

NSL-Rhod

Bill

DRAFT  
ADM. ORDER

February 28, 1996

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

**Attn: Donna Williams**

*Administrative Order NSL-\*\*\*\*\**

Dear Ms. Williams:

Reference is made to your applications 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, 1996 and Doyle Hartman, Oil Operator dated January 23, 24, and 31, 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; 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 said **Rule 104.C(1)(a)** development wells in defined oil pools shall be spaced on 40-

acre tracts with well locations to be no closer than 330 feet to any boundary of such tract. Further, pursuant to said **Rule 506.A** each of the aforementioned 40-acre tracts shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable for the pool. For the Rhodes-Yates-Seven Rivers (Oil) Pool the top unit oil allowable is 80 barrels of oil per day and the limiting gas-oil ratio is 10,000 cubic feet of gas per barrel of oil, as established by Division Order No. R-520, dated August 12, 1954, or 800 MCF of gas per day.

Both applications have been duly filed under the provisions of **Rule 104.F** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996. Furthermore, it should be noted that the No. 4 well encroaches only the 40-acre tract to the north, the SE/4 NE/4 (Unit H) of said Section 27, and the No. 7 well encroaches only the 40-acre tract to the west, the NW/4 NW/4 (Unit D) of said Section 26, both tracts of which the gas rights are controlled by Meridian Oil, Inc. Proper notification was therefore provided under **Rule 104.F(3)(a)** since Meridian itself in this instance is the "affected party".

By the authority granted me under the provisions of Division General **Rule 104.F(2)**, both of the above-described unorthodox gas well locations are hereby approved.

Sincerely,

William J. LeMay  
Director

WJL/MES/kv

cc: Jerry Sexton, District Supervisor - Oil Conservation Division, Hobbs  
Rand L. Carroll, Legal Counsel - Oil Conservation Division, Santa Fe  
U. S. Bureau of Land Management - Carlsbad  
Leslyn M. Swierc, Meridian Oil, Inc. - Midland, Texas  
W. Thomas Kellahin - Santa Fe  
William F. Carr - Santa Fe  
Michael J. Condon, Gallegos Law Firm - Santa Fe  
Doyle Hartman, Oil Operator - Midland, Texas

**DOYLE HARTMAN***Oil Operator*

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February 26, 1996

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Unorthodox Location  
Meridian Oil Inc.  
Rhodes "B" Federal No. 7

Gentlemen,

Reference is made to Meridian's letter to the NMOCD of February 20, 1996 (received by us February 26, 1996), concerning Meridian's administrative application for approval of an unorthodox gas well location for its Rhodes "B" Federal No. 7 well consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E. Upon first reading Meridian's letter and observing Meridian's rationale, I first thought that we had returned to the days of King John, the Sheriff of Nottingham, and Kings John's private hunting preserve (Sherwood Forest).

In its letter to you of February 20, 1996, Meridian stated that because of prior agreements between Texaco and Meridian,

"... the 330' location to the offset lease is a legal location. . ."

Unless we have missed something very important, we believe that Meridian's claim that its requested Rhodes "B" Rhodes gas well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37E is a "legal location" is a clear contradiction to its application to the NMOCD for an unorthodox gas well location. Meridian is obviously making an application for an unorthodox gas well location because a 160-acre gas well location situated 330' from a section line is not an orthodox location.

Doyle Hartman and James A. Davidson have considerable concern about Meridian's failure to give prior notice of its requested 160-acre unorthodox gas well location for its Rhodes "B" No. 7; especially considering that Texaco has simultaneously filed a force pooling application against Hartman and Davidson to drill a Rhodes gas well at a location consisting of 660' FSL and 660' FWL of Section 23, which location is only a short diagonal distance from Meridian's unorthodox gas well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E. Since it is the goal of an operator to maximize the recovery of underlying oil and gas reserves, we obviously are opposed to Meridian's unorthodox Rhodes "B" No. 7 gas well location relative to Texaco's proposed Rhodes "23" Federal Com. No. 1 location consisting of 660' FSL and 660' FWL of Section 23. In addition, in light of Texaco's desire to drill its proposed well at a Rhodes gas location consisting of 660' FSL and 660' FWL of Section 23, and based upon Meridian's February 20, 1996 letter, we believe that Texaco had a duty to take necessary prior precautions to assure that Meridian did not attempt to drill a gas well that conflicted with a location for which Texaco had pending plans to bring a compulsory pooling action against Hartman and Davidson.

February 1996  
Page 2

Moreover, under NMOCD rule 104 (F)(3), Meridian had an obligation, when contemplating an unorthodox gas well location for its Rhodes "B" No. 7, to give notice of its application to owners of diagonal and adjacent Rhodes gas spacing units and acreage. One of the two adjacent 160-acre Rhodes gas pool tracts to Meridian's Rhodes "B" No. 7 well is the SW/4 Section 23, and Doyle Hartman and James A. Davidson are two of the owners of record of the adjoining 160-acre tract consisting of the SW/4 Section 23. Because we were provided no prior notice of Meridian's proposed unorthodox Rhodes gas location, coupled with the fact that Texaco has simultaneously filed an application to compulsory pool Hartman and Davidson corresponding to a location situated only a short diagonal distance from Meridian's unorthodox Rhodes gas well location consisting of 330' FNL and 1470' FWL of Section 27, T-26-S, R-37-E, we cannot at this time agree to Meridian's requested unorthodox Rhodes gas well location. In addition, since the matter of Meridian's Rhodes "B" No. 7 is highly interrelated to Texaco's and Hartman's pending applications corresponding to Rhodes gas pool development in the SW/4 Section 23, we respectfully request that all three cases be jointly consolidated.

Finally, if Meridian's letter of February 20, 1996 is implying that the Rhodes "B" No. 7 well may be completed as an oil well, any gas-oil-ratio derived from the well, that is significantly in excess of 1000-to-1, will represent a substantial quantity of gas being produced from free gas zones, which zones Texaco is proposing to compulsory pool as to its proposed Rhodes "23" Federal Com. No. 1 Rhodes gas well. Therefore, under such circumstances, Meridian's Rhodes "B" No. 7 location, which is situated in Section 26 just 330' FNL of Section 26, most certainly would have a negative impact upon a Rhodes gas well to be drilled 660' north of the south line of the Section 23.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

DH/cb  
Enclosures

cc: Mr. Michael J. Stogner  
Chief Hearing Officer  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Mr. Daniel S. Nutter  
105 E. Alcianta  
Santa Fe, New Mexico 87505

Gallegos Law Firm  
460 St. Michaels Drive  
Bldg. 300  
Santa Fe, New Mexico 87505  
Attn: J.E. Gallegos  
Michael J. Condon

Mr. James A. Davidson  
P.O. Box 494  
Midland, Texas 79702

Leslyn Swierc, CPL  
Meridian Oil Inc.  
P.O. Box 15810  
Midland, Texas 79710

William F. Carr  
Campbell, Carr & Berge, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

District I  
10 Box 1980, Hobbs, NM 88241-1980  
District II  
10 Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
10 Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		83810	Rhodes Gas Pool
Property Code	Property Name		Well Number
17608	RHODES 'B' FEDERAL		7
GRID No.	Operator Name		Elevation
26485	MERIDIAN OIL INC.		2994

Surface Location

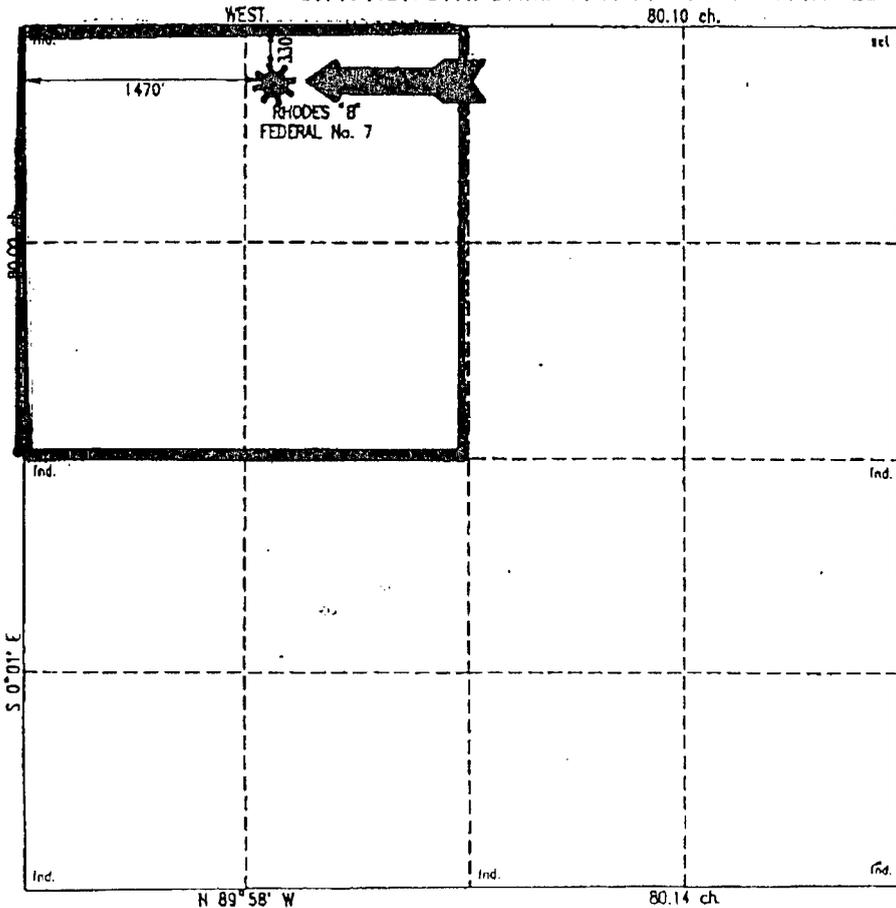
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Donna Williams*  
Signature  
Donna Williams  
Printed Name  
Regulatory Compliance  
Title  
10/23/95  
Date

**18 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 belief.

OCTOBER 18, 1995  
Date of Survey  
*William E. Mahanke*  
Signature and Seal of Professional Surveyor  
WILLIAM E. MAHANKE  
Certificate Number 8466/ESSONM

NOTE - REVISED 10-19-95:  
MOVED LOCATION

**MERIDIAN OIL**

February 20, 1996

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Administrative Applications of Meridian Oil Inc for Administrative Approval of an Unorthodox Well Locations for its Rhodes B Federal Well No. 4 and No. 7  
Lea County, New Mexico

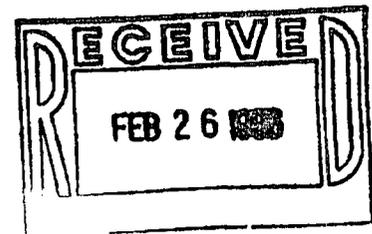
Dear Mr. LeMay:

On December 21, 1995, Meridian Oil Inc. ("Meridian") filed an administrative application with the NMOCD requesting approval of the two referenced wells. Although Texaco Exploration & Production Inc. ("Texaco") is an offset interest owner, no notification is required because, by prior agreements, Texaco has consented to the "unorthodox locations" of these wells and has waived its right to object.

Despite Texaco's agreement to the contrary, by letter dated February 2, 1996, William F. Carr, attorney for Texaco, submitted an objection to the location of the referenced wells and requested these cases be docketed for hearing. Meridian hereby responds to the objections raised by Texaco by offering the following information:

The Rhodes B Federal Wells No. 4 and No. 7 (the "Wells") are gas wells drilled within the boundaries of both the Rhodes Unit and the Rhodes Oil Pool. The Rhodes Unit Agreement dated January 1, 1944 (the "Agreement") was entered into and accepted by The Texas Company, now "Texaco", Columbian Carbon Company, now "Oxy", Amerada Petroleum Corporation, now "Amerada" and El Paso Natural Gas Company, now "Meridian" (all hereinafter collectively referred to as the "Parties").

The Agreement specifically states that "it is the purpose of the Parties to conserve the natural resources, prevent avoidable waste, and obtain the other benefits obtainable through development and operation of said unit area...under and pursuant to the provisions of sections 17, 27 and 32 of the Act of Congress...entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain,' 41 Stat. 443, 448, 450 as amended..." "All oil, gas, natural gasoline, and associated fluid hydrocarbons in lands subject to [the Agreement] in any and all sands or horizons are unitized...and are hereinafter called 'unitized substances.'" (See Attachment A for outline of unit area.)



Mr. William LeMay  
February 20, 1996  
Page 2

The Agreement further states that "It is the intent...of [the Parties] that the unitized substances shall be subject to development and operation in separate groups..."

"Group 1. Gas (including casinghead gas) in any and all sands at or above a depth of 4,000 feet..."

"Group 2. Oil in any and all sands at or above a depth of 4,000 feet..."

"Group 3. All unitized substances below a depth of 4,000 feet..."

No operator was appointed for Group 2 and Group 3 substances. The Agreement states that "conditions for the development and operation of unitized substances in Group 2 and/or Group 3 shall...be deemed to be the terms and conditions of the leases, contracts and other agreements...except insofar as said leases, contracts or other agreements may require adjustment or modification to conform with the herein provided terms and conditions."

El Paso Natural Gas Company (Meridian) was designated as operator for Group 1 substances. The Group 1 operator was granted the "exclusive right, privilege and duty of exercising any and all rights of the Parties...which are necessary or convenient for prospecting for, producing, storing and disposing of Group 1 unitized substances..." "The Group 1 unit operator is authorized to shut-in or produce the unitized substances in Group 1...according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Oil and Gas Supervisor within 30 days after approval of this agreement..."

Attached to and made a part of the Rhodes Unit Agreement is a "Side Agreement" dated March 13, 1944, but effective January 1, 1944 between the Parties. The Side Agreement granted to El Paso Natural Gas Company "the exclusive right to drill for and produce gas to a depth of 4,000 feet...[in] all the leases described in Exhibit 'A.'" (See Attachment B for an outline of the leases described in Exhibit 'A' of the Side Agreement.) The Side Agreement states further that "Either party (The Texas Company, Columbian Carbon Company & Amerada Petroleum Corporation - collectively called "Seller" and El Paso Natural Gas Company - "Buyer") shall have the right to drill a well on any **forty (40) acre tract**...on said lands (provided however Buyer [El Paso] may not drill to a depth in excess of 4,000 feet) but, except upon demand of the Oil and Gas Supervisor, neither party shall have the right to drill a well for the purpose of producing from the presently-known producing horizons above 4,000 feet...on any **forty (40) acre tract**...on which there is an existing oil or gas well which is producing from a horizon above 4,000 feet..."

Both the Rhodes Unit Agreement and the Side Agreement were approved by Oscar L. Chapman, **Assistant Secretary of the Interior** on June 29, 1944. In Mr. Chapman's approval, it is certified "that each and every lease heretofore or hereafter issued for lands of the United States and made subject as to all or any part of the leased lands to said agreement...shall be modified as to the drilling, producing, and royalty provisions of such lease to conform with said agreement..." (See Attachment C for a copy of the Assistant Secretary's approval.)

Mr. William LeMay  
February 20, 1996  
Page 3

Texaco has recognized and accepted the "existing well on a forty acre tract" rule by requesting waivers from Meridian in 1992 and again in 1993 which allowed Texaco to drill 7 oil wells within forty acre tracts on which a Meridian gas well currently existed. Texaco reciprocated by granting waivers to Meridian in September 1995 which allowed Meridian to drill its Rhodes B Federal No.1 & 2 gas wells within forty acre tracts on which Texaco's oil wells currently existed. (See Attachments D for copies of waivers from both Texaco and Meridian.)

To carry this concept a step further, in 1982 the Rhodes Oil Pool and Rhodes Gas Pool were delineated by the New Mexico Oil Conservation Division. (See Attachment E for the acreage included in the Rhodes Oil Pool and Rhodes Gas Pool and the Order approving same.) Rule 104.C allows the drilling of oil wells within the Rhodes Oil Pool on forty (40) contiguous surface acres with spacing of 330' from the governmental quarter-quarter section or lot and 330' from the offset lease and/or nearest drilling well capable of producing from the same pool. Texaco, by agreement (the Rhodes Unit Agreement and the Side Agreement), has consented that gas wells in either pool will be drilled using forty (40) acre oil well locations. In addition, this gas and oil well spacing program, including how gas wells and oil wells are defined for these Rhodes pools, has been authorized by the Department of the Interior and approved by the NMOCD. Meridian has complied with the spacing program of *each* pool, irrespective of whether the well was drilled in the Oil Pool or Gas Pool. (i.e. - The Rhodes A Federal No. 2 is located in the Rhodes Gas Pool and is subject to the spacing rules of the Rhodes *Gas* Pool. The Rhodes B Federal No. 1 is located in the Rhodes Oil Pool and is subject to the spacing rules of the Rhodes *Oil* Pool)

The Rhodes B Federal No. 4 is located 553' FEL & 2418' FSL Section 27, T-26-S, R-37-E, Lea County, New Mexico (within the oil pool). The location from the East line (offset lease) is more than 330' and the location to the quarter-quarter line is 220'. This quarter-quarter encroachment is on Meridian's own gas rights which are covered under the Rhodes Unit Agreement and the Side Agreement described above.

The Rhodes B Federal No. 7 is located 330' FNL & 1470' FEL Section 26, T-26-S, R-37-E, Lea County, New Mexico (within the oil pool). The location from the North line (offset lease) is 330' and the location to the quarter-quarter line is 150', which is, again, encroaching on Meridian's own gas rights covered under the Rhodes Unit Agreement and the Side Agreement.

Texaco was aware of the above locations at the time the Wells were staked and permitted. Further, Texaco personnel assisted Meridian personnel in the staking of the Wells by identifying Texaco pipelines and facilities, and in moving the Well locations so as not to interfere with Texaco's operations.

Meridian's notification to Texaco concerning the Rhodes B Federal No. 4 and No. 7 was done out of courtesy and not necessity, as per the Rhodes Unit Agreement. (A copy of the Rhodes Unit Agreement and the Side Agreement are enclosed as Attachment F & G, respectively, for your perusal.) As previously stated, Meridian was granted the right by the Parties with the approval of the Secretary of the Interior to develop the gas on **forty (40) acre tracts** using oil well spacing within the unit area (refer to Attachment A). This development program has been an ongoing project for a number of years, and ~~for this, the gas wells drilled in the Rhodes Oil Pool have been consistent with that program.~~ (See permit for the Rhodes B Federal No. 4 and No. 7 as Attachment H.) Precedent has set the development of gas wells in the oil pool due to the distinct separation of the respective gas and oil zones.

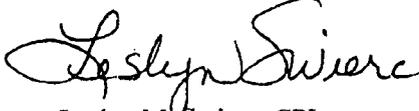
Mr. William LeMay  
February 20, 1996  
Page 4

Regarding the concerns addressed by Doyle Hartman in his letter of January 24, 1996, Mr. Hartman questioned the location of the Rhodes B Fed. #7 at its 330' FNL location. As stated above, in accordance with the Rhodes Unit Agreement and the Side Agreement, the 330' location to the offset lease is a legal location. Consequently, Meridian is not encroaching on Mr. Harman's "Dublin" lease.

Meridian respectfully requests the objections raised by Texaco and Doyle Hartman be denied and that Meridian's administrative applications for non-standard locations regarding the Wells be approved.

Very Truly Yours,

MERIDIAN OIL INC.



Leslyn M. Swierc, CPL  
Senior Landman

LMS/cs  
Enclosures

cc: Mr. W. Thomas Kellahin  
Santa Fe, New Mexico  
Mr. William F. Carr  
Santa Fe, New Mexico  
Doyle Hartman  
Dallas, Texas

Don Davis  
Chris Settle  
Albert Billman  
Mike Metcalf  
Donna Williams

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 26, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco  
Santa Fe, New Mexico 87503

RECEIVED

FEB 26 1996

Oil Conservation Division

Re: Applications of Meridian Oil Inc. for Administrative Approval of Unorthodox  
Well Locations for its Rhodes B Federal Wells 4 and 7

Dear Mr. LeMay:

This is the response of Texaco Exploration and Production Inc. ("Texaco") to the letter of Leslyn M. Swierc, Senior Landman of Meridian Oil Inc. dated February 20, 1996 concerning the above-referenced applications.

