-inch gathering line will be installed to transport the gas from our Shell State Well No. 5, located 1800' FSL and 1650' FEL of Section 13, T-23-S, R-36-E, to the compressor system. The compressor system will discharge into El Paso's pipeline at meter station no. 58372. Both the Samedan Hughes Federal No. 1 and the Shell State Well No. 5 possess excellent producing capabilities, but have been unable to produce at the full Jalmat gas pool allowable because of El Paso's line pressure and therefore, the addition of compression should result in the recovery of substantial additional Jalmat gas reserves.

Two meter stations will be installed to measure production from each well before compression and before entering El Paso Pipeline. If El Paso Natural Gas wants to install and maintain the required metering stations, such an arrangement would also be satisfactory with us. In the event El Paso Natural Gas does not desire to install and maintain the metering stations, Doyle Hartman will install and maintain the necessary meters. The proposed metering stations will fulfill all requirements of the State of New Mexico Oil Conservation Division that individual meters be installed on gas wells producing from gas pools.