

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

IN THE MATTER OF THE APPLICATION OF
MERIDIAN OIL INC., FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED
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OIL CONSERVATION DIVISION
CASE NO. 9543

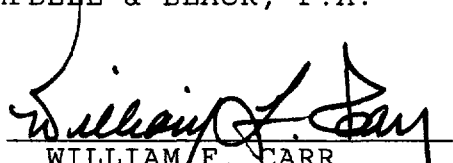
WITHDRAWAL OF COUNSEL

COMES NOW CAMPBELL & BLACK, P.A., and hereby withdraws as
counsel for Meridian Oil Inc., in the above-referenced case.

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
MERIDIAN OIL INC.

cc: W. Thomas Kellahin, Esq.

Tom Owen, Esq.
Meridian Oil Inc.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 12, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5600

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9543
ORDER NO. R-8834

Applicant:

Meridian Oil, Inc.

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

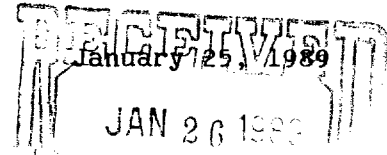
Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other James Bruce

MERIDIAN OIL

CERTIFIED RETURN RECEIPT REQUESTED



Fina Oil & Chemical Company
6 Desta Dr., Suite 4400
Midland, Texas 79705
Attn: Mr. Robert E. Dempsey

RE: Case 9543, Order R-8834
EPNG Com C 100
W/2 Sec. 16-32N-10W
San Juan County, New Mexico

Gentlemen:

Please reference our past correspondence on the captioned well. As you are aware, Meridian Oil Inc. (Meridian) filed with the New Mexico Oil Conservation Division for compulsory pooling of the drilling unit for said well. After hearing the matter, the Oil Conservation Division has now issued order R-8834, a copy of which is enclosed, pooling the acreage and interests necessary for drilling.

Meridian, pursuant to the terms of the enclosed order, is hereby notifying Fina Oil & Chemical Company (Fina) of its right to participate in the well pursuant to this order. For your review, I am enclosing a copy of the itemized estimated well and facility costs, the Authority for Expenditure and the proposed Operating Agreement covering the well.

Meridian does however realize the benefit of working towards voluntary joinder pursuant to the terms of a mutually acceptable Operating Agreement. Since that is the most desirable method of joinder for all parties involved, we will continue, during the thirty (30) day decision period imposed on you by the order, to work toward that end. If such an agreement is timely reached, we will either make application to vacate the order or dismiss you from the Order.

If however you elect to participate in the well pursuant to the terms of the order you should do the following:

1. Evidence your election to participate by reviewing the estimated well costs and executing the enclosed Authority for Expenditure.
2. Prepay your 12.5% share of the \$402,324.00 total estimated completed well costs. The prepayment should be in the form of a cashier's check or certified bank check.

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152624
402324

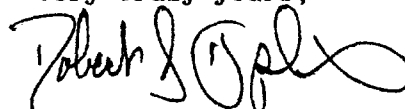
January 25, 1989

The executed Authority for Expenditure and the prepayment of well costs must be returned to Meridian at the letterhead address within thirty (30) days of your receipt of this letter.

If you do not voluntarily join the well within the thirty (30) day period or if we do not receive your joinder pursuant to the referenced order within the thirty (30) day period, it will be assumed that you have elected not to participate in the well. Meridian, under the terms of the order, has the right to drill the well and recover your pro-rata share of reasonable well costs from production. Meridian will also be allowed to recover an additional one hundred fifty six percent (156%) of reasonable well costs as a charge for bearing the risk of drilling the well.

I look forward to hearing from you on this matter. If you have any questions or require further information, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Robert J. Hopkins', with a stylized flourish at the end.

Robert J. Hopkins
Senior Landman

RJH:ch

File: NM-615

Doc. 227+

cc: Mr. Tom Kellahin

Mr. William Lemay, Director

NMOCD