



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

February 28, 1996

Meridian Oil, Inc.  
P.O. Box 51810  
Midland, Texas 79710-1810  
Attn: Donna Williams

*Administrative Order NSL-3633*

Dear Ms. Williams:

Reference is made to your application dated December 21, 1995 for the following two unorthodox "gas" well locations in the Rhodes-Yates-Seven Rivers (Oil) Pool, and the supplement correspondence regarding same from Meridian Oil, Inc. dated January 29, 1996, February 1, 2, and 20, 1996, and from Texaco Exploration and Production Inc. dated February 2 and 26, 1996 and Doyle Hartman, Oil Operator dated January 23, 24, and 31, and February 26 and 27, 1996:

- Rhodes "B" Federal Well No. 4 to be drilled 330 feet from the North line and 1470 feet from the West line (Unit I) of Section 27; and, ✓
- Rhodes "B" Federal Well No. 7 to be drilled 2418 feet from the South line and 553 feet from the East line (Unit C) of Section 26.

Both well locations are in Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

The circumstances involved in this matter are somewhat unique in nature, complicated contractually, and is based on existing poolwide practices and development under the terms of the Rhodes Unit Agreement; therefore, since both wells are proposed and expected to be classified as gas wells in an established "oil pool" then both will be subject to Division General **Rules 506.A** and **104.C(1)(a)**.

It is proposed and appropriate to dedicate to the No. 4 well a standard 40-acre tract comprising the NE/4 SE/4 (Unit I) of said Section 27 and the No. 7 well will likewise have dedicated to it a standard 40-acre tract comprising the NE/4 NW/4 (Unit C) of said Section 26. Pursuant to

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