



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

April 23, 1993

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10659
ORDER NO. R-9879

Dear Sir:

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

Sincerely,

Sally E. Leichte
Sally E. Leichte
Administrative Secretary

cc: BLM - Carlsbad
Monika Romero - OCD

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2365

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4288
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: 4/14/93

NUMBER OF PAGES: 2
(including cover sheet)

TIME: 8:40 Am

TO: Mike Stogner

FROM: W. Thomas Kellahin

OF: NMOC D

SPECIAL INSTRUCTIONS:

FAX NO.: 827-5741

URGENT

RE: OCD CASE 10659

FOR YOUR INFORMATION

MERIDIAN OIL INC

FOR YOUR REVIEW

FARNSWORTH NSP

PLEASE REPLY

FOR YOUR APPROVAL

PER YOUR REQUEST

MESSAGE: Mike - ATTACHED ARE

SUGGESTED FINDINGS TO EXPLAIN
PUTTING THIS NSP IN THE
RHODES POOL & NOT SCARBOROUGH -

PLEASE CALL IF YOU NEED MORE!

Tom

A HARD COPY WILL WILL NOT FOLLOW BY U.S. MAIL.

The following are a list of reasons why the Farnsworth "B" Federal No. 2 should be included in the Rhodes Pool versus the Scarborough Pool:

1. Structural low axis, which trends NW-SE, appears to divide the anticlinal structure in the west (Scarborough Pool) from the structure in the east (Rhodes Gas Pool). This structural division is not a permeability barrier or a fault, but is simply a low axis. This low axis divides Section 7 leaving the W/2 and the W/2 E/2 as a logical extension of the Scarborough Pool with the E/2 E/2 as a logical extension of the Rhodes Gas Pool. This low axis is illustrated on the cross-section and structure map.
2. Both the Scarborough Pool and the Rhodes Gas Pool consist of the Yates-Seven Rivers formations. It appears that the majority of the production from the Scarborough Pool is oil which is driven by a strong water source from the Delaware Basin. The production from the Rhodes Gas Pool is primarily dry gas driven by pressure depletion. The low axis mentioned above appears to have prevented this strong water source from entering the Rhodes Gas Pool.
3. Rate-time curves and volumetric calculations show the drainage radius of the wells in the Rhodes Gas Pool to be approximately 80 acres and therefore the proposed "stand-up" 160 acre drilling tract should not impair correlative rights and will prevent waste.
4. Shepherd "B" No. 3, which is currently P&A'd, was offset by the Shepherd Federal No. 7 in 1991. The No. 7 well is located approximately 1,100' from the No. 3 well and is currently producing 130 MCFPD with a projected EUR of 500 MMCF. This indicates the No. 3 well did not effectively drain 160 acres (ie. drainage radius probably closer to 80 acres as suggested above).



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

April 7, 1993



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

TO: Larry Van Ryan, Chief Engineer
Robert G. Stovall, General Counsel

FROM: Michael E. Stogner *M.S.*

SUBJECT: Case 10659 - Application of Meridian Oil Inc. for a
Non-Standard Gas Proration Unit in The Rhodes-Yates-
Seven Rivers Gas Pool, Lea County.

This memo is to confirm a discussion I had with Mr. Van Ryan yesterday. An order in the subject case is close to completion, to substantiate one finding I will need to consult the transcript, which has not been received to date. When it arrives a very brief review period will be required so that I might properly resolve this matter.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



March 4, 1993

BRUCE KING
GOVERNOR

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

ANITA LOCKWOOD
CABINET SECRETARY

Meridian Oil Inc.
P. O. Box 51810
Midland, Texas 79710-1810

Attn: Connie L. Malik
Regulatory Compliance Representative

RE: Farnsworth "B" Federal Well No. 1.
Application for an 80-acre non-standard
gas spacing and proration unit to comprise
the E/2 NE/4 of Section 7, Township 26
South, Range 37 East, NMPM, Undesignated
Rhodes Yates-Seven Rivers Gas Pool, Lea
County, New Mexico.

Dear Ms. Malik:

It would appear the circumstances in this matter is virtually identical in nature as to that of your Gregory "B" Well No. 2 (please refer to Mr. William J LeMay's letter dated February 15, 1993, see copy attached). Therefore, as you probably have already guessed, this matter can not be processed administratively. This matter will then be referred to Meridian's Case 10659, being the application for a non-standard 160-acre gas spacing and proration unit comprising the E/2 E/2 of said Section 7 to be dedicated to the Farnsworth "B" Federal Well No. 1, currently docketed for hearing.

Should you have any questions or comments concerning this matter please contact me at (505) 827-5811

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs
U.S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin - Santa Fe
File: Case No. 10659

Case 10659



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

February 15, 1993

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Meridian Oil Inc.
P. O. Box 51810
Midland, Texas 79710-1810

Attn: Leslyn M. Swierc, CPL

Doyle Hartman - Oil Operator
P. O. Box 10426
Midland, Texas 79702

Attn: Patrick K. Worrell, Engineer

RE: Rhodes Yates-Seven Rivers Gas Pool Development in Sections 10 and 15, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Ms. Swierc and Mr. Worrell:

Meridian's recent application for a non-standard 120-acre gas spacing and proration unit comprising the NE/4 NE/4 and S/2 NE/4 of said Section 15 to be dedicated to the proposed Gregory "B" Well No. 2 to be drilled in Unit A and all related correspondence to same has forced the Division to review past, current, and future development of the Rhodes Yates-Seven Rivers Gas Pool ("Rhodes Gas Pool") in both said Sections 10 and 15 quite extensively. Development in both sections are as follows:

- The 40-acre non-standard gas spacing unit comprising the SW/4 SW/4 (Unit M) of Section 10, approved by Division Administrative Order NSP-1292, is dedicated to Meridian's Rhodes GSU Well No. 9 in Unit M;
- the standard 160-acre unit comprising the NW/4 of Section 10 is dedicated to Meridian's Rhodes GSU Well No. 16 in Unit E;

- the N/2 S/2 of Section 10, being a non-standard 160-acre unit approved by Division Administrative Orders NSP-1292 and NSP-1292-A has been developed by Meridian's Bates Well No. 1 (well P&A'd February, 1988) in Unit L and Hartman attempted to develop the same acreage with its C. T. Bates Well No. 2 (well was P&A'd in January, 1991 after encountering a severe waterflow during drilling) also in Unit L;
- the standard 160-acre unit comprising the SW/4 of Section 15 is simultaneously dedicated to Meridian's Cagle "B" Well No. 1 in Unit L and Rhodes GSU Well No. 24 in Unit N (simultaneous dedication occurred prior to the Division's July 27, 1988 Memorandum);
- the standard 160-acre unit comprising the SE/4 of Section 15 is simultaneously dedicated (pre-1988 authorization) to Meridian's Rhodes GSU Well Nos. 8 and 25 in Units J and O, respectively; and,
- the 120-acre non-standard gas spacing unit comprising the NW/4 NW/4 and S/2 NW/4 of Section 15, approved by Division Administrative Order NSP-1292, is simultaneously dedicated (pre-1988 authorization) to Meridian's Gregory "B" Well No. 1 in Unit F and Rhodes GSU Well No. 7 in Unit F.