As stated by Ms. Swierc, Meridian filed applications for administrative approval of unorthodox well locations for its Rhodes B Federal Wells No. 4 and 7 on December 21, 1995. A copy of Meridian's applications are enclosed for your easy reference. As you can see, these applications fail to meet the requirements of the Oil Conservation Division Rule 104 which was in effect on that date and accordingly cannot be approved by the Division.

On January 29, 1996, Ms. Donna J. Williams wrote Texaco stating Meridian had failed to notify Texaco, an offset operator, of these unorthodox locations. At Texaco's request, I objected to these locations by letter filed at the Division Santa Fe office on February 2, 1996 and requested these applications for unorthodox well locations be set for hearing on March 21, 1996. Copies of Ms. Williams letter to Texaco and Texaco's objection to these locations are enclosed herewith.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
February 26, 1996  
Page 2

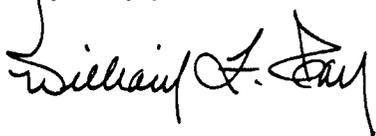
Ms. Swierc responded for Meridian to our objections, and apparently an objection to these locations from Doyle Hartman Oil Operator, by writing the Division on February 20, 1996, providing her interpretation of the Rhodes Unit Agreement and a March 13, 1944 Side Agreement between the predecessors in interest of the current parties to this dispute. She also argued other selected facts concerning the history of the development of this area.

Texaco does not agree with Ms. Swierc's interpretation of these documents nor with her interpretation of the other facts set forth in her letter of February 20, 1996. Furthermore, Texaco objects to the ex parte manner in which Meridian has elected to pursue this matter with the Division. What Meridian requests is that the Division deny Texaco (and Hartman) a hearing on these unorthodox locations. They also apparently contend that private agreements override the duties of the Oil Conservation Division as set forth in the Oil and Gas Act. Both positions are legally incorrect.

Texaco Exploration and Production Inc. hereby renews its objection to the unorthodox well locations of the Meridian Oil Inc. Rhodes B Federal Wells No. 4 and 7 and request that these location requests be set for hearing before a Division Examiner on March 21, 1996. To deny this request would violate Texaco's due process rights and furthermore would make a mockery of the Oil Conservation Division's duty to protect correlative rights.

By copy of this letter, Texaco Exploration and Production Inc. is requesting that Meridian Oil Inc. make Ms. Williams and Ms. Swierc available from Meridian to testify and be cross-examined at the March 21, 1996 Examiner hearing. A response to this request is requested by March 1, 1996.

Very truly yours,



WILLIAM F. CARR  
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh  
Enclosures

cc: W. Thomas Kellahin, Esq. (**Via Hand-Delivery**)  
Kellahin & Kellahin  
117 North Guadalupe Street  
Santa Fe, New Mexico 87501

Mr. Ronald W. Lanning  
Texaco Exploration and Production Inc.  
Post Office Box 3109  
Midland, TX 79702

Doyle Hartman Oil Operator  
3811 Turtle Creek Blvd., Suite 730  
Dallas, TX 75219

Michael Condon, Esq. (**Via Hand-Delivery**)  
Gallegos Law Firm  
460 St. Michael's Drive  
Building 300  
Santa Fe, New Mexico 87501

**MERIDIAN OIL**

December 21, 1995

Mr. Michael Stogner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: Request for two (2) Non-Standard Locations  
Rhodes 'B' Federal Well No. 4  
2418' FSL & 553' FEL  
Sec. 27, T26S, R37E

Rhodes 'B' Federal Well No. 7  
330' FNL & 1470' FWL  
Sec. 26, T26S, R37E

Lea County, New Mexico  
Federal Lease No: LC 030174-B

Mr. Stogner:

Meridian Oil Inc. respectfully request approval for two non-standard locations on the proposed above referenced new drill locations. This is pursuant to the request by the District Office in Hobbs. These were intended to be standard locations, but upon the staking, it was discovered to have topographic problems due to powerlines, pipelines, etc.

Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,



Donna J. Williams  
Regulatory Compliance

District I  
 IN: Box 1980, Hobbs, NM 88241-1980  
 District II  
 IN: Dryden DD, Artesia, NM 88211-0719  
 District III  
 1000 Elia Brown Rd., Aztec, NM 87410  
 District IV  
 IN: Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 83810		3 Pool Name Rhodes Gas Pool	
4 Property Code 17608		5 Property Name RHODES "B" FEDERAL			6 Well Number 4
7 OGRID No. 26485		8 Operator Name MERIDIAN OIL INC.			9 Elevation 2980

10 Surface Location

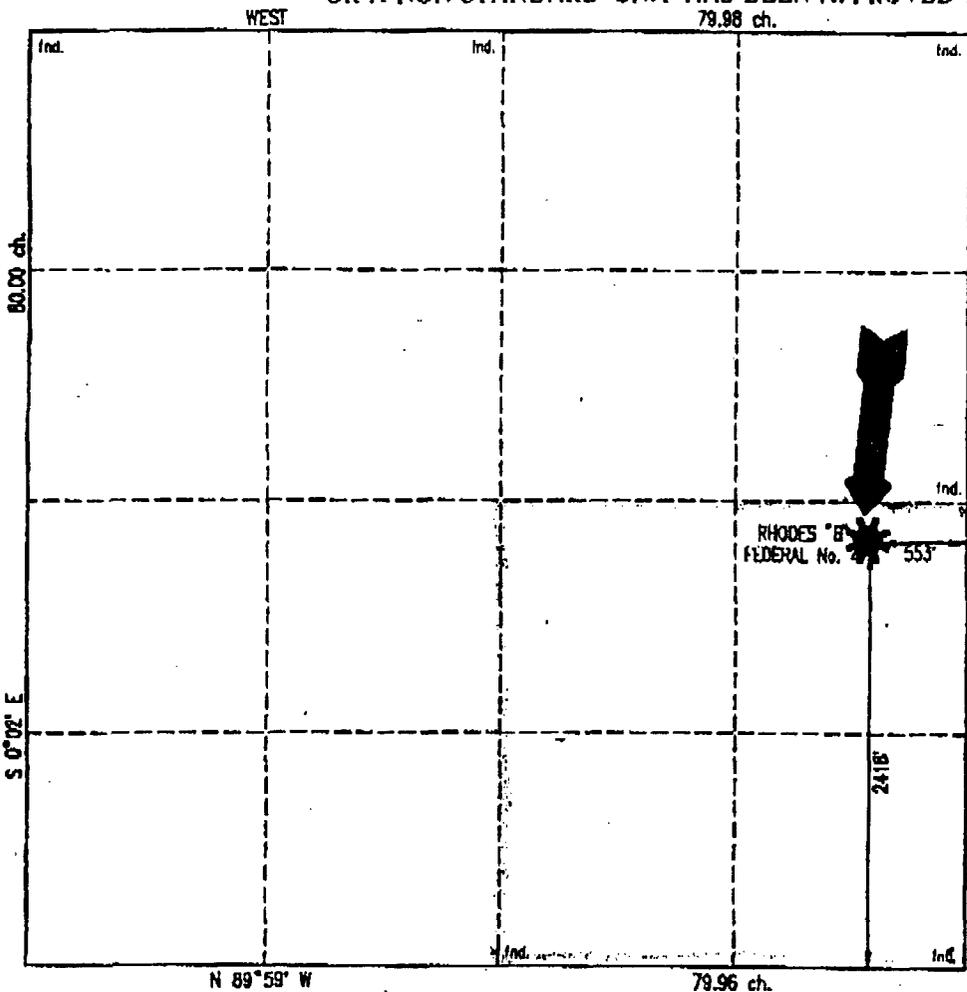
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	27	26 S	37 E		2418	SOUTH	553	EAST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

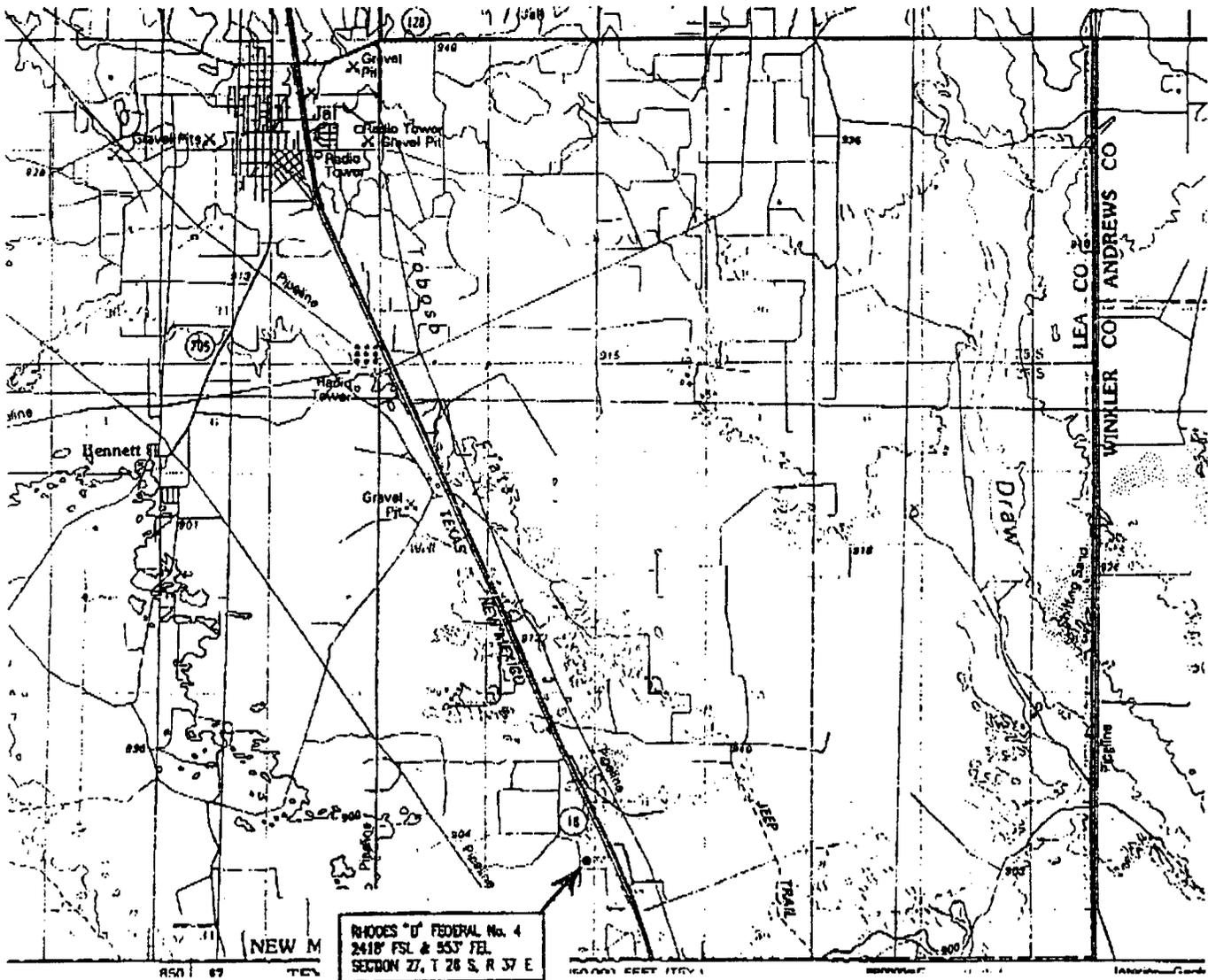
*[Signature]*  
 Signature  
 Donna Williams  
 Printed Name  
 Regulatory Compliance  
 Title  
 10/23/95  
 Date

18 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 belief.

OCTOBER 18, 1995  
 Date of Survey  
 Signature and Seal of Professional Surveyor  
*[Signature]*  
 WILLIAM E. MAHNKE II  
 Certificate Number 8466  
 NEW MEXICO PROFESSIONAL LAND SURVEYORS

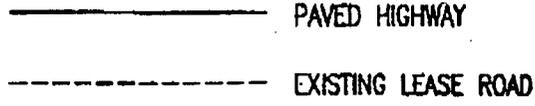
NOTE - REVISED 10-18-95:  
 MOVED LOCATION



RHODES "B" FEDERAL No. 4  
 2418' FSL & 553' FEL  
 SECTION 27, T 28 S, R 37 E

DIRECTIONS:

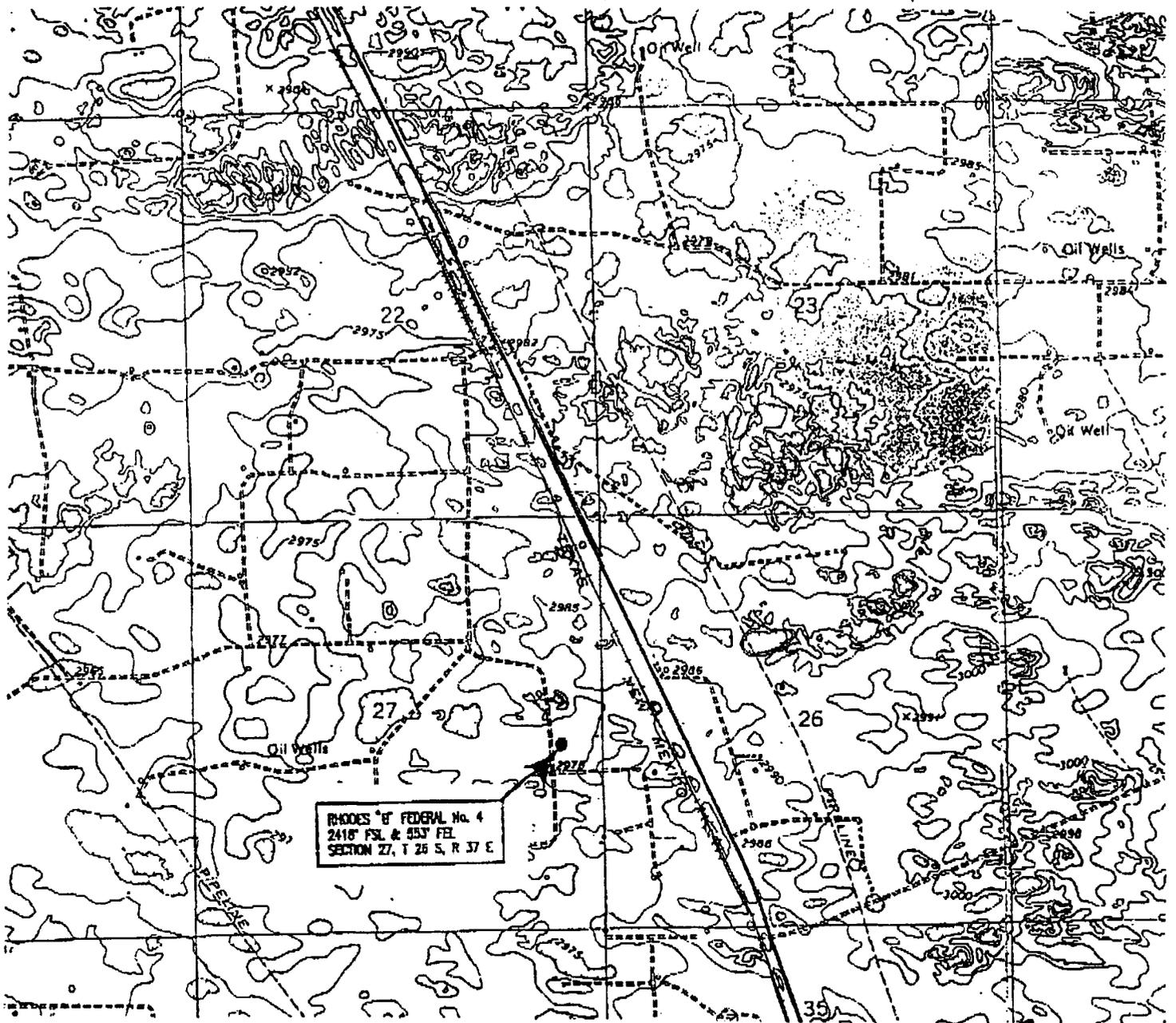
FROM THE INTERSECTION OF NEW MEXICO HIGHWAY 18 AND NEW MEXICO HIGHWAY 128 IN JAL, NEW MEXICO, GO SOUTH ON N.M. HWY 18 FOR 6.9 MILES, THEN TURN RIGHT ON TO AN EXISTING LEASE ROAD AND GO 0.1 MILES, THEN TURN LEFT ON TO AN EXISTING LEASE ROAD AND GO 1.1 MILES TO LOCATION.



NOTE - REASED 10-19-85:  
 MOVED LOCATION

 **Laughlin-Simmons of Texas**  
 MIDLAND DISTRICT OFFICE  
 (915) 699-1238  
 In State TOLL FREE :  
 1-800-242-3828  
 P.O. BOX 1757  
 MIDLAND, TEXAS 79702

<b>MERIDIAN OIL INC.</b> <b>RHODES "B" FEDERAL No. 4</b>
<b>ROAD MAP AND DIRECTIONS</b>
<b>LEA COUNTY, NEW MEXICO</b>
date: OCTOBER 15, 1995    scale:



=====  
 PAVED HIGHWAY

=====  
 EXISTING LEASE ROAD

NOTE - REVISED 10-10-92:  
 MOVED LOCATION

<b>MERIDIAN OIL INC.</b> <b>RHODES "B" FEDERAL No. 4</b>
<b>PROPOSED ACCESS</b>
<b>LEA COUNTY, NEW MEXICO</b>
date: OCTOBER 15, 1995 scale: 1"=2000'

 **Laughlin-Simmons of Texas**

MIDLAND DISTRICT OFFICE  
 (915) 699-1238  
 In State TOLL FREE 1  
 1-800-242-3028

P.O. BOX 1757  
 MIDLAND, TEXAS 79702

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 83810	Pool Name Rhodes Gas Pool
Property Code 17608	Property Name RHODES "B" FEDERAL		Well Number 7
OGRIID No. 26485	Operator Name MERIDIAN OIL INC.		Elevation 2994

Surface Location

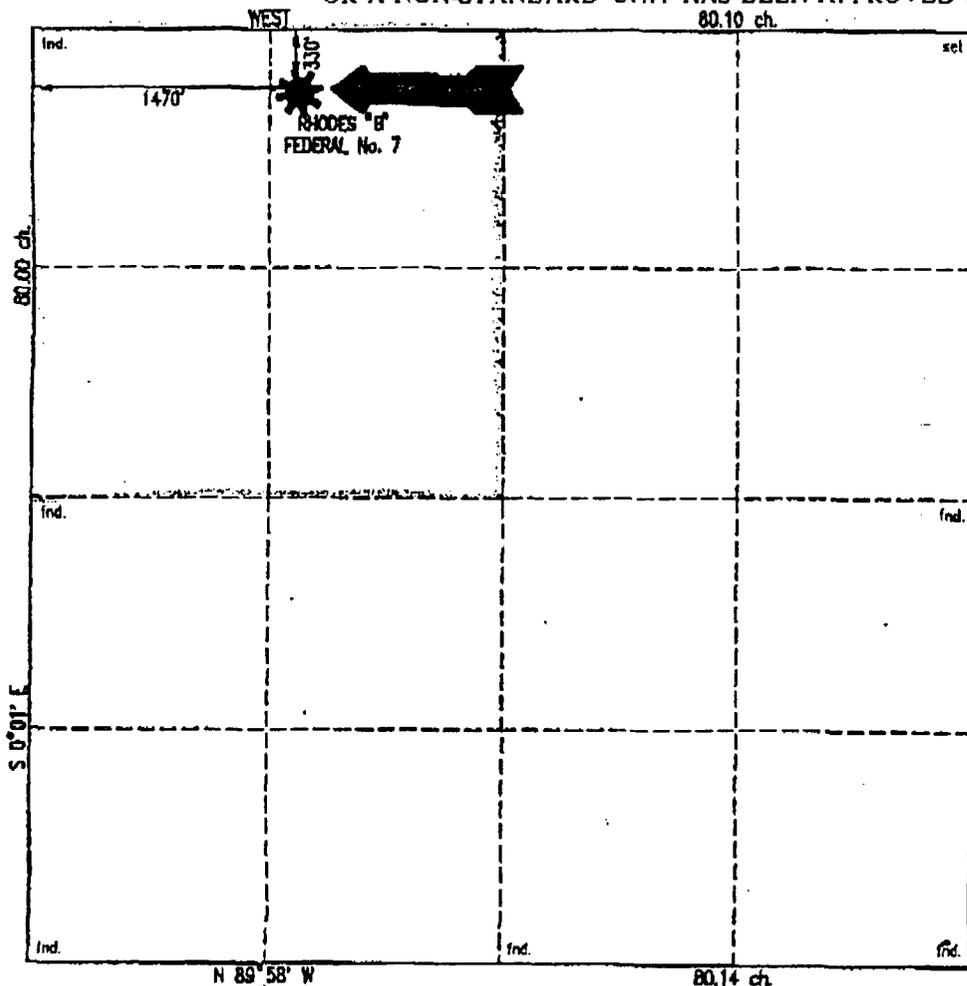
UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

