

MERIDIAN OIL

August 27, 1991

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

ATTN: WILLIAM J. LEMAY, DIRECTOR

RE: REGISTERED RETURN - RECEIPT
C. W. SHEPARD FEDERAL NO. 8
C, 1100' FNL & 1980' FWL
SEC. 5, T26S, R37E
RHODES YATES-SEVEN RIVERS POOL
LEA COUNTY, NEW MEXICO
LC-030177B

Dear Mr. Lemay:

Enclosed is the registered return-receipt for the captioned application for an unorthodox location from Doyle Hartman who is the only offset operator.

Should you require additional information, please contact me at 915-686-5767.

Sincerely,



Maria L. Perez
Production Assistant

MLP/sm

cc: Well File
Don McBee
Reading

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

OIL CONSERVATION DIVISION
RECEIVED

'91 SEP 10 AM 8 38

September 5, 1991

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. William J. Lemay
State of New Mexico
Energy and Minerals Department
Oil Conservation Department
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Meridian Oil, Inc.
Application for Unorthodox
Location.
C. W. Sheppard No. 8
1100' FNL & 1980' FNL
Section 5, T-26-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to the enclosed notification from Meridian Oil, Inc., dated August 19, 1991 and received by Hartman August 20, 1991, regarding their application for an unorthodox location for the above referenced well in the Rhodes (Y-7R) Pool. Their C. W. Shepard Lease located in Section 5, T-26-S, R-37-E, lies directly south of our Arnott Ramsay "NCT-B" lease in section 32, T-25-S, R-37-E which produces from the Jalmat (Y-7R) Pool.

As you are aware, the gas produced from our Arnott Ramsay No.'s 7, 10 and 13 wells in the Jalmat (Y-7r) Pool is prorated, whereas any gas that would be produced from Meridian's proposed C.W. Shepard No. 8 well in the Rhodes (Y-7r) Pool would not be subject to prorationing. Although both the Jalmat and Rhodes gas pools producing intervals consist of the same Yates and Seven Rivers zones, there is potentially a huge disparity in the annual volumes of gas that can be produced from the Meridian Sheppard lease and the Hartman Arnott Ramsay NCT-B lease.

We agree that Meridian has a right to develop and profit from the leasehold interests they own, however, we are concerned about our right to produce our equitable share of oil and gas from the Yates and Seven Rivers common source of supply. Therefore, any approval by Hartman of Meridian's C. W. Shepard No. 8 application must be predicated upon our Arnott Ramsay lease being afforded the same opportunity to produce as Meridian's offsetting C. W. Sheppard lease. Due to the fact that both leases produce from this same

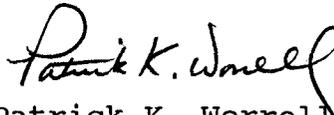
Energy and Minerals Department
Page 2

Yates-Seven River common source of supply, we respectfully request that both the Hartman Arnott Ramsay NCT-B lease and the Meridian C. W. Sheppard lease be subjected to the same degree of prorating, either under the rules of the Jalmat Pool or under the rules of the Rhodes Pool.

Thank you for your consideration in this matter, and if you need anything further, please let me know.

Very truly yours,

DOYLE HARTMAN



Patrick K. Worrell
Engineer

PKW/aw
enclosures

cc: Ms. Maria L. Perez
Meridian Oil, Inc.
P.O. Box 51810
Midland, Tx 79710-1810

Buddy Davidson
P. O. Box 494
Midland, Tx 79702

Gallegos Law Firm
141 East Palace Ave
Santa Fe, New Mexico 87501
Attn: Gene Gallegos

Daniel S. Nutter
105 E. Alicante
Santa Fe, New Mexico 87501

MERIDIAN OIL

August 19, 1991

Doyle Hartman
Attn: Patrick Worrell
P. O. Box 10426
Midland, Texas 79702

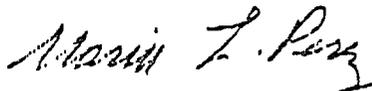
RE: OFFSET OPERATOR NOTIFICATION
Application for an unorthodox location
C. W. Shepard Federal No. 8
C, 1100' FNL & 1980' FWL
Sec. 5, T-26-S, R-37-E
Rhodes Yates-Seven Rivers Pool
Lea County, New Mexico
LC-030177-B

Dear Mr. Worrell:

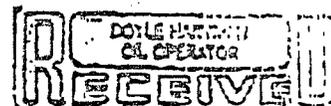
Meridian has applied for an unorthodox location for the captioned well. Due to topography conditions, this location cannot be moved to any other direction as there are pipelines that run all around.

Enclosed is a copy of OCD Form C-102 acreage dedication plat for your information.

Sincerely,



Maria L. Perez
Production Asst.