The Rhodes Yates-Seven Rivers Gas Pool is an unprorated gas pool spaced on standard statewide 160-acre units and is subject to the two Division Memorandums dated July 27, 1988 and August 3, 1990 (see attached), which disallows the simultaneous dedication in gas spacing units of more than one well in unprorated gas pools. It is the Division's opinion that said Memorandums reference to "proration units" equate to mean "standard gas proration units of standard size for the particular pool". The practice of operators forming non-standard spacing units in order to avoid the Division's simultaneous dedication policy is therefore prohibited. It should also be noted that forming non-standard spacing and proration units to avoid the compulsory pooling of acreage to form a standard sized unit, in most instances, is not considered just cause.

In this particular two section area, the undeveloped portions of the Rhodes Gas Pool consist of the NE/4 and NE/4 NW/4 of Section 15 and the NE/4, SE/4 SW/4, and S/2 SE/4 of Section 10. The NE/4 of Section 10 is a standard 160-acre unit and can therefore be developed without exception to the spacing rules, the remaining 320 acres comprising the SE/4 SW/4 and S/2 SE/4 of Section 10 and the NE/4 and NE/4 NW/4 of Section 15, however, will require a little ingenuity and jockeying of acreage to re-establish proper and prudent development of the Rhodes Gas Pool. The Division at this time will only consider authorization of the following:

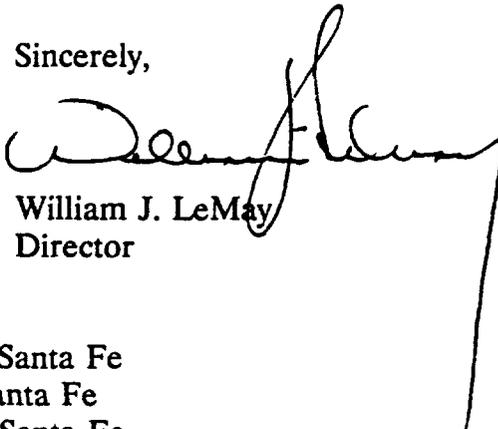
- the formation of a 160-acre non-standard gas spacing unit comprising the SE/4 SE/4 of Section 10 and the NE/4 NE/4 and S/2 NE/4 of Section 15 to be dedicated to Meridian's proposed Gregory "B" Well No. 2 to be drilled at a standard gas well location 990 feet from the South line and 660 feet from the East line (Unit A) of said Section 15; and,
- the remaining 160 acres, comprising the SE/4 SW/4 and SW/4 SE/4 of Section 10 and the NW/4 NE/4 and NE/4 NW/4 of Section 15, can be developed in the future by a single well to be drilled at a standard gas well location thereon.

Meridian's application for a non-standard 120-acre gas spacing and proration unit in the Rhodes Gas Pool comprising the NE/4 NE/4 and S/2 NE/4 of said Section 15 is therefore denied. Should Meridian choose to pursue this matter, an application for hearing must be filed with the Division requesting approval for the aforementioned 160-acre non-standard gas spacing and proration unit. Any such order from the Division will necessarily include a procedure of notification for the ensuing 160 acres to be authorized administratively.

Meridian will still be required to provide adequate notice pursuant to the provisions of General Rule 1207.A.(6).

Should you have any question or comments concerning this matter, please contact either Larry Van Ryan, Chief Engineer or Michael E. Stogner, Chief Hearing Officer in Santa Fe at (505) 827-5800.

Sincerely,



William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
Larry Van Ryan - Santa Fe
Robert Stovall - Santa Fe
Michael Stogner - Santa Fe
U. S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin - Santa Fe
File: NSP-1292

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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
5051827-5800

MEMORANDUM

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: RULE 104 C II OF THE GENERAL RULES AND REGULATIONS

DATE: AUGUST 3, 1990

On July 27, 1988, we sent a memorandum to all operators to explain the Division's procedures for ensuring compliance with the above rule in handling applications for additional wells on existing proration units. The procedures are primarily applicable in unprorated gas pools.

The final paragraph of the July 27 memo reads as follows:

"Applications for additional wells on existing proration units will be approved only on the understanding that upon completion of the well the operator shall elect which well will be produced and which will be abandoned. Application to produce both wells will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced."

Additional explanation of the intent of the above paragraph is set out below:

Application to produce both wells continuously and concurrently will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced.

Requests to produce the wells alternately (one well shut-in while the other produces) may be submitted for administrative handling. The request should set out the length of the producing and shut-in cycles for each well (a one month minimum is suggested), the proposed method for ensuring compliance with the proposed producing and shut-in schedules, and the reasons for the request. Notice should be provided to offset operators in the usual manner, allowing a 20-day waiting period. The application should be sent to Santa Fe with a copy to the appropriate District office.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87
(505) 827-5800

MEMORANDUM

TO: ALL OPERATORS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: RULE 104 C II OF THE GENERAL RULES AND REGULATIONS

DATE: JULY 27, 1988

There has been some confusion about interpretation of the subject rule. In each paragraph of sections (a), (b) and (c) the rule states:

"Unless otherwise provided in special pool rules, each development well for a defined gas pool shall be located on a tract..."

My interpretation of this sentence is that each well is to be located on its own individual specified unit and an additional well is not authorized simply by meeting the set back requirements of the rule.

This interpretation is necessary to prevent waste from the drilling of unnecessary wells and to protect correlative rights of all parties in the pool. Since the prorated pools have special pool rules the subject rules have greater impact on unprorated gas. Unprorated does not mean unregulated. Allowables are not issued in unprorated pools and the only method available to protect correlative rights is the control of well density and locations. Added well density required because of special geological situations can be addressed by special pool rules after notice and hearing.

Applications for additional wells on existing proration units will be approved only on the understanding that upon completion of the well the operator shall elect which well will be produced and which will be abandoned. Application to produce both wells will be approved only after notice and hearing and upon compelling evidence that the applicant's correlative rights will be impaired unless both wells are produced.

dr/

2/9/92

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Attn: Connie L. Malik

F.Y.I.,

Letter of significant importance to follow.