Bottom Hole Location If Different From Surface

UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**17 OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

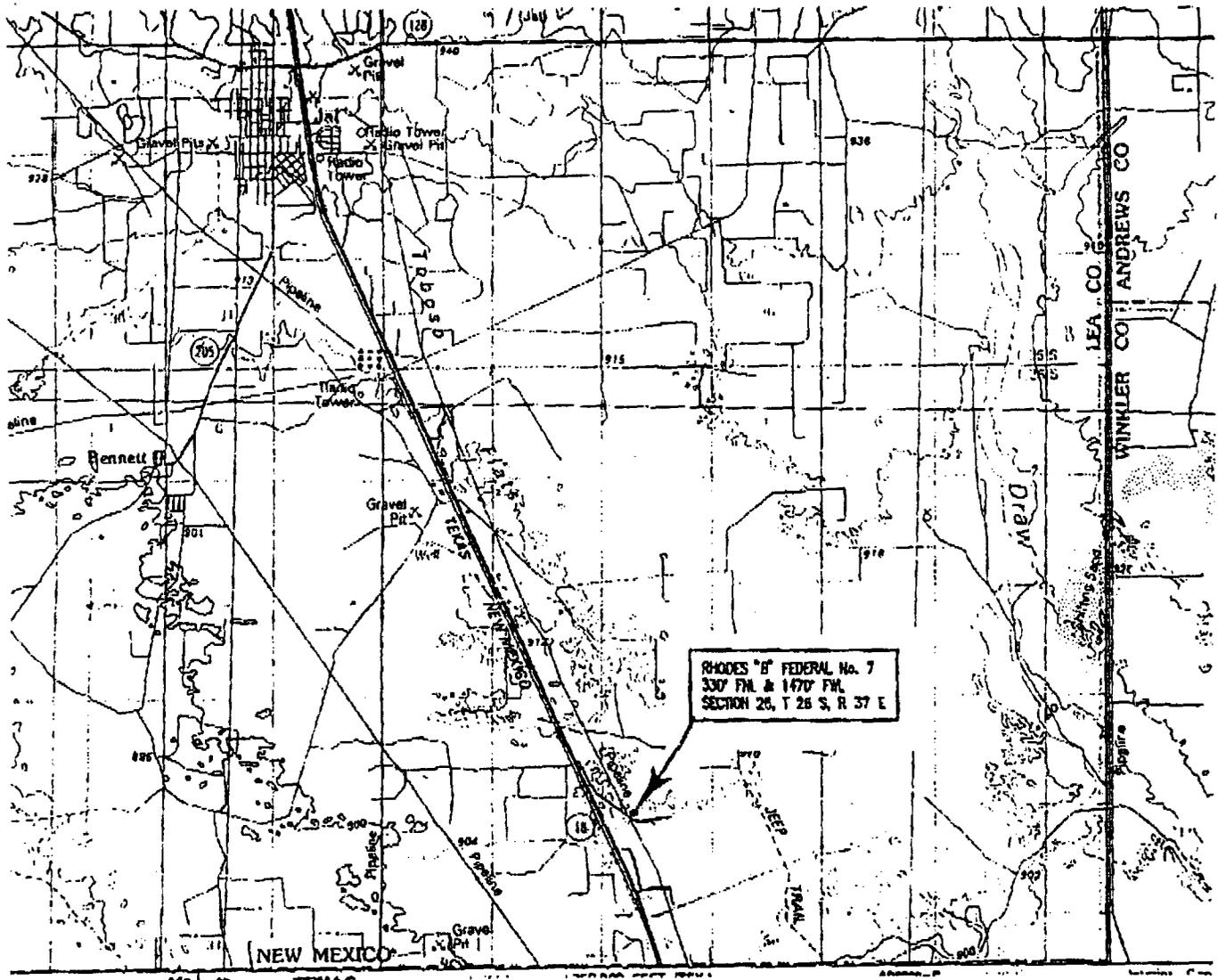
Signature: *[Signature]*  
 Printed Name: Donna Williams  
 Title: Regulatory Compliance  
 Date: 10/23/95

---

**18 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 belief.

Date of Survey: OCTOBER 18, 1995  
 Signature and Seal of Registered Surveyor: *[Signature]*  
 Certificate Number: 8466 PROFESSIONAL

NOTE - REVISED 10-19-85:  
 MOVED LOCATION



RHODES "B" FEDERAL No. 7  
 330' F.M. & 1470' F.M.  
 SECTION 26, T 28 S, R 37 E

DIRECTIONS:

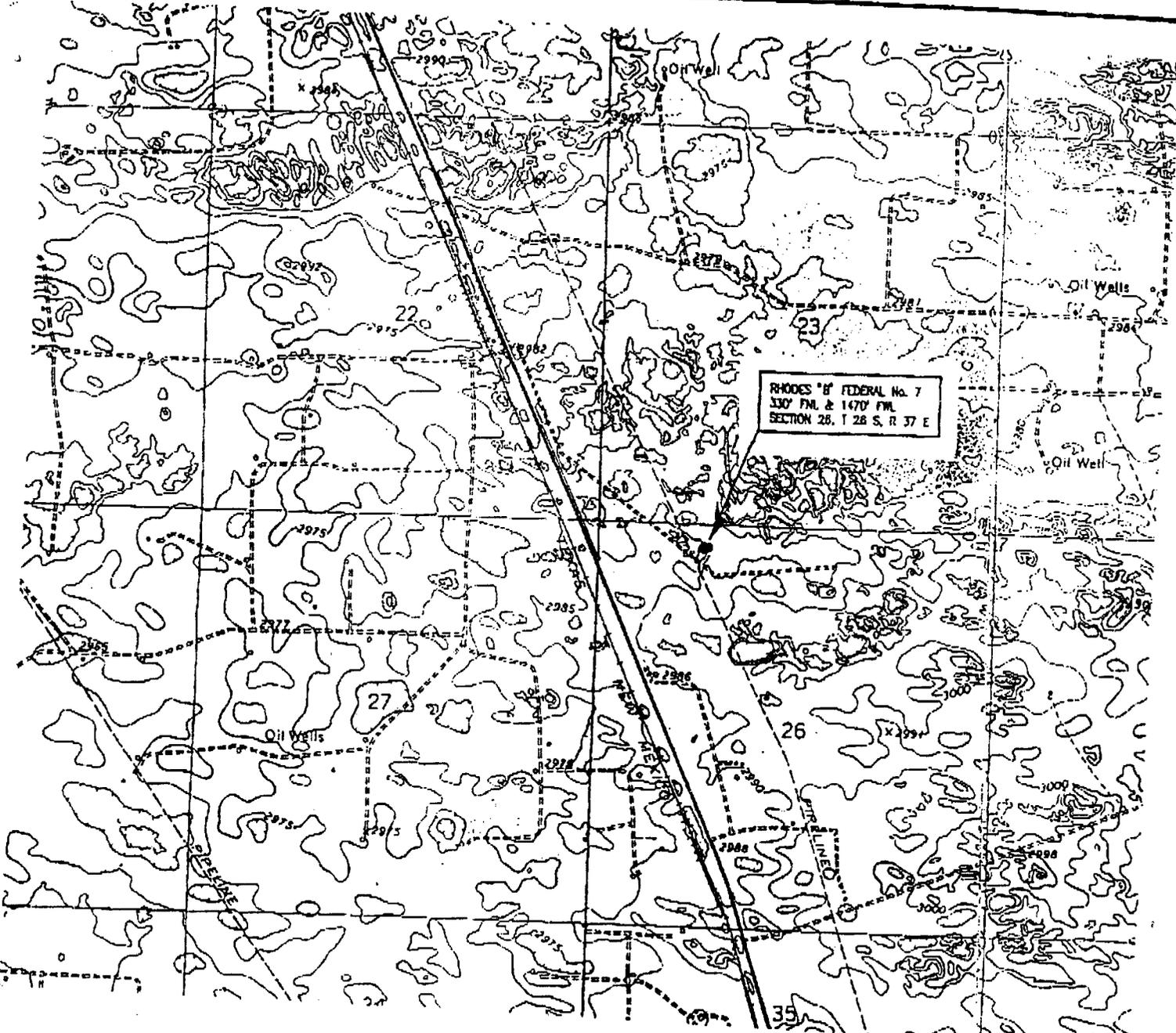
FROM THE INTERSECTION OF NEW MEXICO HIGHWAY 128 AND NEW MEXICO HIGHWAY 18 IN JAL, NEW MEXICO, GO SOUTH ON N.M. HWY 18 FOR 6.9 MILES, THEN TURN LEFT ON TO AN EXISTING LEASE ROAD AND GO 0.7 MILES TO LOCATION.

- PAVED HIGHWAY
- - - - - EXISTING LEASE ROAD

NOTE - REVISED 10-20-85  
 MOVED LOCATION

 **Laughlin-Simmons of Texas**  
 MIDLAND DISTRICT OFFICE  
 (915) 699-4238  
 In State TOLL FREE :  
 1-800-242-3028  
 P.O. BOX 1737  
 MIDLAND, TEXAS 79702

<b>MERIDIAN OIL INC.</b> <b>RHODES "B" FEDERAL No. 7</b>
<b>ROAD MAP AND DIRECTIONS</b>
<b>-LEA COUNTY, NEW MEXICO</b>
date: OCTOBER 15, 1995    scale:



=====  
 PAVED HIGHWAY

-----  
 EXISTING LEASE ROAD

NOTE - REVISED 10-20-85  
 MOVED LOCATION

<p><b>MERIDIAN OIL INC.</b>  <b>RHODES "B" FEDERAL No. 7</b></p>
<p><b>PROPOSED ACCESS</b></p>
<p><b>LEA COUNTY, NEW MEXICO</b></p>
<p>date: OCTOBER 15, 1995 scale: 1"=2000'</p>

 **Laughlin-Simmons of Texas**  
 MIDLAND DISTRICT OFFICE  
 (915) 699-1238  
 In State TOLL FREE :  
 1-800-242-3028  
 P.O. BOX 1757  
 MIDLAND, TEXAS 79102

**MERIDIAN OIL**

January 29, 1996

**Texaco Exploration & Production Inc.  
Box 3109  
Midland, Texas 79702**

**RE: Request for a Non- Standard Location(s)**

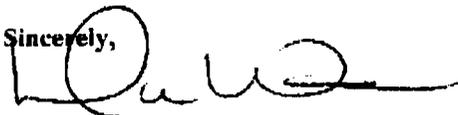
**Rhodes B Federal Well No. 4  
2418' FSL & 553' FEL  
Sec. 27, T26S, R37E  
Lea County, New Mexico**

**Rhodes B Federal Well No. 7  
330' FNL & 1470' FWL  
Sec. 26, T26S, R37E  
Lea County, New Mexico**

**Ladies & Gentlemen:**

**In reviewing my requests, I realized that I failed to notify your company as an offset operator. Please find attached a copy of the request that was filed with the Oil Conservation Division in Santa Fe, New Mexico. I apologize for the oversight in this matter. Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.**

Sincerely,



**Donna J. Williams  
Regulatory Compliance**

**CAMPBELL, CARR & BERGE, P.A.**

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 2, 1996

**HAND DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**Re: Application of Meridian Oil Inc. for Unorthodox Well Locations  
Lea County, New Mexico**

Dear Mr. LeMay:

By letter dated January 29, 1996, Meridian Oil Inc. notified Texaco Exploration and Production Inc. of its application to the Oil Conservation Division for unorthodox well locations for each of the following wells:

Rhodes B Federal Well No. 4  
2418' FSL & 553' FEL  
Section 27, Township 26 South, Range 37 East  
Lea County, New Mexico

Rhodes B Federal Well No. 7  
330' FNL & 1470' FWL  
Section 26, Township 26 South, Range 37 East  
Lea County, New Mexico

William J. LeMay, Director

February 2, 1996

Page 2

Texaco Exploration and Production Inc., offset operator to each of these unorthodox well locations, hereby objects to each location and requests that each location be set for hearing before a Division Examiner on March 21, 1996.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.

William F. Carr

Attorney for

Texaco Exploration and Production Inc.

WFC/kc

cc: Ronald W. Lanning  
Michael J. Condon, Esq.  
W. Thomas Kellahin, Esq.

**DOYLE HARTMAN***Oil Operator*

---

February 28, 1996

New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Attn: Michael J. Stogner  
Chief Hearing Officer

Re: Unorthodox Location  
Meridian Oil Inc.  
Rhodes "B" Federal No. 7

Gentlemen:

By letters dated December 21, 1995, and January 29, 1996, Meridian made application to the NMOCD for an unorthodox well location for its Rhodes "B" Federal No. 7 well situated 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, Lea County, New Mexico.

NMOCD Rule 104(F)(3) pertaining to unorthodox well locations states that ..."applications for administrative approval of unorthodox locations"... should be accompanied by a plat showing the subject spacing unit..." The original C-102 plat (copy enclosed), that was submitted by Meridian as part of its Rhodes "B" Federal No. 7 unorthodox location application, described the dedicated proration unit as being the 160-acre tract consisting of the NW/4 of Section 26, T-26-S, R-37-E. Meridian's "APD" and C-102 also classified the proposed new well as a "Rhodes Gas Pool" well.

As offset operators affected by Meridian's Rhodes "B" Federal No. 7 well, Doyle Hartman and James A. Davidson have received no amended notices from Meridian pertaining to Meridian's Rhodes "B" No. 7 unorthodox well location application. However, a review yesterday of the NMOCD's Hobb's well file for the Rhodes "B" Federal No. 7 well reveals that Meridian has apparently amended its "APD" and C-102 for the Rhodes "B" Federal No. 7 well, but, as required under Rule 104(F)(3), has failed to furnish Hartman and Davidson with a revised unorthodox location application that includes Meridian's amended acreage dedication.

As a consequence of Meridian's revised C-102, and based on Meridian's letter to the NMOCD of February 20, 1996, we are assuming that Meridian expects to operate its Rhodes "B" Federal No. 7 well as a "gas well in an oil pool" located on a 40-acre proration unit, which well classification

Michael J. Stogner  
February 28, 1996  
Page two

allows Meridian to produce from the same identical producing interval that corresponds to the Rhodes Yates-Seven Rivers Gas Pool, but under more liberal setback requirements (330' versus 660') and closer well spacing (40-acres compared to 160-acres).

Therefore, because of the inherent advantages already provided to a well classified as a "gas well in an oil pool", as affected offsetting parties owning interests under the proposed 160-acre Rhodes Gas Pool proration unit consisting of the SW/4 Section 23, T-26-S, R-37-E, this letter is notice that Doyle Hartman and James A. Davidson object to Meridian's unorthodox Rhodes "B" Federal No. 7 Rhodes Yates-Seven Rivers Oil Pool location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, which unorthodox location encroaches closer, than existing rules would otherwise allow, to Texaco's pending compulsory-pooling Rhodes Gas Pool location consisting of 660' FSL and 660' FWL of Section 23, T-26-S, R-37-E.

Finally, being that Meridian's "APD" for its Rhodes "B" No. 7 well was approved subject to the condition that it "...CANNOT produce until its non-standard [unorthodox] location is approved...", we respectfully request that Meridian be restricted from producing its Rhodes "B" No. 7 well until a hearing has been held before the NMOCD.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosure (1)

d:\letters\dh2281.doc

cc: William J. LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Leslyn Swierc  
Meridian Oil Company  
3300 North "A" Street, Building Six  
P.O. Box 51810  
Midland, TX 79705-5406

Daniel S. Nutter  
105 E. Alciante  
Santa Fe, NM 87050

J.E. Gallegos  
Gallegos Law Firm  
460 St. Michaels Drive, Building 300  
Santa Fe, NM 87505

Michael J. Condon  
Gallegos Law Firm  
460 St. Michaels Drive, Building 300  
Santa Fe, NM 87505

William F. Carr  
Campbell, Carr & Berge, P.A.  
P.O. Box 2208  
Santa Fe, NM 87504-2208

James A. Davidson  
P.O. Box 494  
Midland, TX 79702

Don Mashburn  
Steve Hartman  
Cindy Brooks

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT P.O. BOX 1980 HOBBS, NEW MEXICO 88240

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN [ ]

b. TYPE OF WELL OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR Meridian Oil Inc.

3. ADDRESS AND TELEPHONE NO. P.O. Box 1810 Midland, Texas 79710-1810 915-688-6943

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330' FNL & 1470' FWL At proposed prod. zone UnitC

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 6.8 miles south of Jal, New Mexico

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. Unk.

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2994'

5. LEASE DESIGNATION AND SERIAL NO. LC 030174-B 6. IF INDIAN, ALGOTTEN OR TRIBE NAME 7. UNIT AGREEMENT NAME 8. FARM OR LEASE NAME WELL NO. Rhodes 'B' Federal # 7 9. A/R WELL NO. 10. FIELD AND POOL OR WILDCAT Rhodes Gas Pool 4-SR 11. SEC., T., R., N., OR BLK. AND SURVEY OR AREA S26, T26S, R37E

12. COUNTY OR PARISH Lea 13. STATE NM

22. APPROX. DATE WORK WILL START Upon Approval

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12 1/4" hole with 8 5/8" casing and 7 7/8" hole with 4 1/2" casing.

Not in Potash Area
Not in Prairie Chicken Area
Hydrogen Sulfide Plan is attached
Notice of Staking submitted on October 6, 1995
Contact Person: Donna Williams, 915-688-6943

Approval for drilling only -- CANNOT produce until Non-Standard Location is approved.

OPER. OGRID NO. 26485
PROPERTY NO. 17608
POOL CODE 52250
EFF. DATE 1/16/96
API NO. 30-025-33249

RECEIVED
OCT 26 10 37 AM '95
BARRINGTON SIDE AREA HEADQUARTERS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Regulatory Compliance DATE 10/23/95

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to production.

