

In accordance with the January 24, 1991 Order No. R-9437, Chevron USA Inc., the operator of the existing Jalmat Gas Pool Carter Eaves "NCT-A" No. 1 well located in Lot 3 (Unit C) of Section 6 assigned their interest in the 159.8 acre (E/2 W/2) proration unit to Hartman. Chevron also agreed to plug and abandon the producing Jalmat interval in the No. 1 (C) well prior to any allowable being assigned to the proposed Carter-Eaves "NCT-A" No. 2 well.

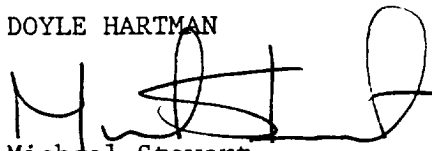
However, after drilling and completing the Carter Eaves "NCT-A" No. 2 (D) well and discovering it to be a Jalmat oil producer, we are forced to allocate the 37.95 acre Lot 4 (Unit D) of the approved 197.75 acre non-standard gas proration unit to the Carter Eaves "NCT-A" No. 2 well. The 159.8 acre (197.75 acres - 37.95 acres) balance of the recently approved proration unit that being the original non-standard proration unit (NSP-726) will remain dedicated to the Carter Eaves "NCT-A" No. 1 (C) well which Hartman will assume operations and the associated plugging responsibilities of from Chevron. In conjunction with this I have enclosed an NMOCD Form C-102 reestablishing the 159.8 acre NSP-726 as dedicated to the Carter Eaves "NCT-A" No. 1 (C) and Form C-104 changing the operator of the No. 1 well from Chevron USA Inc. to Doyle Hartman.

In addition, we are currently in the process of staking a proposed infill Jalmat gas well to be located in the SE/4 SW/4 (Unit N) of Section 6 to be simultaneously dedicated to the 159.8 acre E/2 W/2 non-standard proration unit (NSP-726). An application for such a proposed Carter Eaves "NCT-A" No. 4 well will be soon forthcoming. There are several topographic constraints we have encountered in the SE/4 SW/4 ranging from main gas transmission lines and power lines to existing wellbores which may force such a location in Unit N to be unorthodox. Following a final field inspection of the area, we will submit the appropriate NMOCD forms providing for the drilling of the Carter Eaves "NCT-A" No. 4.

Should you have any questions concerning this matter or require additional information, please contact me.

Very truly yours,

DOYLE HARTMAN



Michael Stewart
Engineer

MS/lr
Enclosures
555:OCD0314