M. Stov

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
FOR CREATION OF THE SCARBOROUGH YATES-SEVEN
RIVERS POOL AND FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

CASE No. 3316
Order No. R-2999
NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of November, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2947, the Commission established a top unit allowable of 128 barrels of oil per day for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That said allowable was established pending a more definite determination of the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

(4) That pursuant to the provisions of Order No. R-2947, further studies have been conducted to define the horizontal limits of these pools.

(5) That a new pool should be created in Lea County, New Mexico, and designated the Scarborough Yates-Seven Rivers Pool;

that said pool is a separate common source of supply in New Mexico and is a portion of the common source of supply designated the Scarborough Pool in Winkler County, Texas.

(6) That special rules and regulations should be promulgated for the Scarborough Yates-Seven Rivers Pool in order to prevent waste and protect correlative rights.

(7) That oil wells completed in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the per-acre allowable that would be assigned under the Commission's General Rules and Regulations to oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico.

(8) That in order to prevent drainage and otherwise prevent waste and protect correlative rights, oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, should be assigned a monthly allowable equal to the monthly per-acre allowable assigned to oil wells in the Scarborough Pool in Winkler County, Texas.

(9) That in order to afford to the owner of each property in the Scarborough Yates-Seven Rivers Pool the opportunity to produce his just and equitable share of the oil and gas in the pool, and to otherwise prevent waste and protect correlative rights, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil should be established and all wells with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil should be classified as gas wells.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, 40-acre oil well spacing units and 640-acre gas well spacing units should be established in the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool is hereby created and designated the Scarborough Yates-Seven Rivers Pool, with vertical limits extending from the top of the Yates formation to the base of the Seven

Rivers formation, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 12: E/2

Section 13: E/2

Section 24: E/2

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 7: W/2 and W/2 E/2

Section 18: W/2 and W/2 E/2

Section 19: NW/4, W/2 NE/4, and S/2

Section 29: W/2 and SE/4

Section 30: N/2 and SE/4

Partial Section 31: E/2 and E/2 W/2

Partial Section 32: All

Partial Section 33: W/2 and W/2 E/2

(2) That the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, are hereby contracted to delete the above-described area.

(3) That Special Rules and Regulations are hereby promulgated for the Scarborough Yates-Seven Rivers Pool as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SCARBOROUGH YATES-SEVEN RIVERS POOL

RULE 1. Each well completed or recompleted in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or the Seven Rivers formations, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed as an oil well shall be located on a standard unit comprising 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. Each well completed as a gas well shall be located on a standard unit comprising 640 acres, more or less, consisting of a governmental section.

RULE 4. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 5. Each well completed as an oil well shall be located no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 6. Each well completed as a gas well shall be located no nearer than 1980 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 without notice and hearing when an

application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 8. Each well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil shall be classified as a gas well.

RULE 9. The limiting gas-oil ratio for oil wells shall be 10,000 cubic feet of gas per barrel of oil.

RULE 10. The top allowable for oil wells shall be 128 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or Seven Rivers formations, are hereby approved; that the operator of any well having an unorthodox location shall notify the Commission's Hobbs District Office in writing of the name and location of the well on or before January 1, 1966.

(2) That Order No. R-2947 is hereby superseded.

(3) That the effective date of this order shall be 7:00 o'clock A.M., December 1, 1965.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-6-

CASE No. 3316

Order No. R-2999

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
1993 FEB 11 11 14

February 5, 1993

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Atten: Mr. Michael E. Stogner
Chief Hearing Officer/Engineer

Re: Application of two non-standard gas proration units:
Farnsworth "B" Federal Lease, Rhodes Yates-Seven
Rivers Gas Pool, Section 7, Township 26 South,
Range 37 East, NMPM, Lea County, New Mexico
File: Case No. 10659

Dear Mr. Stogner:

In response to your request, I have attached a plat showing the ownership of offsetting leases and a plat showing the existing production pools in the area. The outside boundaries of the pools have been marked based on the legal description from R. W. Byram & Co., October 1992. The necessity for the establishment of the two non-standard units is as follows:

- Meridian Oil Inc. plans to develop this acreage on eighty (80) acre units.
- Establishing two 80 acre gas proration units will eliminate crossing the quarter/quarter line and thus eliminate the need for a hearing.
- If a 160 acre unit in the NE/4 of Section 7 were established (with pooling) in this unprorated field, the next well drilled would require a hearing to approve simultaneous dedication.
- If a stand-up 160 acre unit in the E/4 of Section 7 were established a hearing would be required for approval as well as simultaneous dedication for the next well drilled.
- Meridian Oil recently drilled the C. W. Shepherd # 10 in Section 6, unit letter P, immediately to the north, and completed it as a gas well in the Rhodes Gas Pool.
- Our proposed location lies 660' from the existing boundary of the Rhodes Gas Pool and we anticipate the well to be a gas well.
- The adjacent Scarborough Field to the west is an oil pool.

NMOCD
February 5, 1993
File: Case No. 10659
Page 2

Please let me know if I may provide any additional information or answer any questions you may have. I appreciate your assistance with this request. I can be reached at 915/688-6898.