APPROVED BY /s/ Yolanda Vega TITLE ASSISTANT AREA MANAGER DATE NOV 30 1995

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District II  
170 Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
170 Box 2088, Santa Fe, NM 87504-2088

**OIL CONSERVATION DIVISION**  
PO Box 2088  
Santa Fe, NM 87504-2088

Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number <b>30-025-33249</b>		1 Pool Code <del>83810</del> <b>52250</b>		1 Pool Name Rhodes Gas Pool <b>Y-SR</b>	
1 Property Code <b>17608</b>		1 Property Name <b>RHODES "B" FEDERAL</b>			1 Well Number <b>7</b>
1 OGRID No. <b>26485</b>		1 Operator Name <b>MERIDIAN OIL INC.</b>			1 Elevation <b>2994</b>

**10 Surface Location**

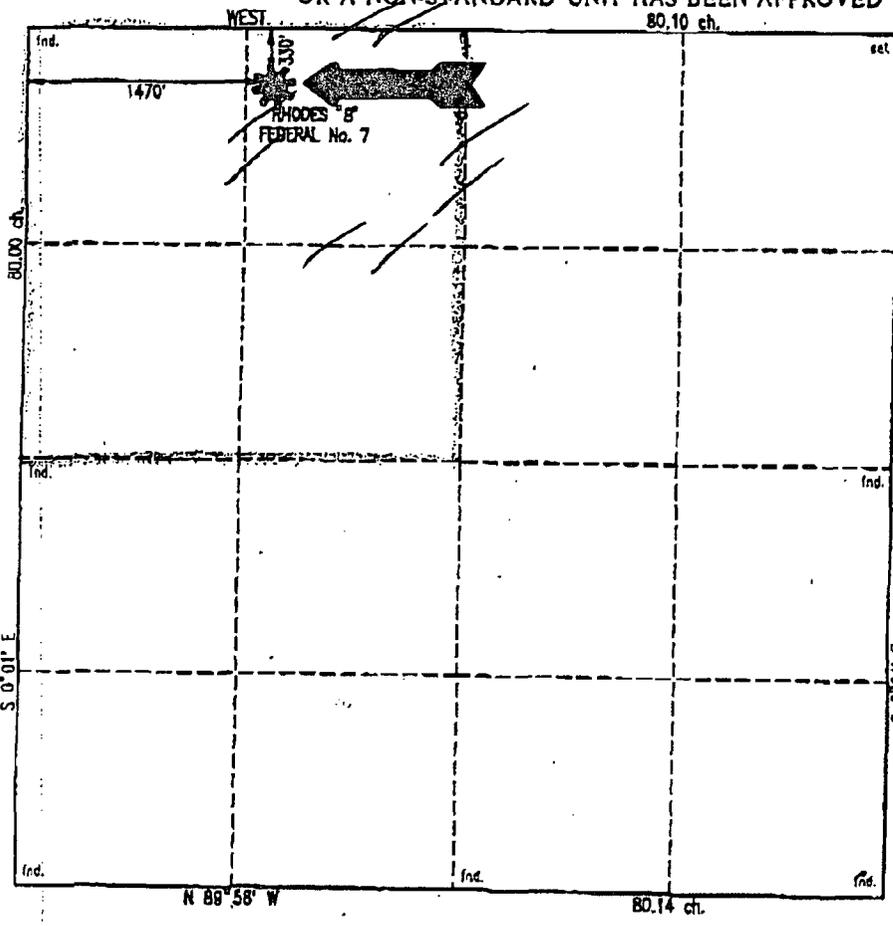
UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Area <b>100 140</b>	13 Joint or Infill	14 Consolidation Code	15 Order No.
-------------------------------------	--------------------	-----------------------	--------------

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Donna Williams*  
Signature  
Donna Williams  
Printed Name  
Regulatory Compliance  
Title  
10/23/95  
Date

**18 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 belief.

OCTOBER 18, 1995  
Date of Survey  
Signature and Seal of *William E. Mahanke*  
Professional Land Surveyor  
Certificate Number 28456

NOTE - REVISED 10-19-95:  
MOVED LOCATION

02/28/96 18:37 12145200811  
 District II  
 10 Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 10 Box 2088, Santa Fe, NM 87504-2088

Hartman Oil

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

004/005  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-33249		2 Pool Code <del>83810</del> 52250		3 Pool Name Rhodes Gas Pool Y-SR	
4 Property Code 17608		5 Property Name RHODES "B" FEDERAL			6 Well Number 7
7 OGRID No. 26485		8 Operator Name MERIDIAN OIL INC.			9 Elevation 2994

10 Surface Location

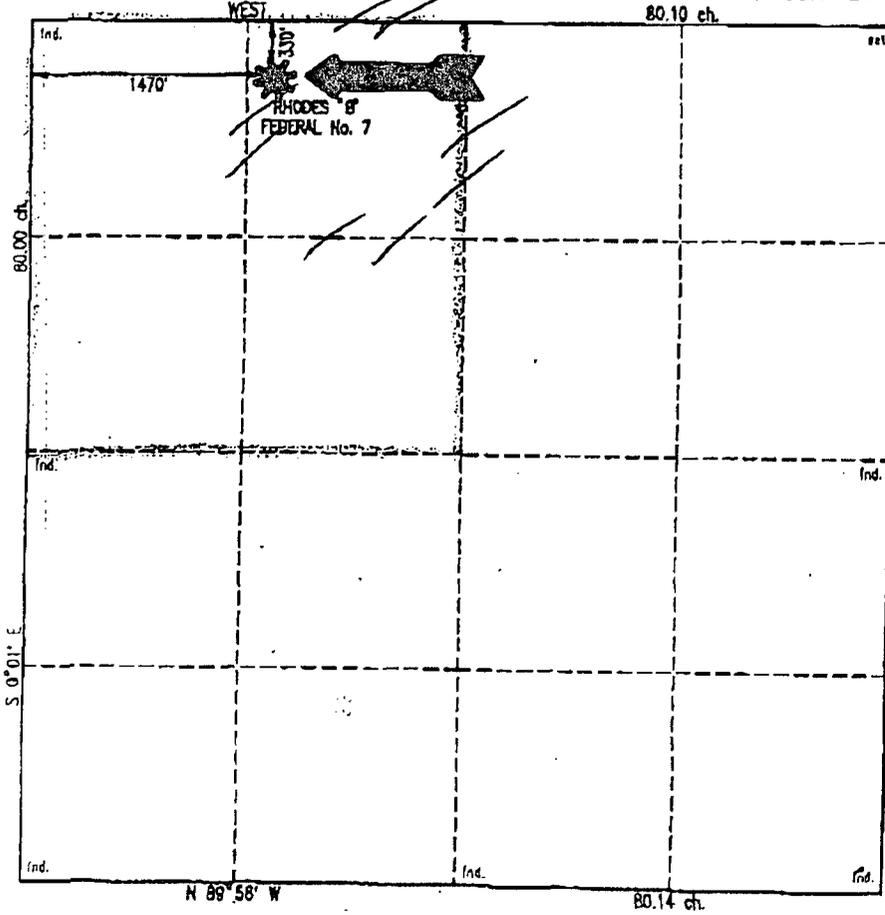
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160 1/2	13 Joint or Infill	14 Consolidation Code	15 Order No.
-------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

*Donna Williams*  
 Signature

Donna Williams  
 Printed Name  
 Regulatory Compliance  
 Title

10/23/95  
 Date

18 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 belief.

OCTOBER 18, 1995  
 Date of Survey

*William E. Mahanke*  
 Signature and Seal of Professional Land Surveyor

WILLIAM E. MAHANKE  
 NEW MEXICO  
 26485  
 PROFESSIONAL LAND SURVEYOR  
 Certificate Number 8466

NOTE - REVISED 10-19-95:  
 MOVED LOCATION

02/28/96 18:37

12145200811

Hartman Oil

005/005

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

Budget Bureau No. 1004-0136 Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN [ ]

b. TYPE OF WELL OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR Meridian Oil Inc.

3. ADDRESS AND TELEPHONE NO. P.O. Box 51810 Midland, Texas 79710-1810 915-688-6943

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330' FNL & 1470' FWL At proposed prod. zone Unit C

16. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 6.8 miles south of Jal, New Mexico

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 330'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. Unk.

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2994'

5. LEASE DESIGNATION AND SERIAL NO. LC 030174-8

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME WELL NO. Rhodes '8' Federal # 7

9. API WELL NO.

10. FIELD AND POOL OR WILDCAT Rhodes Gas Pool 4-SR

11. SEC., T., R., W., OR ELY. AND SURVEY OR AREA S26, T26S, R37E

12. COUNTY OR PARISH Lea

13. STATE NM

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes rows for 12 1/4" and 7 7/8" hole sizes.

Not in Potash Area

Not in Prairie Chicken Area

Hydrogen Sulfide Plan is attached

Notice of Staking submitted on October 6, 1995

Contact Person: Donna Williams, 915-688-6943

Approval for drilling only -- CANNOT produce until Non-Standard Location is approved.

OPER. OGRID NO. 26485 PROPERTY NO. 17608 POOL CODE 52250 EFF. DATE 1/16/96 API NO. 30-025-33249

RECEIVED OCT 26 10 37 AM '95

RECEIVED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNER [Signature] TITLE Regulatory Compliance DATE 10/23/95

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to produce therefrom.

APPROVED BY /s/ Yolanda Vega TITLE ASSISTANT AREA MANAGER DATE NOV 30 1995

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

019

OIL REPORT & GAS --- HARTMAN

505 093 5388

12:08 02/27/96

**DOYLE HARTMAN**

*Oil Operator*

3811 Turtle Creek Blvd., Suite 730

DALLAS, TEXAS 75219

(214) 520-1800 Office / 520-0811 Fax

# FAX COVER SHEET

**To:**

NAME <i>Michael Stogner</i>	DATE AND TIME OF TRANSMISSION
COMPANY <i>NMOCD</i>	FAX NUMBER

**From:**

NAME
------

**Reference:**

SUBJECT
---------

The information contained in this facsimile message is confidential and intended solely for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination, distribution, copying, or unauthorized use of this communication is strictly prohibited. If you have received this facsimile in error, please notify the sender immediately by telephone, and return the facsimile to the sender at the above address via the United States Postal Service.

**Message:**

*with enclosures*

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**MERIDIAN OIL**

Dublin  
agent  
FAX to M. Condon  
Cmo  
1-31-96

January 29, 1996

**Doyle Hartman Oil Operators  
500 N. Main  
Midland, Texas 79701**

**RE: Request for a Non- Standard Location  
Rhodes B Federal Well No. 7  
330' PNL & 1470' FWL  
Sec. 26, T26S, R37E  
Lea County, New Mexico**

**Ladies & Gentlemen:**

In reviewing my requests, I realized that I failed to notify your company as an offset operator. Please find attached a copy of the request that was filed with the Oil Conservation Division in Santa Fe, New Mexico. I apologize for the oversight in this matter. Should you have any questions, or need additional information, please do not hesitate to contact me at 915-688-6943.

Sincerely,



**Donna J. Williams  
Regulatory Compliance**

**DOYLE HARTMAN  
OIL OPERATORS  
RECEIVED**

**JAN 30 1996**

cc: DA fax Y30  
Lond

**EXHIBIT "B"**

P.O. Box 51610, Midland, Texas 79710-1810, Telephone 915-688-6800  
3300 N. "A" St., Bldg. 6, 79705-5406

District I  
 PO Box 1750, Hobbs, NM 88240-1750  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number <b>30-025-33249</b>		2 Pool Code <del>83810</del> <b>52250</b>		3 Pool Name <b>Rhodes Gas Pool Y-SR</b>	
4 Property Code <b>17608</b>		5 Property Name <b>RHODES "B" FEDERAL</b>			6 Well Number <b>7</b>
7 OGRID No. <b>26485</b>		8 Operator Name <b>MERIDIAN OIL INC.</b>			9 Elevation <b>2994</b>

10 Surface Location

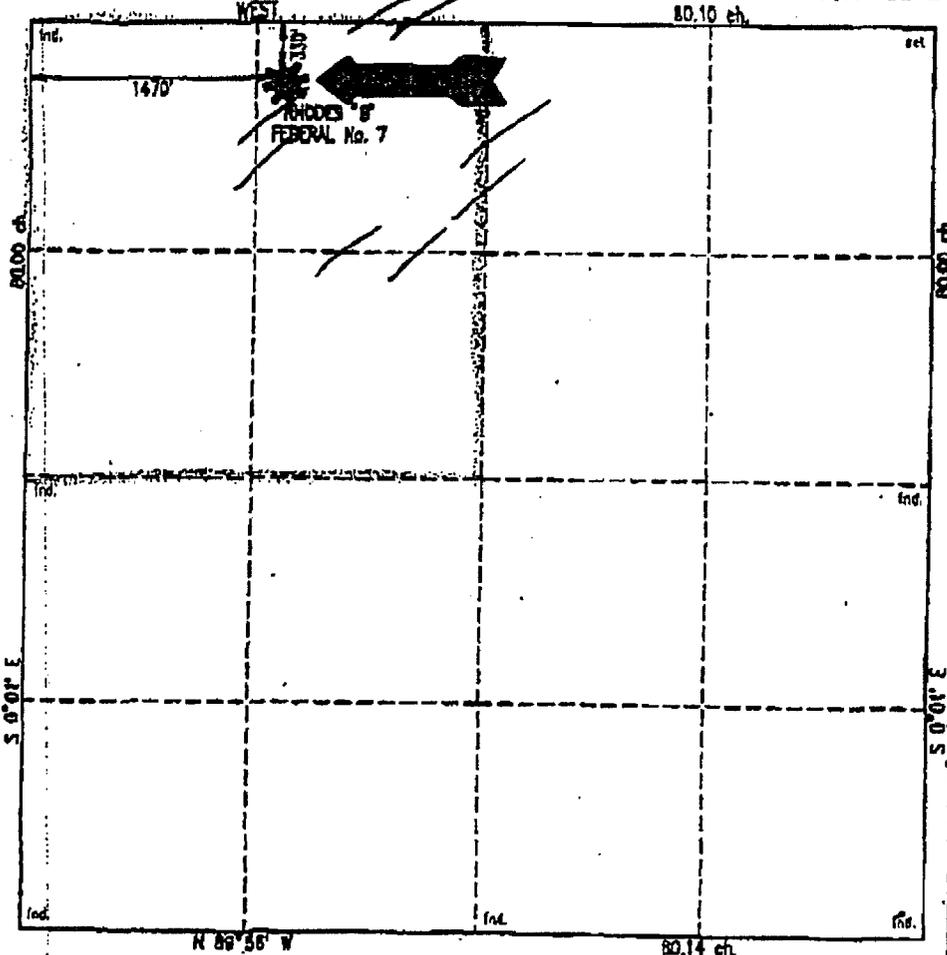
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres <b>160 1/4</b>	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

*Donna Williams*  
 Signature

**Donna Williams**  
 Printed Name

**Regulatory Compliance**  
 Title

**10/23/95**  
 Date

---

18 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 belief.

**OCTOBER 18, 1995**  
 Date of Survey

*William E. Mahnke*  
 Signature and Seal

**WILLIAM E. MAHNKE**  
 PROFESSIONAL LAND SURVEYOR  
 NEW MEXICO  
 26485

Certificate Number **26485**

NOTE - REVISED 10-18-95:  
 MOVED LOCATION

# GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive  
Building 300  
Santa Fe, New Mexico 87505  
Telephone No. 505-983-6686  
Telefax No. 505-986-1367  
Telefax No. 505-986-0741

RECEIVED

FEB 28 1996

Oil Conservation Division

MICHAEL J. CONDON

February 28, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Administrative Application of Meridian Oil Inc. for Administrative Approval of an Unorthodox Well Locations for its Rhodes B Federal Well No. 4 and No. 7 Lea County, New Mexico

Dear Mr. LeMay:

I am writing to follow-up my letter of yesterday to raise additional issues which have recently come to light concerning Meridian's above-referenced application. We believe that the facts of this case require setting Meridian's application for public hearing.

Meridian's application was originally filed with the OCD on December 21, 1995. A copy of the original C-102 filed with the application pertaining to the proposed Rhodes "B" Federal No. 7 well is attached as Exhibit A. As you can see, Meridian initially sought application for an unorthodox location for this well as a Rhodes Gas Pool well on 160-acre spacing. One solution to this situation would be to treat the Meridian well as if it were in the Rhodes Gas Pool (if it is a gas well) subject to that pool's specifications and requirements.

Meridian failed to provide notice by certified mail pursuant to Rule 104.F(4) to Doyle Hartman and James A. Davidson. When Hartman learned of the Meridian well, he wrote Meridian by letter dated January 24, 1996, a copy of which was sent to you. Meridian responded by letter dated January 29, 1996, recognizing that it "failed to notify your company as an offset operator." A copy of the January 29, 1996 letter from Donna J. Williams to Doyle Hartman Oil Operator is also enclosed as Exhibit B. Meridian has yet to provide Hartman with notice of the application for an unorthodox location by certified mail advising Hartman that any objection must be filed in writing within twenty days from the day notice was sent as required by Rule 104 of the OCD rules. Hartman did, nonetheless, file an objection to Meridian's application by letter dated to the OCD January 24, 1996.

We learned yesterday for the first time that Meridian's drilling application has already been amended. A copy of the amended application for form C-102 is attached as

William J. LeMay  
February 28, 1996  
Page 2

Exhibit C. The amended form, which is not designated as an amended form, crosses out the words "gas pool" on pool name and substitutes Rhodes Yates Seven Rivers Pool. The amended form also reflects that the well is to be drilled on 40-acre spacing rather than 160-acre spacing as originally intended. We did not receive notice of this amendment from Meridian. Instead, we found it during a review of NMOCD's Hobbs office records.

As Mr. Hartman has indicated in his letter of February 27, 1996, there is an indication that the Rhodes "B" Federal No. 7 well is already producing even though it was approved for drilling only, and was not to produce until the Non-Standard Location is approved. To our knowledge, such approval is not yet forthcoming, and it is our position that such approval or disapproval should await the outcome of a public hearing.

Finally, it should be noted that although Meridian sought to proceed under administrative application rules based upon alleged topographical concerns, the limited documentation supplied by Meridian indicates that the unorthodox location selected is actually closer to an existing pipeline than an orthodox location on the same proration unit precisely because of the proposed unorthodox location.

Again, we request that this matter be set for public hearing, that Meridian be required to comply with applicable notice rules, that we be provided in the future by Meridian with any and all amendments to its application, and that Meridian be required to comply with all applicable rules and regulations concerning the placement and operation of their well. Thank you for your time and attention.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
MICHAEL J. CONDON

MJC:sa

Enclosures

cc: Doyle Hartman  
Carolyn Sebastian  
William F. Carr (via telecopy)  
Tom Kellahin (via telecopy)  
Leslyn M. Swierc  
James A. Davidson  
ioc: J.E. Gallegos

# GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive  
Building 300  
Santa Fe, New Mexico 87505  
Telephone No. 505-983-6686  
Telefax No. 505-986-1367  
Telefax No. 505-986-0741

11475-11476

MICHAEL J. CONDON

February 27, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505



Re: Administrative Application of Meridian Oil Inc. for Administrative Approval of an Unorthodox Well Locations for its Rhodes B Federal Well No. 4 and No. 7 Lea County, New Mexico

Dear Mr. LeMay:

This office represents Doyle and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator and James A. Davidson. Mr. Hartman has previously written you objecting to Meridian's improper and proposed Administrative Application for an unorthodox Rhodes gas well location by his letter dated January 24, 1996. Mr. Hartman has written a subsequent letter dated February 26, 1996, confirming the objection and responding to Meridian's letter of February 20, 1996. Texaco, by letters dated February 2 and 26, 1996, has already notified the OCD of its objection to Meridian's proposed application.

As the correspondence already demonstrates, the matters raised by Meridian's Application and the objection of Hartman and Texaco are sufficiently complex as to require that the OCD set this matter for hearing rather than consider the application administratively. At present, based upon documentation Meridian has provided, it is unclear whether the Rhodes B Federal No. 7 is an oil well or a gas well. If Meridian has a gas well, the location for the well is clearly unorthodox and effects Hartman's and Texaco's acreage and development in Section 23, T-26-S, R-37-E. If the well is an oil well, additional concerns are raised. In any event, the same zone at issue in Meridian's application is already dedicated to the Rhodes "B" Federal No. 1 oil well. We join in Texaco's objection to Meridian's attempt to circumvent OCD rules and regulations based on any private agreement, especially where Texaco, the other party to the agreement, disputes Meridian's characterization.

The OCD presently has before it applications from both Texaco and Hartman seeking force pooling as to the SW/4 of Section 23, T-26-S, R-37-E, Lea County, New

William J. LeMay  
February 27, 1996  
Page 2

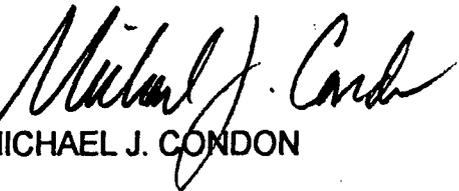
Mexico, Cases Nos. 11475 and 11476. Meridian's proposed Rhodes B Federal No. 7 well is located in Section 26 just 330' south of the north line. The location of this well will necessarily affect development in Section 23.

Please be advised that Hartman and Davidson oppose consideration of Meridian's Application administratively or without hearing. Please accept this letter as a request that Meridian's Administrative Application be set for hearing and consolidated with Cases No. 11475 and 11476, which are currently set for hearing on March 21, 1996. I would also appreciate it if you would provide this office with copies of any and all correspondence regarding the Meridian Application.

