



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

February 21, 2001

ARCO Permian

ATT: Elizabeth A Casbeer

P O Box 1610

Midland, TX 79702

RE: Intents to Drill

McDonald WN State #37-C, 25-22s-36e

McDonald WN State #35-J, 14-22s-36e

McDonald WN State #38-J, 36-22s-36e

Gentlemen:

This office was not aware of the fine points of a declaratory judgment made on December 15, 2000. The Declaratory judgement stated that no well should be drilled or additional infill wells on a spacing unit in the Jalmat or Eumont Gas pools without notice and due process to affected parties, and a public hearing to be set.

As per the phone conversation between Donna Pitzer and Elizabeth Casbeer on this date concerning the wells listed above should not have been approved for drilling.

For the reason stated in the judgement, these wells are now **canceled**. If ARCO wishes to go forward they must notify off set operator and arrange for a hearing date, and then resubmit the intents to drill.

If you have any questions on this matter, please contact Donna Pitzer or Paul Kautz at the OCD office in Hobbs.

Yours truly,

OIL CONSERVATION DIVISION

Paul Kautz

District I, Geologist

PK:dp

Cc: OCD Santa Fe  
BLM  
State Land Office  
OCD Hobbs

Attachment

FIRST JUDICIAL DISTRICT  
STATE OF NEW MEXICO  
COUNTY OF SANTA FE

ENDORSED

DOYLE HARTMAN, OIL OPERATOR,  
Plaintiff,

v.

No. D-0101-CV9902927

NEW MEXICO OIL CONSERVATION  
DIVISION, LORI WROTENBERY, DIVISION  
DIRECTOR,

Defendants.

**STIPULATED DECLARATORY JUDGMENT**

Plaintiff Doyle Hartman, Oil Operator filed his Motion for Summary Judgment herein on December 15, 2000, which was supported by a Memorandum and Affidavit of Linda Land. The defendants New Mexico Oil Conservation Division ("Division") and Lori Wrotenbery, Division Director, agree to the granting of the plaintiff's motion by the entry of this Declaratory Judgment in the terms hereafter stated and the Court being fully advised IT IS THEREFORE ORDERED AND DECREED as follows:

1. The approval of drilling an additional well or wells on a spacing unit ("infill drilling") in the Eumont and Jalmat Gas Pools shall be administered in a manner that affords due process to affected parties, including notice, an opportunity to object and in the case of objection a right to public hearing in accordance with Division Rule 104.

2. In accordance with those principles it is provided that in the event an operator files an application with the Division for approval of an additional well or wells in the Eumont Gas Pool or the Jalmat Gas Pool, which if allowed would result in spacing

of less than 160 acres per well on a proration unit, the infill well or wells may be permitted only after notice pursuant to Division Rule 1207A(2) and opportunity for hearing for affected persons. The application must be supported by evidence that the additional well or wells are necessary to efficiently and economically drain the proration unit, will prevent waste and protect correlative rights.


3. Each party shall bear their own costs and fees incurred in this matter.

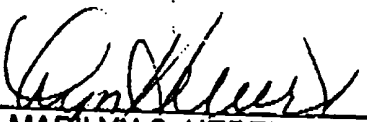
JUDGE JIM HALL

\_\_\_\_\_  
JAMES A. HALL  
DISTRICT COURT JUDGE

AGREED AND APPROVED:

GALLEGOS LAW FIRM, P.C.

By   
J.E. GALLEGOS  
MICHAEL J. CONDON  
Attorneys for Doyle Hartman, Oil Operator

By   
MARILYN S. HEBERT  
Attorney for New Mexico Oil Conservation  
Division and Lori Wrotenbery, Director