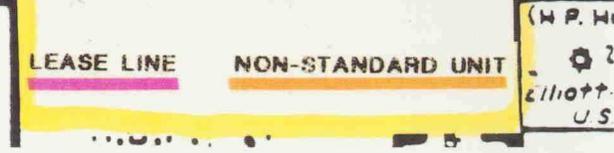
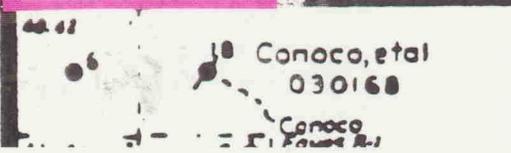
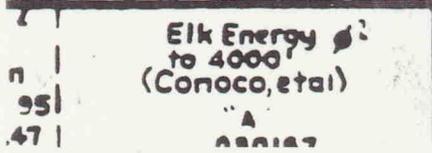
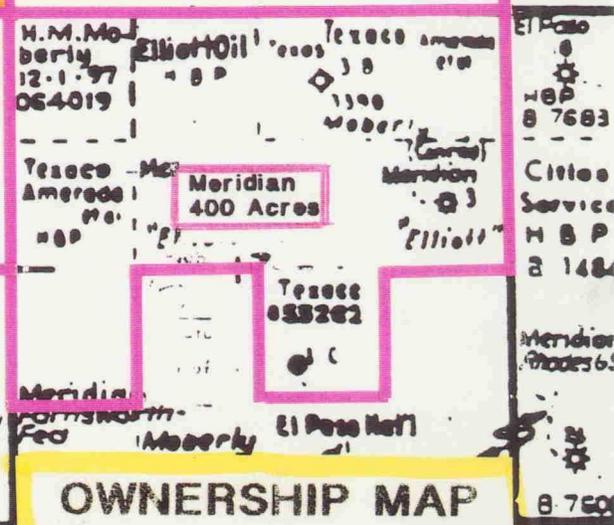
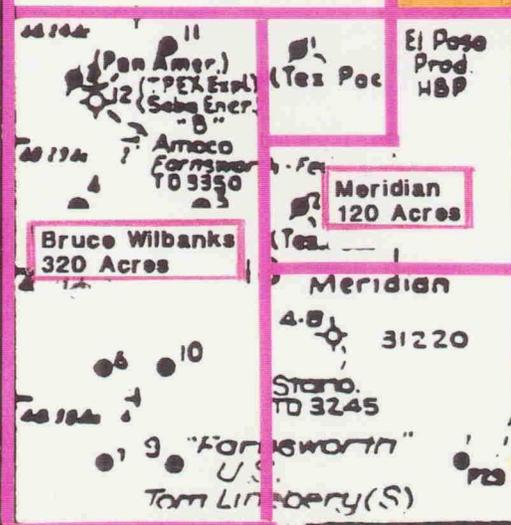
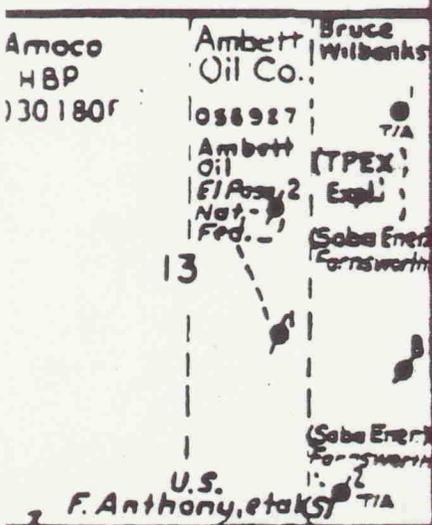
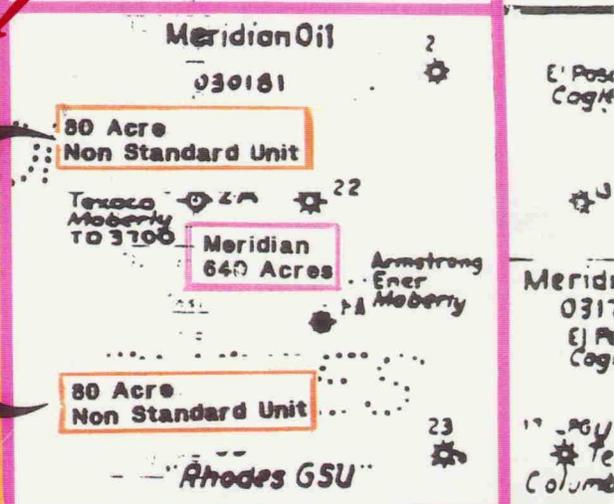
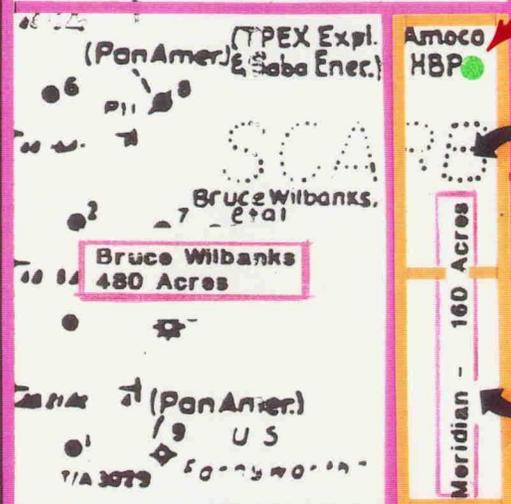
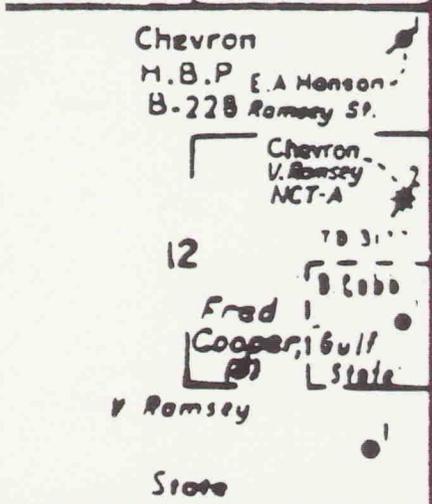
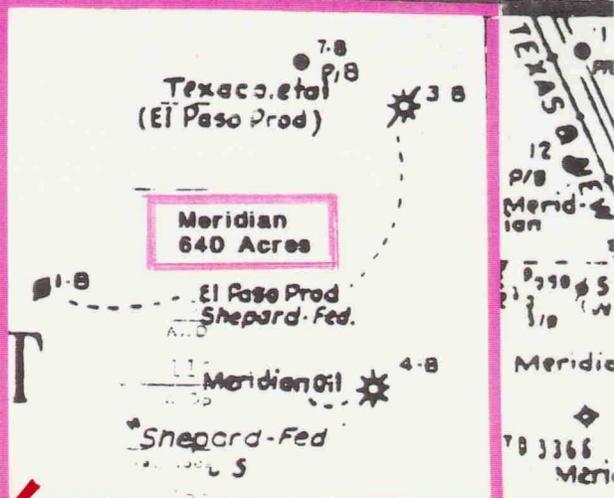
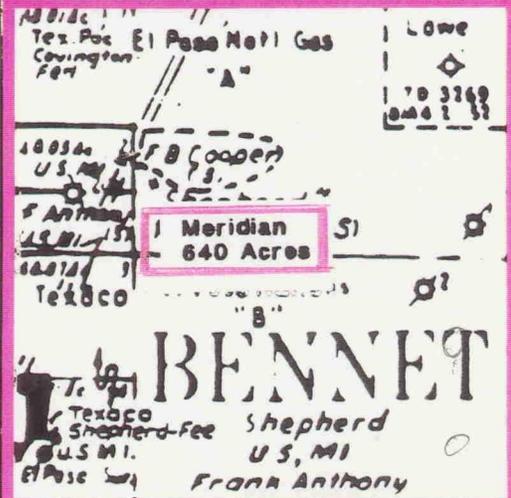
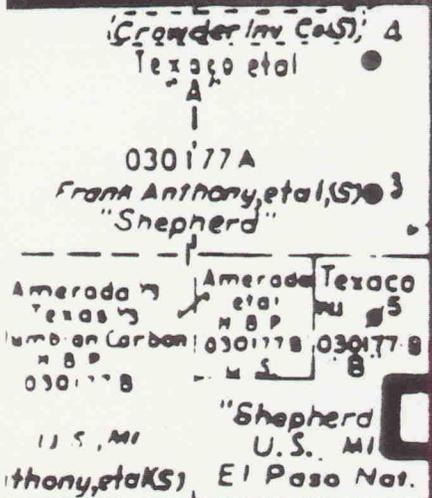
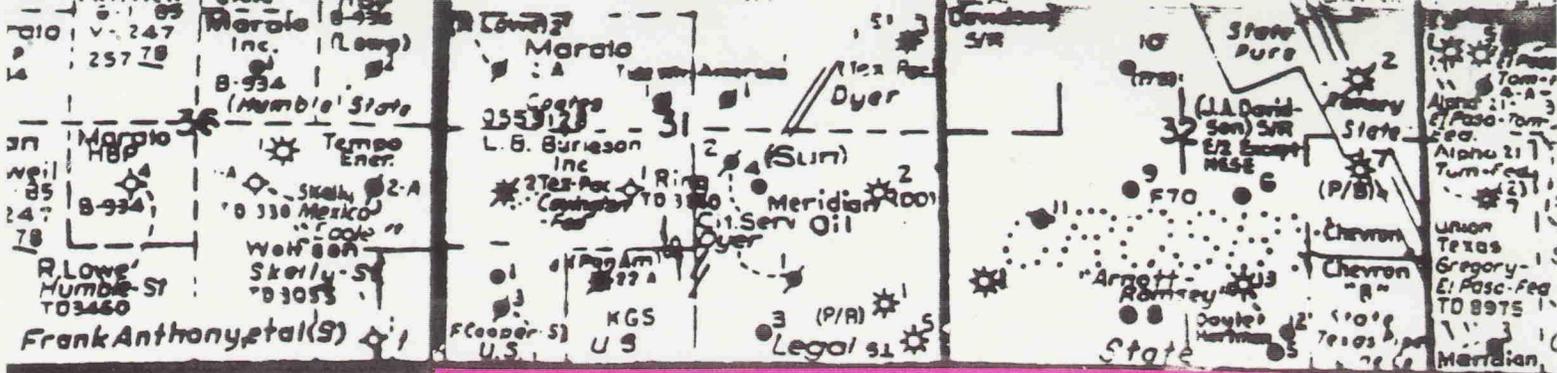
Sincerely,