If you need any additional information, please feel free to contact me.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
MICHAEL J. CONDON

MJC:sa

cc: Doyle Hartman  
Carolyn Sebastian  
William F. Carr (via telecopy)  
Tom Kellahin (via telecopy)  
Leslyn M. Swierc  
James A. Davidson  
ioc: J.E. Gallegos

**CASE 11476:**

**Application of Doyle Hartman and  
Margaret Hartman, d/b/a Doyle Hartman,  
Oil Operator, for compulsory pooling, Lea  
County, New Mexico.**

Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East for all formations developed on 160-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

**CASE 11477:**

In the matter of the hearing called by the Oil Conservation Division upon its own motion to consider:

The creation of the following pools in Lea County:

East Bilbrey-Delaware Pool in Township

21 South, Range 33 East;

North Bilbrey-Delaware Pool in Township

21 South, Range 32 East;

Hat Mesa-Wolfcamp Pool in Township 20

South, Range 33 East;

South Nadine-Yates-Seven Rivers Pool in

Township 19 South, Range 38 East;

Ojo Chiso-Wolfcamp Gas Pool in Township

22 South, Range 34 East;

MERIDIAN OIL INC.  
P. O. BOX 51810  
MIDLAND, TEXAS 79710-1810  
(915) 688-6800  
FAX NO. (915) 688-6010

Date: 2/20/96

Fax No. Sending To: (505) 827-8177

To: MIKE STOGNER

From: LESLYN & DONNA

Telephone No.: (915) 688-6 — (6928 + 6943)

TOTAL Number of Pages Including Cover Page 5

Special Instructions: ALL THE "KISSY" ATTACHMENTS WILL  
BE SENT VIA OVERNIGHT MAIL W/ THE ORIGINAL  
LETTER. THANKS!

Leslyn & Donna

If any problems should occur or pages are not received, please contact us at (915) 688-6924.

**MERIDIAN OIL**

February 20, 1996

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Administrative Applications of Meridian Oil Inc for Administrative Approval of an Unorthodox Well Locations for its Rhodes B Federal Well No. 4 and No. 7  
Lea County, New Mexico

Dear Mr. LeMay:

On December 21, 1995, Meridian Oil Inc. ("Meridian") filed an administrative application with the NMOCDD requesting approval of the two referenced wells. Although Texaco Exploration & Production Inc. ("Texaco") is an offset interest owner, no notification is required because, by prior agreements, Texaco has consented to the "unorthodox locations" of these wells and has waived its right to object.

Despite Texaco's agreement to the contrary, by letter dated February 2, 1996, William F. Carr, attorney for Texaco, submitted an objection to the location of the referenced wells and requested these cases be docketed for hearing. Meridian hereby responds to the objections raised by Texaco by offering the following information:

The Rhodes B Federal Wells No. 4 and No. 7 (the "Wells") are gas wells drilled within the boundaries of both the Rhodes Unit and the Rhodes Oil Pool. The Rhodes Unit Agreement dated January 1, 1944 (the "Agreement") was entered into and accepted by The Texas Company, now "Texaco", Columbian Carbon Company, now "Oxy", Amerada Petroleum Corporation, now "Amerada" and El Paso Natural Gas Company, now "Meridian" (all hereinafter collectively referred to as the "Parties").

The Agreement specifically states that "it is the purpose of the Parties to conserve the natural resources, prevent avoidable waste, and obtain the other benefits obtainable through development and operation of said unit area...under and pursuant to the provisions of sections 17, 27 and 32 of the Act of Congress...entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain,' 41 Stat. 443, 448, 450 as amended..." "All oil, gas, natural gasoline, and associated fluid hydrocarbons in lands subject to [the Agreement] in any and all sands or horizons are unitized...and are hereinafter called 'unitized substances.'" (See Attachment A for outline of unit area.)

Mr. William LeMay  
February 20, 1996  
Page 2

The Agreement further states that "It is the intent...of [the Parties] that the unitized substances shall be subject to development and operation in separate groups..."

"Group 1. Gas (including casinghead gas) in any and all sands at or above a depth of 4,000 feet..."

"Group 2. Oil in any and all sands at or above a depth of 4,000 feet..."

"Group 3. All unitized substances below a depth of 4,000 feet..."

No operator was appointed for Group 2 and Group 3 substances. The Agreement states that "conditions for the development and operation of unitized substances in Group 2 and/or Group 3 shall...be deemed to be the terms and conditions of the leases, contracts and other agreements...except insofar as said leases, contracts or other agreements may require adjustment or modification to conform with the herein provided terms and conditions."

El Paso Natural Gas Company (Meridian) was designated as operator for Group 1 substances. The Group 1 operator was granted the "exclusive right, privilege and duty of exercising any and all rights of the Parties...which are necessary or convenient for prospecting for, producing, storing and disposing of Group 1 unitized substances..." "The Group 1 unit operator is authorized to shut-in or produce the unitized substances in Group 1...according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Oil and Gas Supervisor within 30 days after approval of this agreement..."

Attached to and made a part of the Rhodes Unit Agreement is a "Side Agreement" dated March 13, 1944, but effective January 1, 1944 between the Parties. The Side Agreement granted to El Paso Natural Gas Company "the exclusive right to drill for and produce gas to a depth of 4,000 feet...[in] all the leases described in Exhibit 'A.'" (See Attachment B for an outline of the leases described in Exhibit 'A' of the Side Agreement.) The Side Agreement states further that "Either party (The Texas Company, Columbian Carbon Company & Amerada Petroleum Corporation - collectively called "Seller" and El Paso Natural Gas Company - "Buyer") shall have the right to drill a well on any forty (40) acre tract...on said lands (provided however Buyer [El Paso] may not drill to a depth in excess of 4,000 feet) but, except upon demand of the Oil and Gas Supervisor, neither party shall have the right to drill a well for the purpose of producing from the presently-known producing horizons above 4,000 feet...on any forty (40) acre tract...on which there is an existing oil or gas well which is producing from a horizon above 4,000 feet..."

Both the Rhodes Unit Agreement and the Side Agreement were approved by Oscar L. Chapman, Assistant Secretary of the Interior on June 29, 1944. In Mr. Chapman's approval, it is certified "that each and every lease heretofore or hereafter issued for lands of the United States and made subject as to all or any part of the leased lands to said agreement...shall be modified as to the drilling, producing, and royalty provisions of such lease to conform with said agreement..." (See Attachment C for a copy of the Assistant Secretary's approval.)

Mr. William LeMay  
February 20, 1996  
Page 3

Texaco has recognized and accepted the "existing well on a forty acre tract" rule by requesting waivers from Meridian in 1992 and again in 1993 which allowed Texaco to drill 7 oil wells within forty acre tracts on which a Meridian gas well currently existed. Texaco reciprocated by granting waivers to Meridian in September 1995 which allowed Meridian to drill its Rhodes B Federal No.1 & 2 gas wells within forty acre tracts on which Texaco's oil wells currently existed. (See Attachments D for copies of waivers from both Texaco and Meridian.)

To carry this concept a step further, in 1982 the Rhodes Oil Pool and Rhodes Gas Pool were delineated by the New Mexico Oil Conservation Division. (See Attachment E for the acreage included in the Rhodes Oil Pool and Rhodes Gas Pool and the Order approving same.) Rule 104.C allows the drilling of oil wells within the Rhodes Oil Pool on forty (40) contiguous surface acres with spacing of 330' from the governmental quarter-quarter section or lot and 330' from the offset lease and/or nearest drilling well capable of producing from the same pool. Texaco, by agreement (the Rhodes Unit Agreement and the Side Agreement), has consented that gas wells in either pool will be drilled using forty (40) acre oil well locations. In addition, this gas and oil well spacing program, including how gas wells and oil wells are defined for these Rhodes pools, has been authorized by the Department of the Interior and approved by the NMOCD. Meridian has complied with the spacing program of *each* pool, irrespective of whether the well was drilled in the Oil Pool or Gas Pool. (i.e. - The Rhodes A Federal No. 2 is located in the Rhodes Gas Pool and is subject to the spacing rules of the Rhodes Gas Pool. The Rhodes B Federal No. 1 is located in the Rhodes Oil Pool and is subject to the spacing rules of the Rhodes Oil Pool)

The Rhodes B Federal No. 4 is located 553' FEL & 2418' FSL Section 27, T-26-S, R-37-E, Lea County, New Mexico (within the oil pool). The location from the East line (offset lease) is more than 330' and the location to the quarter-quarter line is 220'. This quarter-quarter encroachment is on Meridian's own gas rights which are covered under the Rhodes Unit Agreement and the Side Agreement described above.

The Rhodes B Federal No. 7 is located 330' FNL & 1470' FEL Section 26, T-26-S, R-37-E, Lea County, New Mexico (within the oil pool). The location from the North line (offset lease) is 330' and the location to the quarter-quarter line is 150', which is, again, encroaching on Meridian's own gas rights covered under the Rhodes Unit Agreement and the Side Agreement.

Texaco was aware of the above locations at the time the Wells were staked and permitted. Further, Texaco personnel assisted Meridian personnel in the staking of the Wells by identifying Texaco pipelines and facilities, and in moving the Well locations so as not to interfere with Texaco's operations.

Meridian's notification to Texaco concerning the Rhodes B Federal No. 4 and No. 7 was done out of courtesy and not necessity, as per the Rhodes Unit Agreement. (A copy of the Rhodes Unit Agreement and the Side Agreement are enclosed as Attachment F & G, respectively, for your perusal.) As previously stated, Meridian was granted the right by the Parties with the approval of the Secretary of the Interior to develop the gas on forty (40) acre tracts using oil well spacing within the unit area (refer to Attachment A). This development program has been an ongoing project for a number of years, and further, the gas wells drilled in the Rhodes Oil Pool have been consistent with that program. (See permits for the Rhodes B Federal No. 4 and No. 7 as Attachment H.) Precedent has set the development of gas wells in the oil pool due to the distinct separation of the respective gas and oil zones.

Mr. William LeMay  
February 20, 1996  
Page 4

Regarding the concerns addressed by Doyle Hartman in his letter of January 24, 1996, Mr. Hartman questioned the location of the Rhodes B Fed. #7 at its 330' FNL location. As stated above, in accordance with the Rhodes Unit Agreement and the Side Agreement, the 330' location to the offset lease is a legal location. Consequently, Meridian is not encroaching on Mr. Harman's "Dublin" lease.

Meridian respectfully requests the objections raised by Texaco and Doyle Hartman be denied and that Meridian's administrative applications for non-standard locations regarding the Wells be approved.

Very Truly Yours,

MERIDIAN OIL INC.



Leslyn M. Swierc, CPL  
Senior Landman

LMS/cs  
Enclosures

cc: Mr. W. Thomas Kellahin  
Santa Fe, New Mexico  
Mr. William F. Carr  
Santa Fe, New Mexico  
Doyle Hartman  
Dallas, Texas

Don Davis  
Chris Settle  
Albert Billman  
Mike Metcalf  
Donna Williams

CAMPBELL, CARR & BERGE, P.A.

LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 2, 1996

**HAND DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: **Application of Meridian Oil Inc. for Unorthodox Well Locations  
Lea County, New Mexico**

Dear Mr. LeMay:

By letter dated January 29, 1996, Meridian Oil Inc. notified Texaco Exploration and Production Inc. of its application to the Oil Conservation Division for unorthodox well locations for each of the following wells:

Rhodes B Federal Well No. 4  
2418' FSL & 553' FEL  
Section 27, Township 26 South, Range 37 East  
Lea County, New Mexico

Rhodes B Federal Well No. 7  
330' FNL & 1470' FWL  
Section 26, Township 26 South, Range 37 East  
Lea County, New Mexico

William J. LeMay, Director  
February 2, 1996  
Page 2

Texaco Exploration and Production Inc., offset operator to each of these unorthodox well locations, hereby objects to each location and requests that each location be set for hearing before a Division Examiner on March 21, 1996.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.

William F. Carr  
Attorney for  
Texaco Exploration and Production Inc.

WFC/kc

cc: Ronald W. Lanning  
Michael J. Condon, Esq.  
W. Thomas Kellahin, Esq.

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE I - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 2, 1996

**HAND DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: **Application of Meridian Oil Inc. for Unorthodox Well Locations  
Lea County, New Mexico**

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Lea County, New Mexico

Rhodes B Federal Well No. 7  
330' FNL & 1470' FWL  
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Lea County, New Mexico

William J. LeMay, Director  
February 2, 1996  
Page 2

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Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William F. Carr  
Attorney for  
Texaco Exploration and Production Inc.

WFC/kc

cc: Ronald W. Lanning  
Michael J. Condon, Esq.  
W. Thomas Kellahin, Esq.

**DOYLE HARTMAN***Oil Operator*3811 TURTLE CREEK BLVD., SUITE 730  
DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

February 27, 1996

New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505Attn: Michael J. Stogner  
Chief Hearing OfficerRe: Unorthodox Well Location  
Meridian Oil Inc.Rhodes "B" Federal No. 7  
Lea County, New Mexico  
Section 26, T-26-S, R-37-E, N.M.P.M.

Gentlemen:

Reference is made to Meridian's pending application to the NMOCD for approval of an unorthodox Rhodes Yates-Seven Rivers location for its recently drilled Rhodes "B" No. 7 well situated 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, Lea County, New Mexico. As you are aware, a distance of 1470' FWL of Section 26 equates to an unorthodox distance of 150' FWL of the 40-acre tract consisting of the NE/4NW/4 Section 26, which 40-acre tract is now being dedicated by Meridian to its newly drilled Rhodes "B" No. 7 well as per the amended C-102 (copy enclosed) found today on file at the NMOCD's Hobbs office.

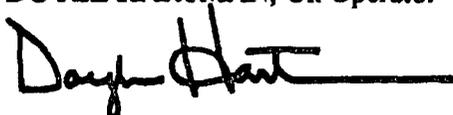
Although the NMOCD's Hobbs office also has on file a copy of Meridian's "APD" for the Rhodes "B" Federal No. 7 well (copy enclosed), which "APD" was approved for "...drilling only..." and specifically stated "...CANNOT produce until non-standard location is approved...", no final completion report or C-104 has yet been received by the NMOCD for the subject well. However, a drive today past the subject well has revealed that the well has already been turned into the gas sales line as an actively-producing Rhodes Yates-Seven Rivers interval well.

Michael J. Stogner  
February 27, 1996  
Page 2

Therefore, because of Texaco's long-time and continuous dedication, to its Rhodes Yates-Seven Rivers interval waterflood (oil) project, of the west-offset 40-acre tract consisting of the NW/4NW/4 Section 26, as adjacent and diagonal working interest owners affected by Meridian's encroachment further westward than Meridian would otherwise be allowed to move, this is Doyle Hartman's and James A. Davidson's third written objection to Meridian's proposed Rhodes "B" Federal No. 7 unorthodox location and our first notice that we also object to the well being actively produced into the gas sales line prior to an NMOCD hearing being held and an order being issued authorizing an unorthodox location for the Rhodes "B" Federal No. 7 well.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures (2)

rcp  
wpdocs\corresp.dh\rhodasb.fed

cc: William J. LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Leslyn Swierc  
Meridian Oil Company  
3300 North "A" Street, Building Six  
P.O. Box 51810  
Midland, TX 79705-5406

Daniel S. Nutter  
105 E. Alcianté  
Santa Fe, NM 87050

**Michael J. Stogner**  
**February 27, 1996**  
**Page 3**

**J.E. Gallegos**  
**Gallegos Law Firm**  
**460 St. Michaels Drive, Building 300**  
**Santa Fe, NM 87505**

**Michael J. Condon**  
**Gallegos Law Firm**  
**460 St. Michaels Drive, Building 300**  
**Santa Fe, NM 87505**

**William F. Carr**  
**Campbell, Carr & Berge, P.A.**  
**P.O. Box 2208**  
**Santa Fe, NM 87504-2208**

**James A. Davidson**  
**P.O. Box 494**  
**Midland, TX 79702**

**Don Mashburn**  
**Steve Hartman**  
**Cindy Brooks**

02/27/96

23:05

12145201434

Doyle Hartman

NMOCD

0047003

December 1995

SUBMIT IN 7' DATE

(Other instructions on reverse side)

Form approved. Budget Bureau No. 1004-7136 Expires: December 31, 1991

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT P.O. BOX 1980 ROSA, NEW MEXICO 88240

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN [ ]
1b. TYPE OF WELL OIL WELL [ ] GAS WELL [X] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR Meridian Oil Inc.

3. ADDRESS AND TELEPHONE NO. P.O. Box 51810 Midland, Texas 79710-1810 915-688-6943

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 330' FNL & 1470' FWL Unit C

5. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 6.8 miles south of Jal, New Mexico

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 330'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. Unk. 19. PROPOSED DEPTH 3150'

21. ELEVATIONS (Show whether DT, RT, GR, etc.) 2994'

3. LEASE DESIGNATION AND SERIAL NO. LC 030174-B
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT ASSIGNMENT NAME
8. FARM OR LEASE NAME, WELL NO. Rhodes 'B' Federal # 7
9. AP WELL NO.
10. FIELD AND POOL OR WELDCAT Rhodes Gas Pool 4-SR
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA S26, T26S, R37E
12. COUNTY OR PARISH Lea
13. STATE NM

22. APPROX. DATE WORK WILL START Upon Approval

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12 1/4" 8 5/8" 28# 550' 300 SKS CIRCULATE and 7 7/8" 4 1/2" 11.6# 3150' 650 SKS (TIE BACK)

Not in Potash Area
Not in Prairie Chicken Area
Hydrogen Sulfide Plan is attached
Notice of Staking submitted on October 6, 1995
Contact Person: Donna Williams, 915-688-6943

Approval for drilling only -- CANNOT produce until Non-Standard Location is approved.

OPER. OGRID NO. 26485
PROPERTY NO. 17608
POOL CODE 52250
EFF. DATE 1/16/96
API NO. 30-025-33249

RECEIVED OCT 26 10 37 AM '95

RECEIVED

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

SIGNED [Signature] TITLE Regulatory Compliance DATE 10/23/95

PERMIT NO. APPROVAL DATE APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED BY /s/ Yolanda Vega ASSISTANT AREA MANAGER DATE NOV 30 1995

\*See Instructions On Reverse Side

18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within...

District I  
100 Main Street, Hobbs, NM 88241-1990  
District II  
100 Denver DD, Aztec, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
100 Main Street, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number <b>30-025-33249</b>		2 Well Code <b>83810 52250</b>		3 Well Name <b>Rhodes Gas Pool Y-SR</b>	
4 Property Code <b>17608</b>		5 Property Name <b>RHODES 'B' FEDERAL</b>		6 Well Number <b>7</b>	
7 OGRM No. <b>26485</b>		8 Operator Name <b>MERIDIAN OIL INC.</b>		9 Elevation <b>2994</b>	

10 Surface Location

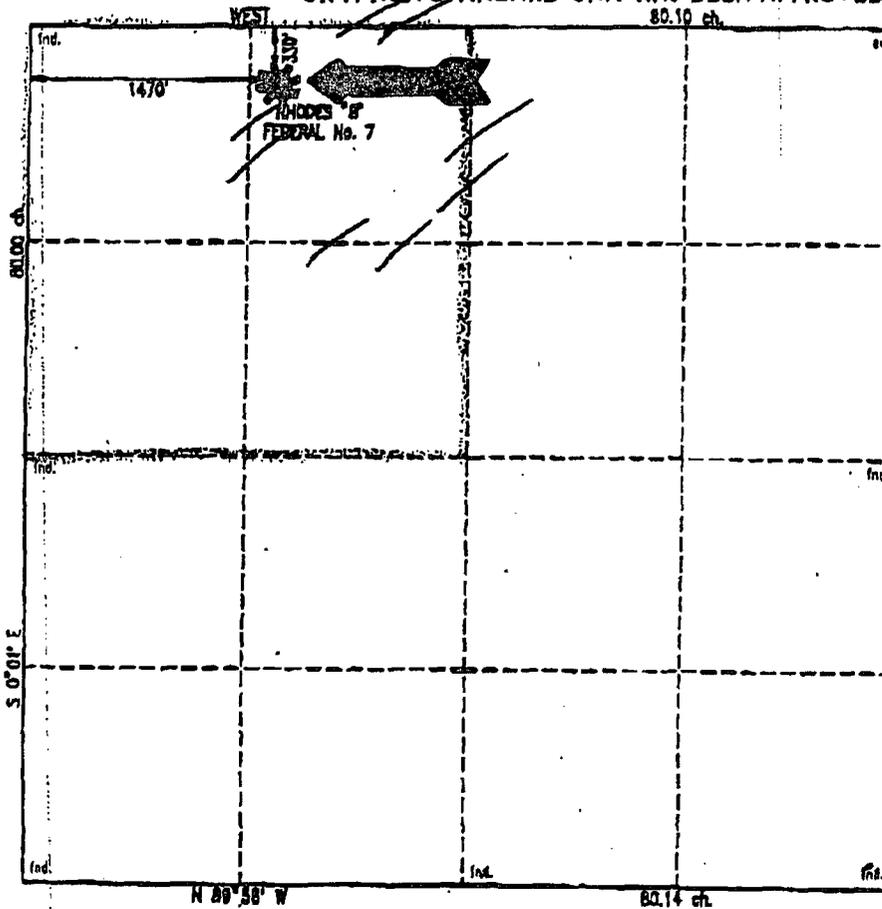
UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or Int no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres <b>160 40</b>	13 Joint or Infill	14 Consolidation Code	15 Order No.
-------------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

*Donna Williams*  
Signature  
Donna Williams  
Printed Name  
Regulatory Compliance  
Title  
10/23/95  
Date

18 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 belief.