AUG 20 1991

cc: BA
PW

Office in Albuquerque
District Office
See Lease - 6 copies
See Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form O-10
Revised 1-80

OIL CONSERVATION DIVISION

P.O. Box 7083

Santa Fe, New Mexico 87504-7083

UNORTHOX LOCATION

DISTRICT I
P.O. Box 1524, Hobbs, NM 88240

DISTRICT II
P.O. Box 200, Arroyo, NM 88203

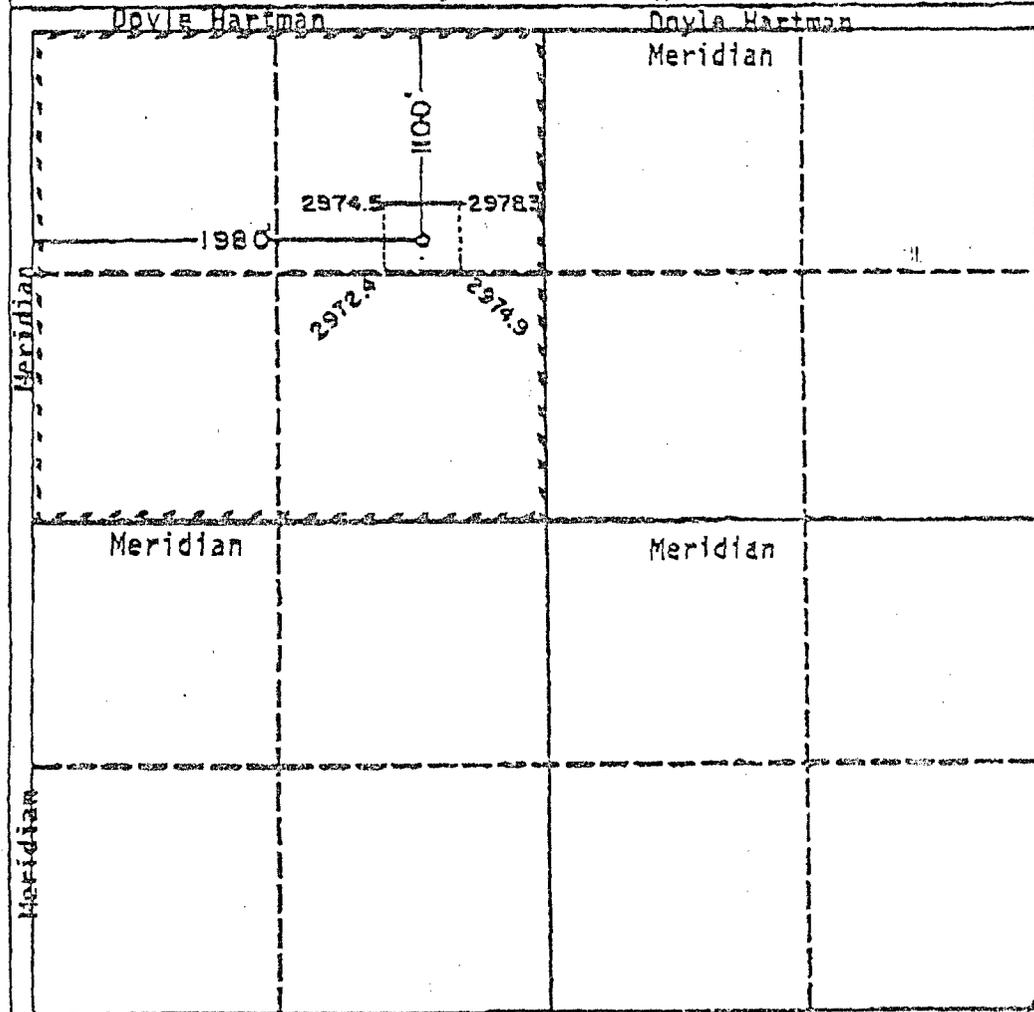
DISTRICT III
1000 Rio Grande Rd., Alamo, NM 87410

WELL LOCATION AND ACREAGE DEDICATION FLAT

All Distances shall be from the center of the well unless otherwise specified.

Operator	Meridian Oil Inc.		C. H. Shepard Federal		Well No.	8			
Oil Lease	C	Section	5	Township	26 South	Range	37 East	County	Lea
Actual Footage Location of Well:									
	1100	feet from the	North	line and	1980	feet from the	West	line	
Ground level Elev.	2972.6	Producing Formation		Yates Sand	Rhodes Yates-Sevan Rivers		160	feet	

1. Clarify the acreage dedicated to the subject well by colored pencil or Indian ink on the flat below.
 2. If more than one lease is dedicated to the well, explain each and identify the ownership thereof (such as is existing interest and royalty).
 3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners being accommodated by communitization, unitization, lease pooling, etc.?
 - Yes No If answer is "yes" type of communitization _____
- If answer is "yes" list the owners and their descriptions which have actually been communitized. (Use reverse side of flat form if necessary).
- No acreage will be assigned to the well until all interests have been communitized (by communitization, unitization, lease pooling, or otherwise) or until a non-standard well, allocating such leases, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature _____

Printed Name
Maria L. Perez

Position
Production Asst.

Company
Meridian Oil Inc.

Date
8-17-91

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plan was placed from field notes of actual survey 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
July 3, 1991

Signature & Seal of Professional Surveyor _____