A handwritten signature in cursive script, appearing to read "Connie L. Malik".

Connie L. Malik
Regulatory Compliance Representative

CLM/cm

cc: Oil Conservation Division - Hobbs
USBLM - Carlsbad
Don McBee
Tom O'Donnell
Well File
Regulatory File



OWNERSHIP MAP

LEASE LINE NON-STANDARD UNIT

RED BLUFF-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-6876, January 1, 1982, Establishing Pool.
T-25-S, R-28-E NE/4 Sec. 27.

WILLOW LAKE-BONE SPRING POOL
Eddy County, New Mexico

Order No. R-6876, January 1, 1982, Establishing Pool, as Amended by Order No. R-7048, September 1, 1982; Order No. R-7322, August 1, 1983; Order No. R-9241, August 1, 1990.
T-24-S, R-28-E N/2 N/2 Sec. 32; N/2 NW/4, NE/4 Sec. 33; N/2 Sec. 34; Secs. 35, 36.

EAST MONUMENT-PADDOCK POOL
Lea County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool.
T-19-S, R-37-E SE/4 Sec. 36.

RHODES YATES-SEVEN RIVERS GAS POOL
Lea County, New Mexico

Order No. R-6891, January 1, 1982, Establishing Pool, as Amended by Order No. R-7372, November 1, 1983; Order No. R-7554, July 1, 1984; Order No. R-7858, April 1, 1985; Order No. R-9585, October 1, 1991; Order No. R-9615, December 1, 1991; Order No. R-9646, April 1, 1992; Order No. R-9723, October 1, 1992.
T-26-S, R-37-E Sec. 4; W/2 Sec. 5; SE/4 Sec. 6; N/2, E/2 SE/4, SW/4 SE/4, SE/4 SW/4 Sec. 8; Sec. 9; W/2 Sec. 10; W/2 Sec. 14; Secs. 15, 16; NE/4, E/2 W/2, E/2 SE/4 Sec. 17; N/2 & SE/4 NE/4 Sec. 21; N/2, N/2 & SE/4 SE/4, NE/2 SW/4 Sec. 22; S/2 Sec. 23.

ROSS DRAW-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool.
T-26-S, R-30-E Sec. 27.

SOWELL-MORROW POOL
Lea County, New Mexico

Order No. R-6890, February 1, 1982, Establishing Pool, as Amended by Order No. R-6967, May 1, 1982.
T-15-S, R-32-E SW/4 Sec. 2; NW/4 Sec. 11.

EAST BOOTLEG RIDGE-MORROW GAS POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7307, July 1, 1983.
T-22-S, R-33-E Sec. 15.

EAST CUSTER-DEVONIAN GAS POOL
Lea County, New Mexico

Order No. R-6914, February 1, 1982, Establishing Pool, as Amended by Order No. R-7222, March 1, 1983; Order No. R-7279, June 1, 1983.
T-25-S, R-37-E NE/4, W/2 Sec. 6; NW/4, S/2 Sec. 7.

SOUTH HUMBLE CITY-STRAWN POOL
Lea County, New Mexico

Order No. R-6913, March 1, 1982, Establishing Pool, as Amended by Order No. R-7372, November 1, 1983; Order No. R-8193, April 1, 1986; Order No. R-8256, July 1, 1986; Order No. R-8299, October 1, 1986; Order No. R-9194, June 1, 1990.
T-17-S, R-37-E SE/4 Sec. 12; W/2, NE/4 Sec. 13; E/2, NW/4 Sec. 14.

NORTH KING-DEVONIAN POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7858, April 1, 1985.
T-13-S, R-37-E N/2 Sec. 3.