OCTOBER 18, 1995  
Date of Survey  
Signature and Seal of *William E. Mahanke*  
Professional Land Surveyor  
Certificate Number 8456

NOTE - REVISED 10-19-85:  
MOVED LOCATION

# NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

**Mike Stogner**

---

**From:** Mike Stogner  
**To:** Jerry Sexton  
**Subject:** Meridian - Rhodes NSL Applications  
**Date:** Friday, February 23, 1996 3:02PM

Please read over the attach rough draft order and make any comments, changes, or additions you feel appropriate. Thanks. <<File Attachment: NSL-RHOD>>

*Note to file:*

*Draft copy of prepared  
adm. order E-mailed to  
Sexton for reply.*

*M.S.*

**DOYLE HARTMAN** OIL CONSERVATION DIVISION  
Oil Operator RECEIVED

'96 FEB 26 AM 8 52

February 26, 1996

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: Unorthodox Location  
Meridian Oil Inc.  
Rhodes "B" Federal No. 7

Gentlemen,

Reference is made to Meridian's letter to the NMOCD of February 20, 1996 (received by us February 26, 1996), concerning Meridian's administrative application for approval of an unorthodox gas well location for its Rhodes "B" Federal No. 7 well consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E. Upon first reading Meridian's letter and observing Meridian's rationale, I first thought that we had returned to the days of King John, the Sheriff of Nottingham, and King John's private hunting preserve (Sherwood Forest).

In its letter to you of February 20, 1996, Meridian stated that because of prior agreements between Texaco and Meridian,

"... the 330' location to the offset lease is a legal location. . ."

Unless we have missed something very important, we believe that Meridian's claim that its requested Rhodes "B" Rhodes gas well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37E is a "legal location" is a clear contradiction to its application to the NMOCD for an unorthodox gas well location. Meridian is obviously making an application for an unorthodox gas well location because a 160-acre gas well location situated 330' from a section line is not an orthodox location.

Doyle Hartman and James A. Davidson have considerable concern about Meridian's failure to give prior notice of its requested 160-acre unorthodox gas well location for its Rhodes "B" No. 7; especially considering that Texaco has simultaneously filed a force pooling application against Hartman and Davidson to drill a Rhodes gas well at a location consisting of 660' FSL and 660' FWL of Section 23, which location is only a short diagonal distance from Meridian's unorthodox gas well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E. Since it is the goal of an operator to maximize the recovery of underlying oil and gas reserves, we obviously are opposed to Meridian's unorthodox Rhodes "B" No. 7 gas well location relative to Texaco's proposed Rhodes "23" Federal Com. No. 1 location consisting of 660' FSL and 660' FWL of Section 23. In addition, in light of Texaco's desire to drill its proposed well at a Rhodes gas location consisting of 660' FSL and 660' FWL of Section 23, and based upon Meridian's February 20, 1996 letter, we believe that Texaco had a duty to take necessary prior precautions to assure that Meridian did not attempt to drill a gas well that conflicted with a location for which Texaco had pending plans to bring a compulsory pooling action against Hartman and Davidson.

February 1996

Page 2

Moreover, under NMOCD rule 104 (F)(3), Meridian had an obligation, when contemplating an unorthodox gas well location for its Rhodes "B" No. 7, to give notice of its application to owners of diagonal and adjacent Rhodes gas spacing units and acreage. One of the two adjacent 160-acre Rhodes gas pool tracts to Meridian's Rhodes "B" No. 7 well is the SW/4 Section 23, and Doyle Hartman and James A. Davidson are two of the owners of record of the adjoining 160-acre tract consisting of the SW/4 Section 23. Because we were provided no prior notice of Meridian's proposed unorthodox Rhodes gas location, coupled with the fact that Texaco has simultaneously filed an application to compulsory pool Hartman and Davidson corresponding to a location situated only a short diagonal distance from Meridian's unorthodox Rhodes gas well location consisting of 330' FNL and 1470' FWL of Section 27, T-26-S, R-37-E, we cannot at this time agree to Meridian's requested unorthodox Rhodes gas well location. In addition, since the matter of Meridian's Rhodes "B" No. 7 is highly interrelated to Texaco's and Hartman's pending applications corresponding to Rhodes gas pool development in the SW/4 Section 23, we respectfully request that all three cases be jointly consolidated.

Finally, if Meridian's letter of February 20, 1996 is implying that the Rhodes "B" No. 7 well may be completed as an oil well, any gas-oil-ratio derived from the well, that is significantly in excess of 1000-to-1, will represent a substantial quantity of gas being produced from free gas zones, which zones Texaco is proposing to compulsory pool as to its proposed Rhodes "23" Federal Com. No. 1 Rhodes gas well. Therefore, under such circumstances, Meridian's Rhodes "B" No. 7 location, which is situated in Section 26 just 330' FNL of Section 26, most certainly would have a negative impact upon a Rhodes gas well to be drilled 660' north of the south line of the Section 23.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

DH/cb

Enclosures

cc: Mr. Michael J. Stogner  
Chief Hearing Officer  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Mr. Daniel S. Nutter  
105 E. Alciante  
Santa Fe, New Mexico 87505

Gallegos Law Firm  
460 St. Michaels Drive  
Bldg. 300  
Santa Fe, New Mexico 87505  
Attn: J.E. Gallegos  
Michael J. Condon

Mr. James A. Davidson  
P.O. Box 494  
Midland, Texas 79702

Leslyn Swierc, CPL  
Meridian Oil Inc.  
P.O. Box 15810  
Midland, Texas 79710

William F. Carr  
Campbell, Carr & Berge, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 83810		3 Pool Name Rhodes Gas Pool	
4 Property Code 17608		5 Property Name RHODES 'B' FEDERAL			6 Well Number 7
7 OGRID No. 26485		8 Operator Name MERIDIAN OIL INC.			9 Elevation 2994

10 Surface Location

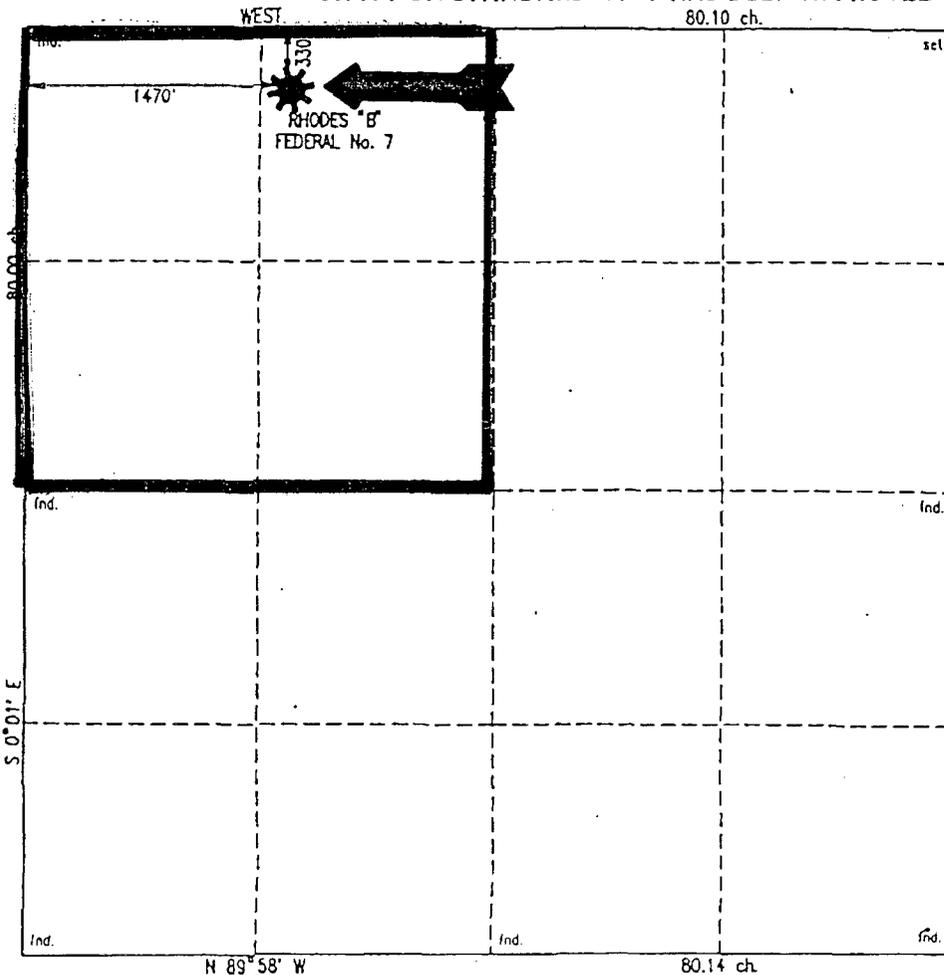
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Donna Williams*  
 Signature

Donna Williams  
 Printed Name

Regulatory Compliance  
 Title

10/23/95  
 Date

18 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 belief.

OCTOBER 18, 1995  
 Date of Survey

*William E. Mahanke*  
 Signature and Seal of Registered Surveyor

WILLIAM E. MAHANKE  
 Registered Surveyor  
 78466  
 NEW MEXICO  
 10/23/95

8466/ESSORAL  
 Certificate Number

NOTE - REVISED 10-19-95:  
 MOVED LOCATION

**DOYLE HARTMAN**

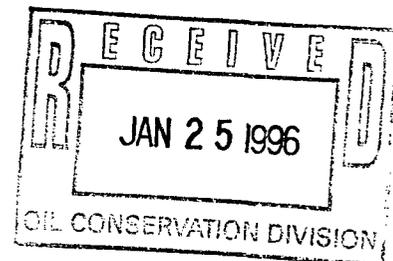
*Oil Operator*

3811 TURTLE CREEK BLVD., SUITE 730

DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX



January 24, 1996

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

William J. LeMay, Director  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Texaco Exploration & Production, Inc.  
Compulsory Pool Application  
SW/4 Section 23  
T-26-S, R-37-E  
Lea County, New Mexico

Gentlemen:

We are in receipt of Texaco's compulsory-pooling application covering interests (both oil & gas) as to three separate-sized tracts corresponding to the SW/4 Section 23, T-26-S, R-37-E, and Texaco's proposal to drill a 3250-foot Yates well at a location consisting of 660' FSL and 660' FWL of Section 23, T-26-S, R-37-E.

After a careful review of Texaco's recent application, we believe that Texaco's application is either deficient as to Texaco's stated reason for drilling its proposed well (oil or gas), and/or is premature by its inclusion of the E/2 SW/4 and NW/4SW/4 as part of a force pooling application. It appears that Texaco is presently asking that compulsory pooling orders be granted as to three different tract sizes (40 acres, 80 acres, 160 acres).

If it is Texaco's intent to drill and complete a Rhodes oil well, the spacing for such a well is 40 acres and the E/2 SW/4 and the NW/4SW/4 Section 23 most certainly should be excluded from any requested compulsory pooling order. Conversely, if Texaco expects to obtain a gas well, the application needs to clearly make such a statement and should request that only gas-well rights (and most certainly not oil and casinghead gas rights) be included as part of a compulsory pooling order.

So that each affected party will be afforded the opportunity to properly prepare for any compulsory pooling hearing and not be ambushed on hearing day, Texaco is obligated to state in its application its true and complete purpose for drilling its proposed well including the expected well classification and gas-oil ratio. At best, Texaco's application is highly brief and vague as to Texaco's intended purpose for drilling its proposed well. Moreover, Texaco's written proposal to Hartman and Davidson indicated that a well of not greater than 100,000-to-1 GOR (IP=500-1000 MCFPD and 10 BPD of liquids) is the expected well outcome which means that Texaco's application should cover only 40 acres (SW/4SW/4 section 23). We therefore request that no hearing date be set for Texaco's application until a comprehensive and accurate application has been filed by Texaco that provides all affected parties with precise information necessary to properly and thoroughly evaluate Texaco's position and prepare for any resulting compulsory pooling hearing.

Very truly yours,

DOYLE HARTMAN

A handwritten signature in black ink that reads "Doyle Hartman".

Doyle Hartman

DH/jb

wd2:ocd123

cc: Mr. Jerry Sexton, Supervisor  
New Mexico Oil Conservation Division  
PO Box 1980  
Hobbs, New Mexico 88240-1980

Mr. Michael Condon  
3650 St. Michaels Drive  
Building 400  
Santa Fe, New Mexico 87505

Mr. Ronald W. Lanning-Landman  
Texaco Exploration Production Inc.  
500 N. Loraine  
Midland, Texas 79701

Mr. Don Mashburn  
500 North Main  
Midland, Texas 79702

J. E. Gallegos Law Firm  
3650 St. Michaels Drive  
Building 400  
Santa Fe, New Mexico 87505

Mr. James A. Davidson  
P.O. Box 494  
Midland, Texas 79702

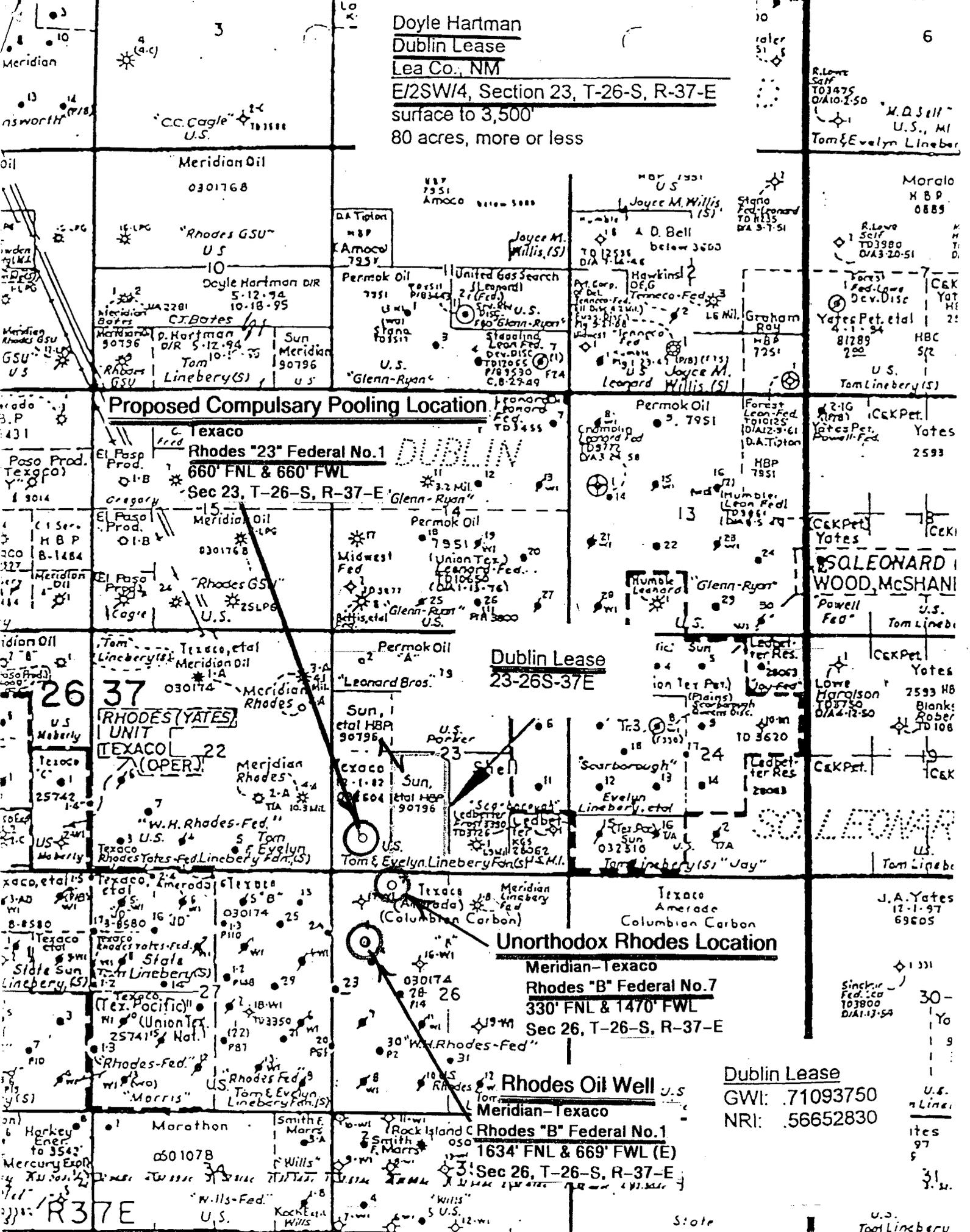
Mr. Steve Hartman  
500 North Main  
Midland, Texas 79702

Doyle Hartman  
Dublin Lease

Lea Co., NM

E/2SW/4, Section 23, T-26-S, R-37-E  
surface to 3,500'

80 acres, more or less



**Proposed Compulsory Pooling Location**

**Texaco**  
**Rhodes "23" Federal No. 1**  
**660' FNL & 660' FWL**  
**Sec 23, T-26-S, R-37-E**  
*DUBLIN*  
**"Glenn-Ryan"**

**Dublin Lease**  
**23-26S-37E**

**Unorthodox Rhodes Location**

**Meridian-Texaco**  
**Rhodes "B" Federal No. 7**  
**330' FNL & 1470' FWL**  
**Sec 26, T-26-S, R-37-E**

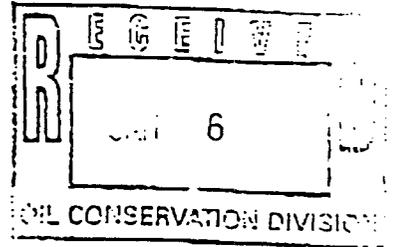
**Rhodes Oil Well**  
**Meridian-Texaco**

**Rhodes "B" Federal No. 1**  
**1634' FNL & 669' FWL (E)**  
**Sec 26, T-26-S, R-37-E**

**Dublin Lease**  
GWI: 71093750  
NRI: 56652830

U.S.  
Tom Linebery

BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF TEXACO EXPLORATION AND  
PRODUCTION INC. FOR  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

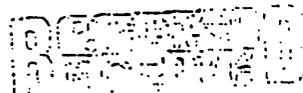
CASE NO. \_\_\_\_\_

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SW/4 of Section 23, for formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23, for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing in Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and Applicant has the right to drill thereon.

2. Texaco proposes to dedicate each of these spacing or proration units to its Rhodes "23" Fed. Com No. 1 Well which is located at an orthodox location at a point 660 feet from the South line and 660 feet from the West line. Applicant proposes to drill this well and test any and all formations from the surface to the base of the Yates formation,



JAN 22 1996

Yates-Seven Rivers Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

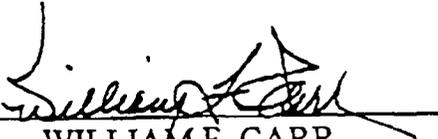
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the wells to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 22, 1996, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By:   
WILLIAM F. CARR  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION  
AND PRODUCTION INC.



LOCATION AND RE-ENTRIES CONT'D:

Lea County

Sec 36 T22S R32E 15 mi NW Ochoa  
STRATA PROD. CO: Shell State #3  
1980/N & 2310/W Red Tank  
Rot 9000 Bone Spring  
API #30-025-33246

Lea County

Sec 27 T26S R37E 6 mi SE Jal  
MERIDIAN OIL INC Rhodes B Federal #4  
2418/S & 553/E Rhodes  
Rot 3150 Yates Seven Rivers  
API #30-025-33248

Sec 26 T26S R37E 6 mi SE Jal  
MERIDIAN OIL INC Rhodes B Federal #7  
330/N & 1470/W Rhodes  
Rot 3150 Yates Seven Rivers  
API #30-025-33249

\*\*\*\*\*

REMEDIAL WORK NOTICES:

Sec 2 T18S R34E Unit C Vacuum TEXACO EXPL & PROD INC, New Mexico "Z" State TN Com  
#1: To Recomplete API #30-025-29988  
Sec 2 T20S R37E Unit P Monument CONOCO INC State A-2A #5: To Recomplete  
API #30-025-30004  
Sec 8 T20S R37E Unit L Eumont ARCO PERMIAN Berta J Barber #16: To Plugback  
API #30-025-06029

\*\*\*\*\*

WATER CONSERVATION DIVISION  
RECEIVED

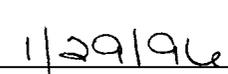
'96 JAN 31 AM 8 52

I, DONNA WILLIAMS, DO HEREBY CERTIFY THAT A COPY OF THE APPLICATION WAS  
FILED WITH THE FOLLOWING ON JANUARY 29, 1996.

Doyle Hartman Oil Operators  
500 N. Main  
Midland, Texas 79701

Texaco Exploration & Production Inc.  
Box 3109  
Midland, Texas 79702

  
\_\_\_\_\_  
DONNA WILLIAMS

  
\_\_\_\_\_  
DATE



# GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive  
Building 300  
Santa Fe, New Mexico 87505  
Telephone No. 505-983-6686  
Telefax No. 505-986-1367  
Telefax No. 505-986-0741

January 31, 1996

RECEIVED MICHAEL J. CONDON

JAN 31 1996

Oil Conservation Division

11476

**HAND-DELIVERED**

William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Application of Texaco Exploration and Production, Inc. for Compulsory Pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed for filing please find Hartman's Cross-Application for Compulsory Pooling and Objection to and Motion to Dismiss the Application of Texaco Exploration and Production, Inc. for Compulsory Pooling. Please file this under the same case number assigned to Texaco's Application. As I have previously indicated in correspondence, we would appreciate it if this matter could be continued from its present February 22, 1996 setting. I still have not heard from Texaco regarding their position on a continuance, but hope to hear something shortly. We believe that the parties shall be given ample time to try to work out an agreement before force pooling proceedings take place.

If you have any questions, please feel free to contact me.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
MICHAEL J. CONDON

MJC:sa

Enclosure

cc: Doyle Hartman  
Carolyn Sebastian  
William F. Carr (w/enclosures)  
Buddy Davidson  
ioc: J.E. Gallegos

**BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES**

**RECEIVED**

**IN THE MATTER OF THE APPLICATION  
OF TEXACO EXPLORATION AND  
PRODUCTION INC. FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.**

JAN 31 1996

Oil Conservation Division

NO. 11476

**HARTMAN'S CROSS-APPLICATION FOR  
COMPULSORY POOLING AND OBJECTION TO  
AND MOTION TO DISMISS THE APPLICATION OF TEXACO  
EXPLORATION AND PRODUCTION, INC. FOR COMPULSORY POOLING**

Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator (herein "Hartman"), apply to the New Mexico Oil Conservation Division ("NMOCD") pursuant to NMSA 1978 Section 70-2-17, for an Order pooling all mineral interests in the SW/4 of Section 23 for formations developed on 160-acre spacing, and creating a 160-acre Rhodes Yates-Seven Rivers gas proration unit covering the SW/4 of Section 23, T-26-S, R-37-E, N.M.P.M., Lea County, New Mexico. Hartman concurrently serves this Objection to the application of Texaco Exploration and Production Inc. ("Texaco") for Compulsory Pooling, Lea County, New Mexico," filed with NMOCD on or about January 16, 1996, and moves to dismiss Texaco's Application. As grounds for this Cross-Application, Objection, and Motion to Dismiss, Hartman states as follows:

1. Hartman is a working interest owner in the SW/4 of Section 23 and has the right to drill thereon. Hartman requests designation as operator of a 160-acre proration unit consisting of the SW/4 Section 23 and requests simultaneous dedication of

this proration unit to a Rhodes Yates-Seven Rivers gas well to be located 1980' FSL and 660' FWL Section 23. Applicant proposes to drill this gas well and test any and all formations from the surface to a depth of 3,300', which depth shall be adequate to test the Yates-Seven Rivers Gas Pool interval. The acreage at issue in this Cross Application is identical to that at issue in Texaco's Application.

2. Hartman learned on January 24, 1996, that Meridian Oil, Inc. filed an Application for Non-Standard Location for its Rhodes "B" Federal Well No. 7, located in Section 26, T-26-S, R-37-E. This well, which Meridian has apparently already drilled, is located only 330 feet from the North line of the Section which represents the southern boundary of Section 23.

3. Because of Texaco's proposed location of 660' FSL and 660' FWL of Section 23, Hartman objects to Meridian's Rhodes "B" Federal No. 7 application. Hartman is an offset operator to the Meridian Rhodes "B" Federal No. 7 well, but was not given notice of the proposed well or the Application as required by Rule 104 of NMOCD Rules and Regulations. Based on available information, the circumstances of the Rhodes "B" Federal Well No. 7 do not qualify under Rule 104(F)(1) or (2), nor are there any circumstances which justify consideration or approval of this proposed well without notice and hearing as required by NMOCD Rule 1201 and due process requirements. See Uhden v. New Mexico Oil Conservation Commission, 112 N.M. 528, 817 P.2d 721 (1991). A copy of Hartman's letter of January 24, 1996 objecting to Meridian's Application, is attached hereto as Exhibit "A."

4. The Meridian Rhodes "B" Federal Well No. 7 was apparently drilled on a Texaco lease covering Section 26. Thus, to the extent that Texaco's proposed development in Section 23 is necessary to avoid drainage caused by the operation of the Rhodes "B" Federal Well No. 7, the drainage problem was created and acceded to by Texaco pursuant to an agreement between Texaco and Meridian, the total scope and terms of which are unknown to Hartman but which are relevant and material to NMOCD's consideration of Texaco's Application and Hartman's Cross-Application.

5. James A. (Buddy) Davidson, another working interest owner in the SW/4 of Section 23, has also objected, by letter dated January 25, 1996, to Texaco's application and the proposed Rhodes "23" Fed. Com. No. 1 location consisting of 660' FSL and 660' FWL Section 23. Hartman received Texaco's force pooling application on January 22, 1996.

6. Texaco's AFE for the proposed Rhodes "23" Fed. Com. No. 1 well estimates total drilling costs of \$185,000. This AFE is not in line with normal and customary costs of drilling a Yates-Seven Rivers well in this area, and is substantially less than drilling costs which Texaco has recognized and charged for other wells Texaco recently drilled in this area as part of its 1993 infill drilling program in Texaco's Rhodes waterflood projects located in Sections 21, 22, 26, 27, and 28, T-26-S, R-37-E.

7. Texaco's application is deficient, vague, ambiguous, and fails to comply with notice requirements established by NMOCD Rules and Regulations. It is unclear from Texaco's Application if Texaco intends to drill and complete a Rhodes oil well

or a Yates-Seven Rivers gas well. Spacing for oil wells in Lea County for the drilling depth proposed by Texaco is 40 acres. If Texaco intends to drill and complete an oil well, no acreage other than the SW/4 SW/4 of Section 23 should be included in any requested compulsory pooling order. Texaco's Application is also deficient, vague and ambiguous to the extent that it seeks pooling for formations developed on 80-acre spacing in this area.

8. Texaco's Application does not adequately protect Hartman's correlative rights, avoid drilling of unnecessary wells, or adequately prevent waste. Texaco's Application, if approved, would unnecessarily diminish Hartman's interest in the SW/4 of Section 23.

9. Hartman's proposed well is geologically more optimum for the proposed 160-acre proration unit, and better able to affect drainage of the entire proration unit than Texaco's proposed Rhodes "23" Fed. Com No. 1 location, which is located in close proximity to the southern border of the proposed proration unit and in close proximity to both Meridian's unorthodox Rhodes "B" Federal Well No. 7 and Texaco's long-time Rhodes "B" Federal No. 17 Rhodes-Yates water injection well.

10. Hartman has not had sufficient time to obtain either voluntary agreement for pooling or farm out from certain interest owners in the SW/4 of Section 23 or to ascertain whether this Cross-Application is opposed. Texaco first proposed drilling in November, 1995. Hartman will shortly submit an AFE and a proposed Communitization Agreement and Operating Agreement to other working interest owners and seek their approval for drilling under this cross-application.

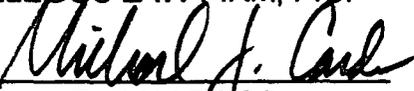
11. Hartman's proposed pooling of interests will prevent waste, avoid unnecessary drilling of wells, and will protect the correlative rights of all interest owners in the SW/4 of Section 23.

12. In accordance with NMOCD Rule 104(C)(2)(iv), Hartman is notifying those offset operator parties set forth on Exhibit "B," attached hereto, and the parties to be force pooled by this Application.

WHEREFORE, Hartman requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division. Due to the relatively recent development of plans regarding this property, Hartman requests that Texaco's Application and this Cross-Application be set on a March docket to allow the parties time to negotiate and study the proposed plans and, after notice and hearing as required by law, that the Division enter its Order (a) pooling the lands subject to the provisions and conditions in Hartman's Cross-Application, including provisions for Hartman to recover its costs of drilling, equipping and completing the well, its cost of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by Hartman in drilling, completing and equipping the well, and (b) dismissing and/or denying Texaco's Application.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 

J. E. GALLEGOS

MICHAEL J. CONDON

460 St. Michael's Drive - Bldg. 300

Santa Fe, New Mexico 87505

(505) 983-6686

Attorneys for Applicant

**DOYLE HARTMAN**

*Oil Operator*

3811 TURTLE CREEK BLVD., SUITE 730

DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

January 24, 1996

William J. LeMay, Director  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Re: Unorthodox Well Location  
Meridian-Texaco  
Rhodes "B" Federal No. 7  
330' FNL & 1470' FWL  
Section 26, T-26-S, R-37-E  
Lea County, New Mexico

Gentlemen:

Reference is made to the enclosed notice of force pooling that was received by us January 22, 1996, from Texaco Exploration Production, Inc. regarding our 80-acre Dublin lease consisting the E/2 SW/4 Section 26, T-26-S, R-37-E, Lea County, New Mexico.

Yesterday, in reviewing recent drilling activity in the vicinity of our 80-acre Dublin lease, to our astonishment, we learned that Meridian has just finished drilling, at an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, Lea County, New Mexico, a new Rhodes Yates well on Texaco's Rhodes "B" Federal lease situated immediately south of our 80-acre Dublin lease.

As to Meridian's newly drilled well situated 330' south of our 80-acre Dublin lease, we have two points of concern:

1. Notwithstanding the fact that the new offsetting Meridian-Texaco well has been drilled at an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, as a direct offsetting operator, we have received no notice of a Meridian-Texaco application being submitted to the NMOCD seeking approval for an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, and was totally unaware until yesterday that a new offsetting well has been drilled or was being planned.
2. Since the 1920's, Texaco has been the operator of the Rhodes "B" Federal Rhodes Pool lease consisting in part of Sections 26 and 27, T-26-S, R-37-E. It is an established NMOCD regulation that there can only be one officially recognized operator of a lease. Therefore, in the absence of any additional information, we are somewhat puzzled as to how Meridian can drill and operate new Rhodes Yates-Seven Rivers wells such as the Rhodes "B" Federal No. 1 well (B-27-26-37) on the same Rhodes Yates-Seven Rivers lease being operated by Texaco.

In light of the foregoing, and in accordance with NMOCD regulations, we respectfully request that Meridian-Texaco's new offsetting Rhodes "B" Federal No. 7 well not be granted final authorization to produce until a proper application for an unorthodox location has been filed by Meridian-Texaco and has been approved by the NMOCD, which application also requires that proper notice be given to all offsetting and potentially affected operators.

Very truly yours,

DOYLE HARTMAN



Doyle Hartman

EXHIBIT A

DH/jb

cc: Mr. Jerry Sexton, Supervisor  
New Mexico Oil Conservation Division  
PO Box 1980  
Hobbs, New Mexico 88240-1980

Mr. Michael Condon  
3650 St. Michaels Drive  
Building 400  
Santa Fe, New Mexico 87505

Mr. Ronald W. Lanning-Landman  
Texaco Exploration Production Inc.  
500 N. Loraine  
Midland, Texas 79701

Mr. Don Mashburn  
500 North Main  
Midland, Texas 79702

J. E. Gallegos Law Firm  
3650 St. Michaels Drive  
Building 400  
Santa Fe, New Mexico 87505

Mr. James A. Davidson  
P.O. Box 494  
Midland, Texas 79702

Leslyn M Swierc, CPL  
Meridian Oil, Inc.  
3300 N. A Street, Bldg. 6  
Midland, Texas 79705

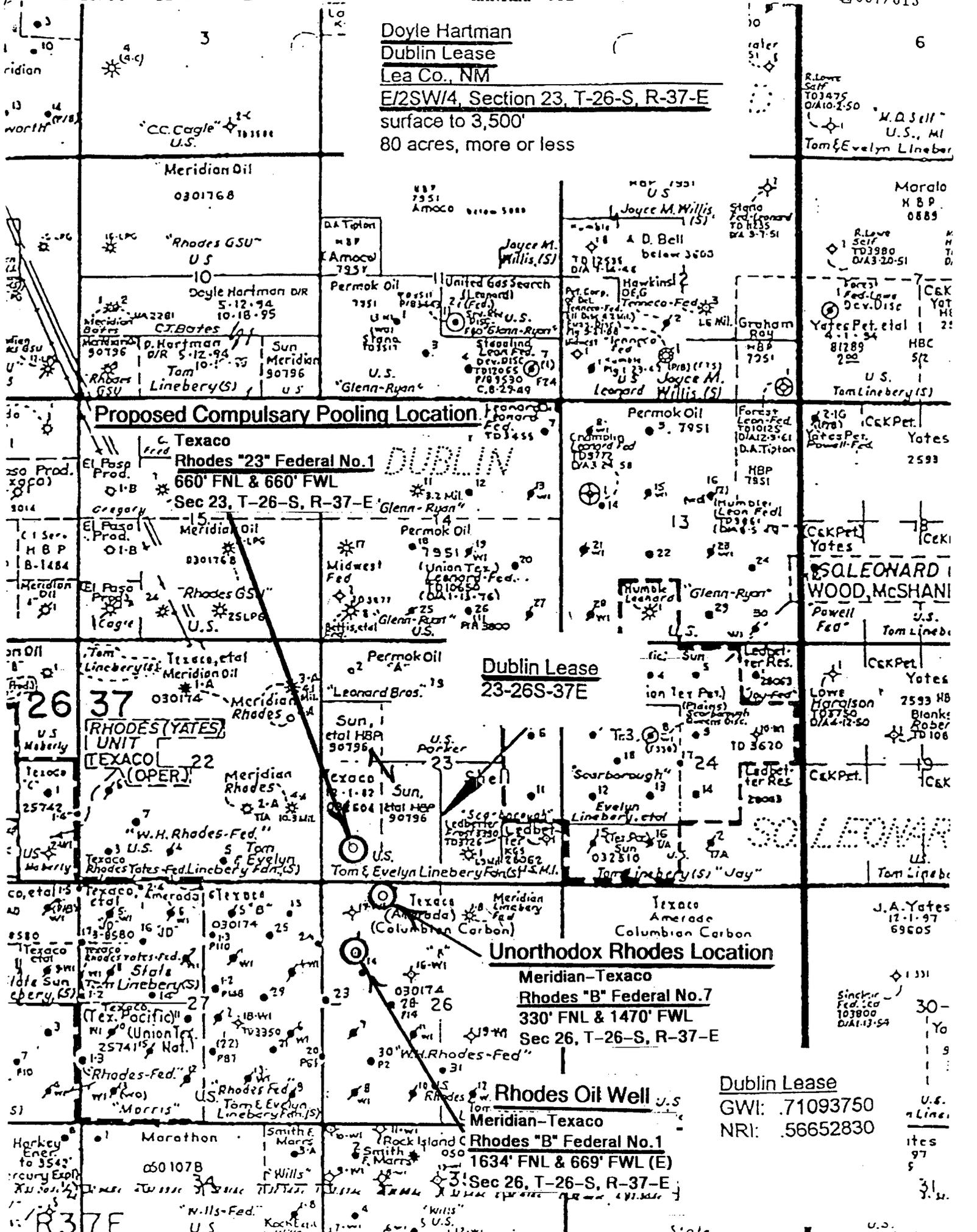
Mr. Steve Hartman  
500 North Main  
Midland, Texas 79702

Doyle Hartman  
Dublin Lease

Lea Co., NM

E/2SW/4, Section 23, T-26-S, R-37-E  
surface to 3,500'

80 acres, more or less



Proposed Compulsory Pooling Location

Texaco  
Rhodes "23" Federal No. 1  
660' FNL & 660' FWL  
Sec 23, T-26-S, R-37-E

DUBLIN

Dublin Lease  
23-26S-37E

Unorthodox Rhodes Location

Meridian-Texaco  
Rhodes "B" Federal No. 7  
330' FNL & 1470' FWL  
Sec 26, T-26-S, R-37-E

Rhodes Oil Well  
Meridian-Texaco

Rhodes "B" Federal No. 1  
1634' FNL & 669' FWL (E)  
3' Sec 26, T-26-S, R-37-E

Dublin Lease  
GWI: 71093750  
NRI: 56652830

R. Lowe  
Self  
T03475  
0/A10-2-50  
"M.D. Sell"  
U.S., MI  
Tom & Evelyn Lineberry

2-1G  
C&K Pet.  
Yates Pet.  
Powell Fed.  
2593

SOLEONARD  
WOOD, McSHANI  
U.S.  
Tom Lineberry

C&K Pet.  
Yates  
Lowe  
Haganson  
T05750  
0/A4-12-50  
2593 HB  
Blanks  
Robert  
T0108

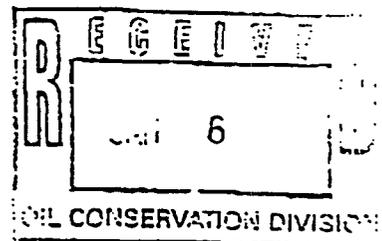
SOLEONARD  
U.S.  
Tom Lineberry

J.A. Yates  
12-1-97  
69505

Sinclair  
Fed. Co  
103800  
0/A1-13-54  
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U.S.  
Lineberry  
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BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

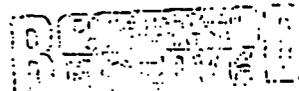
IN THE MATTER OF THE APPLICATION  
OF TEXACO EXPLORATION AND  
PRODUCTION INC. FOR  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. \_\_\_\_\_

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SW/4 of Section 23, for formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23, for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing in Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and Applicant has the right to drill thereon.
2. Texaco proposes to dedicate each of these spacing or proration units to its Rhodes "23" Fed. Com No. 1 Well which is located at an orthodox location at a point 660 feet from the South line and 660 feet from the West line. Applicant proposes to drill this well and test any and all formations from the surface to the base of the Yates formation,



JAN 22 1996

Yates-Seven Rivers Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

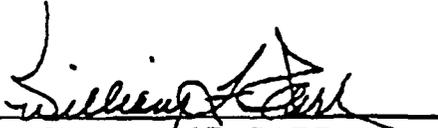
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the wells to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 22, 1996, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION  
AND PRODUCTION INC.