NORTH LOVING-ATOKA GAS POOL
Eddy County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool, as Amended by Order No. R-7009, July 1, 1982; Order No. R-7279, June 1, 1983; Order No. R-7502, May 1, 1984; Order No. R-9171, June 1, 1990.
T-23-S, R-27-E Sec. 12; E/2 Sec. 13; E/2 Sec. 24.
T-23-S, R-28-E Secs. 4, 5, 7, 8, 9, 16, 17, 18; E/2 Sec. 19; Sec. 21; E/2 Sec. 30.

TEAGUE-DRINKARD POOL
Lea County, New Mexico

Order No. R-6912, March 1, 1982, Establishing Pool.
T-23-S, R-37-E NE/4 Sec. 17.



EAST HIGHTOWER-UPPER PENNSYLVANIAN POOL
Lea County, New Mexico

Order No. R-2985, November 1, 1965, Establishing Pool, as Amended by Order No. R-3043, March 1, 1966; Order No. R-3355, January 1, 1968; Order No. R-3895, January 1, 1970; Order No. R-6810, November 1, 1981; Order No. R-7437, March 1, 1984; Order No. R-8041, October 1, 1985.

T-12-S, R-33-E S/2 Sec. 25; NE/4 Sec. 36.

T-12-S, R-34-E SE/4 Sec. 19; S/2, NW/4 Sec. 29; NE/4, S/2 Sec. 30; N/2 Sec. 31.

QUERECHO PLAINS-DELAWARE POOL
Lea County, New Mexico

Order No. R-1372, April 21, 1959, Establishing Pool, as Amended by Order No. R-9345, November 1, 1990; Order No. R-9646, April 1, 1992; Order No. R-9723, October 1, 1992.

T-18-S, R-32-E SW/4 Sec. 24; W/2 Sec. 25; S/2, NE/4 Sec. 26.

DENTON-MISSISSIPPIAN POOL
(Abandoned)
Lea County, New Mexico

Order No. R-27, July 28, 1950, Establishing Pool.

T-15-S, R-37-E Secs. 11, 12, 13, 14.

GRAMA RIDGE-MORROW GAS POOL
Lea County, New Mexico

Order No. R-3006, December 3, 1965, Establishing Pool, as Amended by Order No. R-3080, July 1, 1966; Order No. R-3152, December 1, 1966; Order No. R-3195, March 1, 1967; Order No. R-5729, June 1, 1978; Order No. R-5987, May 1, 1979; Order No. R-5995, May 2, 1979; Order No. R-8981, September 1, 1989; Order No. R-9120, March 1, 1990; Order No. R-9345, November 1, 1990.

T-21-S, R-34-E E/2 Sec. 33; W/2 Sec. 34.

T-22-S, R-34-E W/2 Sec. 3; Secs. 4, 9; W/2 Sec. 10; N/2 Sec. 16.

WEST BRONCO-DEVONIAN POOL
Lea County, New Mexico

Order No. R-2998, December 1, 1965, Establishing Pool, as Amended by Order No. R-3402, May 1, 1968.

T-13-S, R-38-E SW/4 Sec. 6.

T-15-S, R-38-E NW/4 Sec. 6.

CAPROCK-WOLFCAMP POOL
Lea County, New Mexico

Order No. R-3014, January 1, 1966, Establishing Pool.

T-12-S, R-32-E NW/4 Sec. 31.

YOUNG-BONE SPRING POOL
Lea County, New Mexico

Order No. R-3021-A, February 1, 1966, Establishing Pool, as Amended by Order No. R-7858, April 1, 1985; Order No. R-8772, November 1, 1988.

T-18-S, R-32-E SW/4 Sec. 15; S/2 Sec. 16; E/2 Sec. 21; NW/4 Sec. 22.

DENTON POOL
(DEVONIAN)
Lea County, New Mexico

Order No. 850, January 1, 1950, Redefining Pool, as Amended by Order No. R-74-A, June 29, 1951; Order No. R-157, October 20, 1952; Order No. R-569, January 13, 1955; Order No. R-641, June 13, 1955.

T-14-S, R-37-E SE/4 Sec. 23; Secs. 25, 26; E/2 Sec. 27; Secs. 34, 35, 36.

T-15-S, R-37-E Secs. 1, 2, 3, 10 through 15; N/2 Sec. 22; N/2 Sec. 23; N/2 Sec. 24.

SOUTH DENTON-DEVONIAN POOL
Lea County, New Mexico

Order No. R-745, February 20, 1956, Establishing Pool.

T-15-S, R-37-E SE/4 Sec. 35; SW/4 Sec. 36.

T-16-S, R-38-E Lots 3 through 6 Sec. 4; Lots 1, 2, 7, 8 Sec. 5.

SCARBOROUGH YATES-SEVEN RIVERS POOL
Lea County, New Mexico

Order No. R-2999, December 1, 1965, Establishing Pool, as Amended by Order No. R-3056, May 1, 1966; Order No. R-3182, February 1, 1967; Order No. R-3562, December 1, 1968; Order No. R-3843, October 1, 1969; Order No. R-4106, March 1, 1971; Order No. R-6891, January 1, 1982; Order No. R-7131, December 1, 1982; Order No. R-7437, March 1, 1984.

T-26-S, R-36-E E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24; E/2 Sec. 25; NE/4 Sec. 36.

T-26-S, R-37-E SW/4 SW/4 Sec. 6; W/2, W/2 E/2 Sec. 7; W/2, SE/4, W/2 NE/4 Sec. 18; NW/4, W/2 NE/4, S/2 Sec. 19; Secs. 29 through 33.

YOUNG-WOLFCAMP POOL
Lea County, New Mexico

Order No. R-3021, January 1, 1966, Establishing Pool, as Amended by Order No. R-9144, May 1, 1990; Order No. R-9447, March 1, 1991.

T-18-S, R-32-E SE/4 Sec. 9; W/2 Sec. 10; SW/4 Sec. 15; E/2 Sec. 16; E/2 Sec. 21.

WHITE RANCH-MISSISSIPPIAN GAS POOL
Chaves County, New Mexico

Order No. R-3030, February 1, 1966, Establishing Pool, as Amended by Order No. R-5754, July 1, 1978; Order No. R-6328, May 1, 1980.

T-11-S, R-29-E N/2 Sec. 33; Sec. 34.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

January 28, 1993

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

ANITA LOCKWOOD
CABINET SECRETARY

Meridian Oil, Inc.
P.O. Box 51810
Midland, TX 79710-1810

Attention: Maria L. Perez

**RE: Application of two non-standard oil proration units:
Farnsworth "B" Federal Lease, Rhodes Yates-Seven
Rivers Gas Pool, Section 7, Township 26 South,
Range 37 East, NMPM, Lea County, New Mexico.**

Dear Ms. Perez:

In order to process the subject application, we require the following information to be submitted:

- a plat clearly showing the ownership of offsetting leases;
- a detailed statement explaining the necessity for the establishment of the two non-standard units. **HINT:** you may want to refer to existing production units and pools in the same Section. Please supply plats of the existing pools in the area that *might* be affected or may be the cause of such action. *If* there should be another pool in the immediate area, show evidence or give an explanation why these units should be placed in the Rhodes Pool.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Hobbs W. Perry Pearce - Santa Fe Larry Van Ryan - OCD, Santa Fe
William J. LeMay - OCD, Santa Fe W. Thomas Kellahin - Santa Fe Larry Aimes - Meridian, Houston
File: Case No. 10659 USBLM - Carlsbad

MERIDIAN OIL

OIL CONSERVATION DIVISION
1993 JAN 22 AM 10 11

January 22, 1993

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

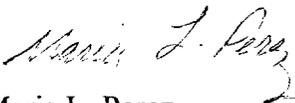
Attn: Mr. Michael E. Stogner
Chief Hearing Officer/Engineer

**RE: ENCLOSED SIGNED CERTIFIED RETURN RECEIPT
FROM OFFSET OPERATOR AS PROOF OF NOTIFICATION
OF APPLICATION FOR TWO 80 ACRE NON-STANDARD
GAS PRORATION UNITS
FARNSWORTH "B" FEDERAL LEASE
RHODES YATES - SEVEN RIVERS GAS POOL
SEC. 7, T26S, R37E
LEA COUNTY, NM
LC-056927-B**

Dear Mr. Stogner:

Attached is proof of notification to offset operator as captioned above. Please let us know as soon as administrative approval is obtained.

Sincerely,



Maria L. Perez
Production Assistant
915-688-6906

MLP:aem

XC: Well File Reser. Engr.
 Prod. Engr. Land Dept. (2)
 OCD - Hobbs Prod. Serv.
 1. Connie Malik

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 below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

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:
 Richard P. Reeve, Oil & Gas Prop.
 Bruce A. Wilbanks Company
 P.O. Box 9938
 Midland, TX 79708

4a. Article Number
 p 045 808 121

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
 1-21-93

5. Signature (Addressee)

6. Signature (Agent)

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

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

January 19, 1993

William J. LeMay
Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Post Office Box 2088
Santa Fe, New Mexico 87504

11/5
VIA FACSIMILE
(505) 827-5741

RE: Application of Meridian Oil
for a non-standard gas
proration unit, Lea
County, New Mexico
NMOCD Case No. 10659

Dear Mr. LeMay:

On behalf of Meridian Oil Inc. we respectfully request that the above-referenced case currently set on the January 21, 1993 Examiner's Docket, be continued to the February 18, 1993 Docket.

If you have questions with regard to this matter, please call.

Very truly yours,



W. Thomas Kellahin

WTK/jcl
xc: Tom O'Donnell
Meridian Oil Inc.

ltr119.014

1993 JAN 14 11 09 56

January 15, 1993

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. Michael E. Stogner
Chief Hearing Officer/Engineer

**RE: APPLICATION FOR TWO 80 ACRE NON-STANDARD
GAS PRORATION UNITS
FARNSWORTH "B" FEDERAL LEASE
RHODES YATES - SEVEN RIVERS GAS POOL
SEC. 7, T26S, R37E
LEA COUNTY, NM
LC-056927-B**

Dear Mr. Stogner:

Per your telephone conversation yesterday with Connie Malik of Meridian Oil Inc., we are rescinding our original application for a 160 acre non-standard gas proration unit and request that the hearing set for January 21, 1993 for the 160 acre non-standard unit be canceled.

We wish to replace our previous application with a request for administrative approval to form two 80 acre non-standard gas proration units.

The first 80 acre non-standard gas proration unit will consist of the E/2 of the NE/4 of Section 7, T26S, R37E, Lea County, New Mexico for the purpose of drilling the Farnsworth "B" Federal No. 1. The proposed location is A, 990' FNL and 660' FEL.

The second 80 acre non-standard gas proration unit will consist of the E/2 of the SE/4 of Section 7, T26S, R37E, Lea County, New Mexico for the purpose of a second undisclosed location that will be a follow-up to the Farnsworth "B" Federal No. 1. The location for well No. 2 will be picked at a later date.

The offset operator has been notified by registered return receipt mail at the attached address this same date.

Should you require additional information, please call me at 915-688-6906.

Sincerely



Maria L. Perez
Production Assistant

MLP:aem

XC: Richard P. Reeve Oil & Gas Properties
Bruce A. Wilbanks Company
Well File
Don McBee
Drilling Dept.
Land Dept. (2)
Joint Interest
Reservoir Engineer
Production Engineer
Geologist
Kermit Field Office
OCD - Hobbs
Production Services
1. Connie Malik
2. Donna Williams
3. Maria Perez

Offset Operator

Richard P. Reeve, Oil & Gas Properties
Bruce A. Wilbanks Compnay
P.O. Box 9938
Midland, TX 79708

Submit to Appropriate
 District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Erazos Rd., Artec, NM 87410

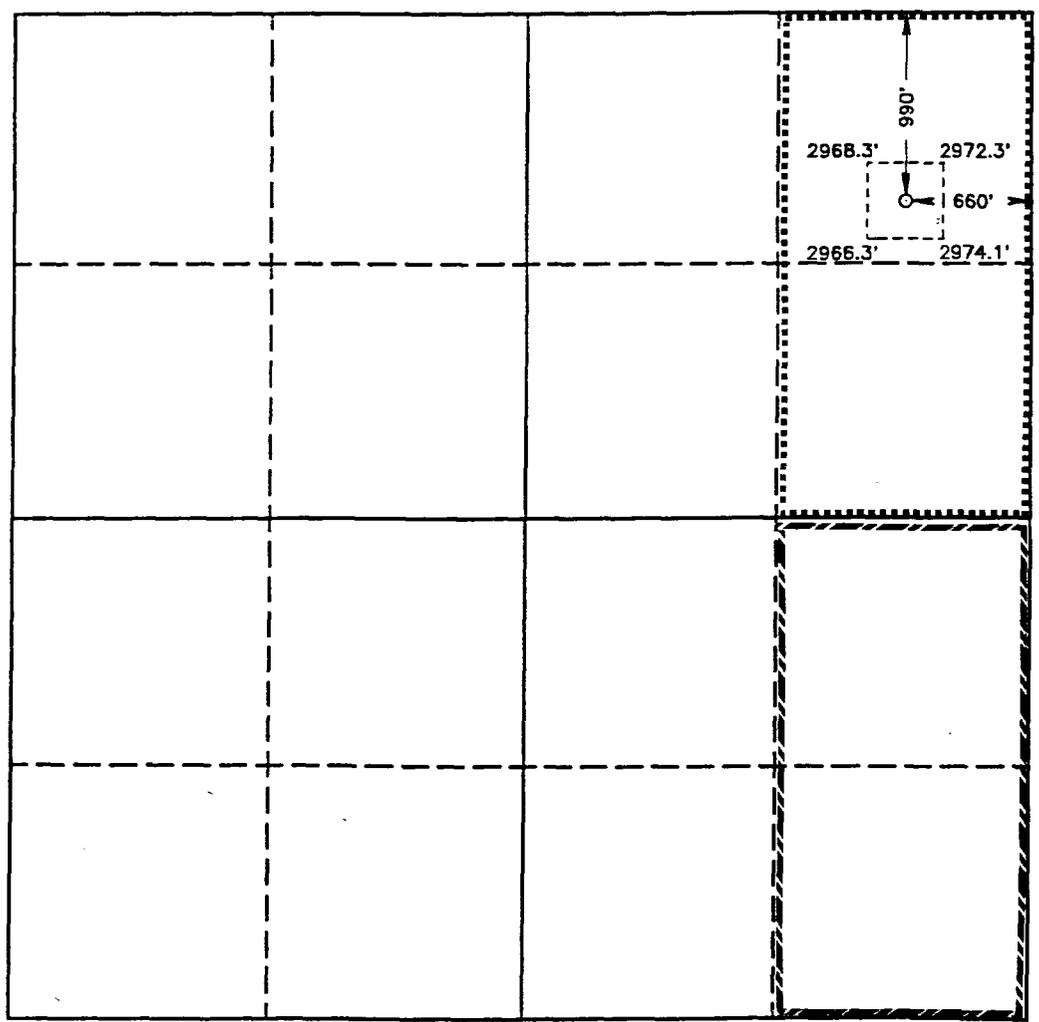
WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator MERIDIAN OIL INC.			Lease FARNSWORTH "B" FEDERAL		Well No. 1
Unit Letter A	Section 7	Township 26 SOUTH	Range 37 EAST	NMPM	County LEA
Actual Footage Location of Well: 990 feet from the NORTH line and 660 feet from the EAST line					
Ground Level Elev. 2969.7'	Producing Formation YATES	Pool RHODES YATES-SEVEN RIVERS GAS		Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list of owners and tract descriptions which have actually been consolidated. (Use reverse side of this form necessary.)
 No allowable will be assigned to the well unit all interests have been consolidated (by communitization, unitization, forced-pooling, otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Maria L. Perez*
 Printed Name: MARIA L. PEREZ
 Position: PRODUCTION ASST.
 Company: MERIDIAN OIL INC.
 Date: 1-14-93

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: AUGUST 20, 1992

Signature & Seal of Professional Surveyor:

 Certificate No. JOHN W. WEST, 676
 RONNIE Y. EDSON, 3239
 GARY L. EDSON, 7877
 92

MERIDIAN OIL

January 14, 1993

Richard P. Reeve, Oil & Gas Properties
Bruce A. Wilbanks Company
P.O. Box 9938
Midland, TX 79708

**RE: OFFSET OPERATOR NOTIFICATION TO
 CANCEL HEARING SET FOR JANUARY 21, 1993 FOR
 A 160 ACRE NON-STANDARD GAS PRORATION UNIT
 NOTIFICATION FOR ADMINISTRATIVE APPROVAL
 FOR TWO 80 ACRE NON-STANDARD
 GAS PRORATION UNITS
 FARNSWORTH "B" FEDERAL LEASE
 UNDESIGNATED RHODES YATES-SEVEN RIVERS GAS
 SEC. 7, T26S, R37E
 LEA COUNTY, NEW MEXICO
 LC-056927-B**

Gentlemen:

Meridian is canceling a hearing which was set for January 21, 1993 for a request previously made to the Oil Conservation Division for a 160 acre non-standard gas proration unit for the Farnsworth "B" Federal No. 1 proposed location.

Meridian is now requesting administrative approval from the Oil Conservation Division in Santa Fe, New Mexico to form two 80 acre non-standard gas proration units.

The first 80 acre non-standard gas proration unit will consist of the E/2 of the NE/4 of Section 7, T26S, R37E, Lea County, New Mexico for the purpose of drilling the Farnsworth "B" Federal No. 1. Proposed location is A, 990' FNL and 660' FEL.

The second 80 acre non-standard gas proration unit will consist of the E/2 of the SE/4 of Section 7, T26S, R37E, Lea County, New Mexico for the purpose of a second undisclosed location that will be a follow up to the Farnsworth "B" Federal No. 1. the location for well No. 2 will be picked at a later date.

A plat is attached showing both 80 acre drilling tracts.

Should you have any questions, please call Ms. Connie Malik, Regulatory Compliance Representative at 915-688-6898.

Sincerely,

A handwritten signature in cursive script that reads "Maria L. Perez". The signature is written in black ink and is positioned above the typed name.

Maria L. Perez
Production Assistant

MLP:aem

XC: Well File
Don McBee
Drilling Dept.
Land Dept.
Joint Interest
Reservoir Engineer
Production Engineer
Geologist
Kermit Field Office
OCD - Hobbs
Production Services
1. Connie Malik
2. Donna Williams
3. Maria Perez

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

1993 JAN 7 AM 8 43

December 31, 1992

BRUCE A WILBANKS CO., OPERATOR
P.O. Box 9938
Midland, Texas 79708

Case 10659

RE: NOTICE OF HEARING
FARNSWORTH "B" FEDERAL NO. 1
LEA COUNTY, NEW MEXICO

Sir:

The OCD is unable to process the subject application administratively under General Rule 104.D(2) and that the only means to authorize the request for Non-Standard 160 acre gas spacing and proration unit comprising the E/2 E/2 Section 7, Township 26 South, Range 37 East, NMPM, Undesignated Rhodes Yates Seven Rivers Gas Pool in Lea County, New Mexico, is through the Notice and Hearing procedure as provided in General Rule 1207.

Please be advised that a hearing has been scheduled for January 21, 1993 on the above captioned well.

Should you have any questions, or need additional information, please contact me at 915-688-6943.

Sincerely,



Donna J. Williams
Production Assistant

xc: Oil Conservation Division - Sante Fe
Well File
Tom O'Donnell
Don McBee
Regulatory File