LOCATION AND RE-ENTRIES CONT'D:

Lea County

Sec 36 T22S R32E 15 mi NW Ochoa  
STRATA PROD. CO. Shell State #3  
1980/N & 2310/W Red Tank  
Rot 9000 Bone Spring  
API #30-025-33246

Lea County

Sec 27 T26S R37E 6 mi SE Jal  
MERIDIAN OIL INC Rhodes B Federal #4  
2418/S & 553/E Rhodes  
Rot 3150 Yates Seven Rivers  
API #30-025-33248

Sec 26 T26S R37E 6 mi SE Jal  
MERIDIAN OIL INC Rhodes B Federal #7  
330/N & 1470/W Rhodes  
Rot 3150 Yates Seven Rivers  
API #30-025-33249

\*\*\*\*\*

REMEDIAL WORK NOTICES:

Sec 2 T18S R34E Unit C Vacuum TEXACO EXPL & PROD INC, New Mexico "Z" State TN Com  
#1: To Recomplete API #30-025-29988  
Sec 2 T20S R37E Unit P Monument CONOCO INC State A-2A #5: To Recomplete  
API #30-025-30004  
Sec 8 T20S R37E Unit L Eumont ARCO PERMIAN Berta J Barber #16: To Plugback  
API #30-025-06029

\*\*\*\*\*



(3) All Counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba and Sandoval.

- (a) Any wildcat well which is projected as an oil well in any county other than Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, and Sandoval Counties shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary of such tract.
- (b) Any wildcat well which is projected as a gas well to a formation and in an area which, in the opinion of the Division representative approving the application to drill, may reasonably be presumed to be productive of gas rather than oil shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

C. ACREAGE AND WELL LOCATION REQUIREMENTS FOR DEVELOPMENT WELLS

(1) Oil Wells, All Counties.

- (a) Unless otherwise provided in special pool rules, each development well for a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot, and shall be located not closer than 330 feet to any boundary of such tract nor closer than 330 feet to the nearest well drilling to or capable of producing from the same pool, provided however, only tracts committed to active secondary recovery projects shall be permitted more than four wells.

(2) Lea, Chaves, Eddy and Roosevelt Counties.

- (a) Gas Wells. Unless otherwise provided in special pool rules, each development well for a defined gas pool in a formation younger than the Wolfcamp formation, or in the Wolfcamp formation which was created and defined by the Division prior to November 1, 1975, or in a Pennsylvanian age or older formation which was created and defined by the Division prior to June 1, 1964, shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U.S. Public Land Surveys, and shall be located not closer than 660 feet to any outer boundary of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.
- (b) Unless otherwise provided in the special pool rules, each development well for a defined gas pool in the Wolfcamp formation which was created and defined by the Division after November 1, 1975, or of Pennsylvanian age or older which was created and defined by the Division after June 1, 1964, shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single

## OFFSET OPERATORS

Meridian Oil, Inc.  
Building 6  
3300 North A Street  
Midland, Texas 79705

J. McShane Inc.  
Post Office Box 968  
Monahans, Texas 79756

AMOCO Production Co.  
Box 3092  
Houston, Texas 77253

Oryx Energy  
Post Office Box 2880  
Dallas, Texas 75221

Texaco Exploration and Production, Inc.  
Post Office Box 3109  
Midland, Texas 79702

Permok Oil, Inc.  
4050 Pennsylvania  
Suite 340  
Kansas City, Missouri 64111

Atlantic Richfield  
Box 2819  
Dallas, Texas 75221

## WORKING INTEREST OWNERS

Texaco Exploration and Production, Inc.  
Post Office Box 3109  
Midland, Texas 79702

James A. Davidson  
Post Office Box 494  
Midland, Texas 79702

Larry A. Nermyr  
HC-57  
Box 4106  
Sidney, Montana 59270

James E. Burr  
3803 Wedgewood Ct.  
Midland, Texas 79707

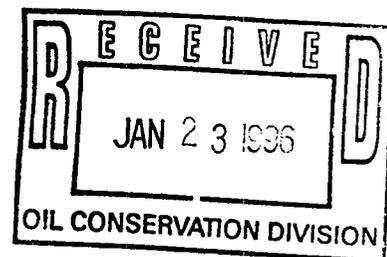
Ruth Sutton  
2826 Moss Avenue  
Midland, Texas 79705

Delphia Lorene Fletcher  
3803 Cimmaron  
Midland, Texas 79707

# GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive  
Building 300  
Santa Fe, New Mexico 87505  
Telephone No. 505-983-6686  
Telefax No. 505-986-1367  
Telefax No. 505-986-0741



MICHAEL J. CONDON

January 23, 1996

## **HAND-DELIVERED**

William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Application of Texaco Exploration and Production, Inc. for Compulsory Pooling, Lea County, New Mexico; Section 23, T-26-S, R-37-E

Dear Mr. LeMay:

This office represents Doyle and Margaret Hartman d/b/a Doyle Hartman, Oil Operator. We received on January 22, 1996, a copy of Texaco's Application with respect to the above-referenced matter. A copy of the first page of the Application is attached. We understand that the case is currently scheduled on OCD's February 22, 1996 Docket.

We are writing to request that this matter be continued to at least the next hearing docket, after February 22, and that OCD allow for one (1) full day for the hearing. Hartman was recently involved in litigation with Texaco arising out of Texaco's operation of the Rhodes Yates Waterflood in Section 22, T-26-S, R-37-E, Hartman v. Texaco, Cause No. SF 93-2387(C). A jury in that case found that Texaco's waterflood operation had caused injected water to escape out of zone (the same Yates Formation in which Texaco proposes to complete this well) and flood out Hartman's Bates lease to the north. Evidence in that case established that there are known uphole waterflows in the general area with pressure gradients above 1 psi per foot. For over twenty years, Texaco has injected water into the pay zone in the section directly offsetting the tract in which Texaco proposes to drill this well. Hartman is concerned, based in part upon evidence introduced by Texaco at that trial, that the waterflood operation may have impacted the area of the proposed well here.

Preliminary work shows that, based at least in part on Texaco's waterflood, the current geology of the pay zone and the area is highly complex and unusual. Hartman requires additional time to study Texaco's proposal and prepare for hearing on this matter. Moreover, additional time would allow the parties an opportunity to determine if this matter can be resolved without force pooling.

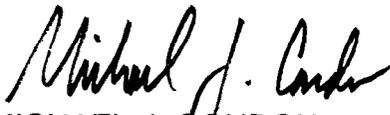
William J. LeMay  
January 23, 1996  
Page 2

I attempted to contact Texaco's counsel, Bill Carr, to determine if Texaco would agree with the requested extension. Mr. Carr was unavailable when I called. I will be back in the office on Thursday, January 25, 1996, and will hopefully speak with Mr. Carr at that time.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact me.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By   
MICHAEL J. CONDON

MJC:sa

Enclosure

cc: Doyle Hartman  
Carolyn Sebastian  
William F. Carr

**DOYLE HARTMAN**

*Oil Operator*

3811 TURTLE CREEK BLVD., SUITE 730

DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

January 24, 1996

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

William J. LeMay, Director  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Texaco Exploration & Production, Inc.  
Compulsory Pool Application  
SW/4 Section 23  
T-26-S, R-37-E  
Lea County, New Mexico

Gentlemen:

We are in receipt of Texaco's compulsory-pooling application covering interests (both oil & gas) as to three separate-sized tracts corresponding to the SW/4 Section 23, T-26-S, R-37-E, and Texaco's proposal to drill a 3250-foot Yates well at a location consisting of 660' FSL and 660' FWL of Section 23, T-26-S, R-37-E.

After a careful review of Texaco's recent application, we believe that Texaco's application is either deficient as to Texaco's stated reason for drilling it's proposed well (oil or gas), and/or is premature by its inclusion of the E/2 SW/4 and NW/4SW/4 as part of a force pooling application. It appears that Texaco is presently asking that compulsory pooling orders be granted as to three different tract sizes (40 acres, 80 acres, 160 acres).

If it is Texaco's intent to drill and complete a Rhodes oil well, the spacing for such a well is 40 acres and the E/2 SW/4 and the NW/4SW/4 Section 23 most certainly should be excluded from any requested compulsory pooling order. Conversely, if Texaco expects to obtain a gas well, the application needs to clearly make such a statement and should request that only gas-well rights (and most certainly not oil and casinghead gas rights) be included as part of a compulsory pooling order.

So that each affected party will be afforded the opportunity to properly prepare for any compulsory pooling hearing and not be ambushed on hearing day, Texaco is obligated to state in its application it's true and complete purpose for drilling it's proposed well including the expected well classification and gas-oil ratio. At best, Texaco's application is highly brief and vague as to Texaco's intended purpose for drilling its proposed well. Moreover, Texaco's written proposal to Hartman and Davidson indicated that a well of not greater than 100,000-to-1 GOR (IP=500-1000 MCFPD and 10 BPD of liquids) is the expected well outcome which means that Texaco's application should cover only 40 acres (SW/4SW/4 section 23). We therefore request that no hearing date be set for Texaco's application until a comprehensive and accurate application has been filed by Texaco that provides all affected parties with precise information necessary to properly and thoroughly evaluate Texaco's position and prepare for any resulting compulsory pooling hearing.

Very truly yours,

  
DOYLE HARTMAN

Doyle Hartman

DH/jb

wd2:ocd123

CAMPBELL, CARR & BERGE, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE

MICHAEL H. FELDEWERT  
TANNIS L. FOX  
TANYA M. TRUJILLO  
PAUL R. OWEN

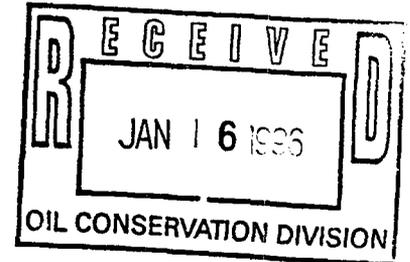
JACK M. CAMPBELL  
OF COUNSEL

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

January 16, 1996

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



Re: Application of Texaco Exploration and Production Inc., for compulsory pooling, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Texaco Exploration and Production Inc., in the above-referenced case as well as a copy of a legal advertisement. Texaco Exploration and Production Inc., respectfully requests that this matter be set for hearing before a Division Examiner on February 22, 1996.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

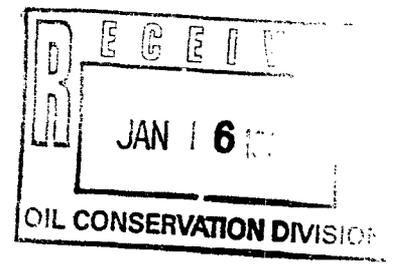
WILLIAM F. CARR

WFC:mlh

Enclosures

cc: Mr. Ron Lanning (w/enclosures)  
Texaco Exploration and Production Inc.  
Post Office Box 3109  
Midland, TX 79702

BEFORE THE  
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION  
OF TEXACO EXPLORATION AND  
PRODUCTION INC. FOR  
COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. \_\_\_\_\_

APPLICATION

TEXACO EXPLORATION AND PRODUCTION INC. ("TEXACO"), by its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the SW/4 of Section 23, for formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23, for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing in Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in support thereof states:

1. Texaco is a working interest owner in the SW/4 of Section 23 and Applicant has the right to drill thereon.
2. Texaco proposes to dedicate each of these spacing or proration units to its Rhodes "23" Fed. Com No. 1 Well which is located at an orthodox location at a point 660 feet from the South line and 660 feet from the West line. Applicant proposes to drill this well and test any and all formations from the surface to the base of the Yates formation,

Yates-Seven Rivers Gas Pool.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the SW/4 of said Section 23.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

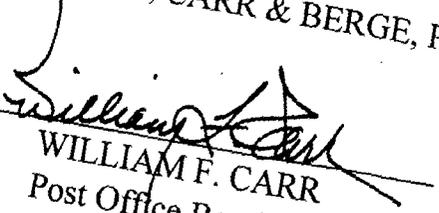
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the wells to be drilled thereon.

WHEREFORE, Texaco Exploration and Production Inc., requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on February 22, 1996, and after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By:

  
WILLIAM F. CARR

Post Office Box 2208

Santa Fe, New Mexico 87504

Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION  
AND PRODUCTION INC.

To ..... Michael I. Stegner.....



From

Donna

2/1/96

**Energy & Minerals Department**

OIL CONSERVATION DIVISION

P O Box 1980

Hobbs NM 88241

Telephone Number (505) 393-6161

For Your Files

Prepare a Reply for My  
Signature

For Your Review and  
Return

For Your Information

For Your Handling

For Your Approval

As Per Your Request

For Your Signature

Please Advise

For Your Attention

5 pages

Form 3150-3  
(December 1990)

**J.M. OIL CONS. COMMISSION**  
**P.O. BOX 191**  
**HOBBS, NEW MEXICO 88240**  
**DEPARTMENT OF THE INTERIOR**  
**BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE\*  
(Other instructions on reverse side)

Form approved.  
Budget Bureau No. 1004-0136  
Expires: December 31, 1991

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1A. TYPE OF WORK  
**DRILL**  **DEEPEN**

B. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR  
**Meridian Oil Inc.**

3. LEASE DESIGNATION AND SERIAL NO.  
**LC 030174- B**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
**Rhodes 'B' Federal # 4**

9. AP WELL NO.

10. FIELD AND POOL, OR WILDCAT  
**Rhodes Gas Pool Y-SR**

11. SEC., R., E., N., OR NE. AND SURVEY OR AREA  
**27 - T26S, R37E**

12. COUNTY OR PARISH  
**Lea**

13. STATE  
**NM**

3. ADDRESS AND TELEPHONE NO.  
**P.O. Box 1810 Midland, Texas 79710-1810 915-688-6943**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
 At surface **2418' FSL & 553' FEL**  
 At proposed prod. zone **Unit I**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
**6.8 miles south of Jal, New Mexico**

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)  
**553'**

17. NO. OF ACRES IN LEASE

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
**Unk.**

19. PROPOSED DEPTH  
**3150'**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATIONS (Show whether DF, RL, GE, etc.)  
**2980'**

22. APPROX. DATE WORK WILL START\*  
**Upon Approval**

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	28#	550'	300 EXS <b>CIRCULATE</b>
7 7/8"	4 1/2"	11.6#	3150'	650 EXS <b>(TIE BACK)</b>

Not in Potash Area  
 Not in Prairie Chicken Area  
 Hydrogen Sulfide Plan is attached  
 Notice of Staking submitted on October 6, 1995  
 Contact Person: Donna Williams, 915-688-6943

Approval for drilling only -- CANNOT produce until NON-Standard Location is approved.

OPER. OGRID NO. 26485  
 PROPERTY NO. 17608  
 POOL CODE 52250  
 EFF. DATE 1/16/96  
 API NO. 30-025-33248

RECEIVED  
 OCT 26 10 39 AM '95  
 CARLSBAD RESOURCE AREA HEADQUARTERS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. BY [Signature] TITLE Regulatory Compliance DATE 10/23/95

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

**APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED**

APPROVED BY /s/ Yolanda Vega TITLE ASSISTANT AREA MANAGER DATE NOV 30 1995

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. Well Number <b>30-D25-33248</b>		2. Well Code <b>83810 52250</b>		3. Well Name <b>Rhodes Gas Pool Y-SR</b>	
4. Property Code <b>17608</b>		5. Property Name <b>RHODES "B" FEDERAL</b>			6. Well Number <b>4</b>
7. OGRM No. <b>26485</b>		8. Operator Name <b>MERIDIAN OIL INC.</b>			9. Elevation <b>2980</b>

10. Surface Location

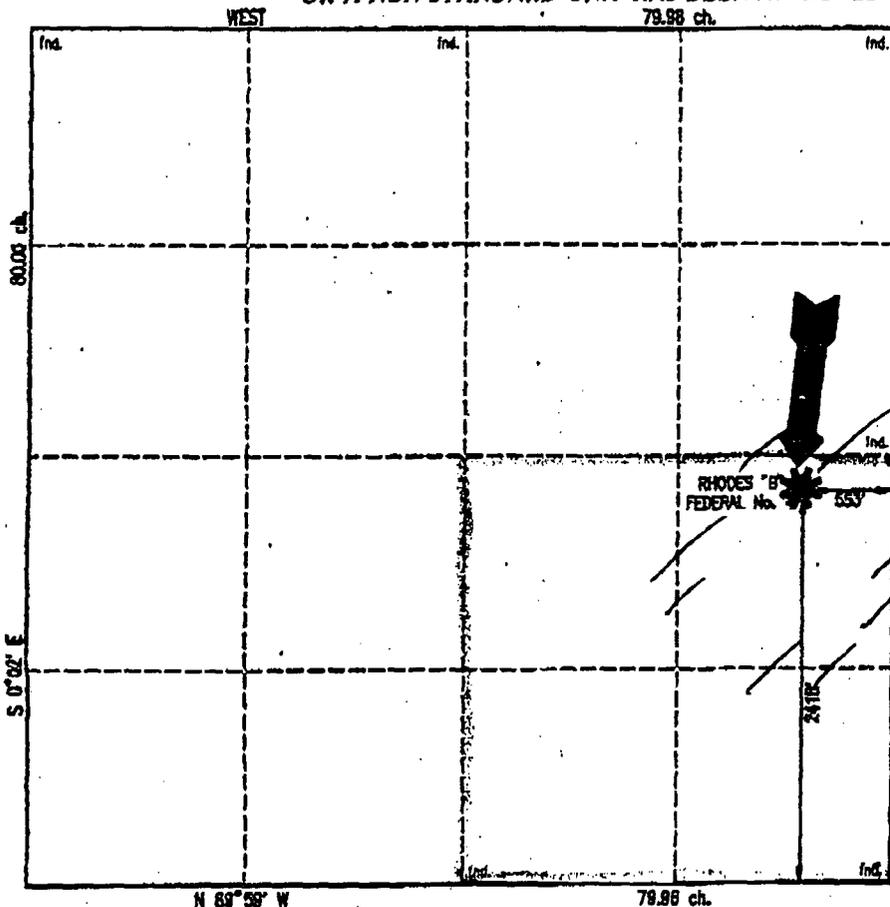
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	27	26 S	37 E		2418	SOUTH	553	EAST	LEA

11. Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12. Dedicated Acres <b>160.40</b>	13. Joint or Infill	14. Consideration Code	15. Order No.
--------------------------------------	---------------------	------------------------	---------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**17 OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Donna Williams*  
Printed Name: **Donna Williams**  
Title: **Regulatory Compliance**  
Date: **10/23/95**

---

**18 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 belief.

Date of Survey: **OCTOBER 18, 1995**  
Signature and Seal of **WILLIAM E. MAHNKE II**  
Professional Land Surveyor  
New Mexico  
Certificate Number **8466**

NOTE - REVISED 10-18-95  
WELL LOCATION

Form 3160-3  
(December, 1990)

SUBMIT IN THE STATE  
(Other Instructions on back)

Form approved,  
Budget Bureau No. 1004-0196  
Expires: December 31, 1991

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
N.M. OIL CONS. COMMISSION  
P.O. BOX 1980  
HOBBS, NEW MEXICO 88240

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.  
LC 030174-8

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FEDERAL LEASE NAME WELL NO.  
Rhodes 'B' Federal # 7

9. AN WELL NO.

10. FIELD AND POOL OR WILDCAT  
Rhodes Gas Pool Y-SR

11. SEC., T., R., N., OR NEK.  
AND SURVEY OR AREA  
S26, T26S, R37E

12. COUNTY OR PARISH  
Lea

13. STATE  
NM

14. TYPE OF WORK  
DRILL  DEEPEN

D. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER  SINGLE ZONE  MULTIPLE ZONE

1. NAME OF OPERATOR  
Meridian Oil Inc.

3. ADDRESS AND TELEPHONE NO.  
P.O. Box 51810 Midland, Texas 79710-1810 915-688-6943

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
At surface 330' FNL & 1470' FWL  
At proposed prod. zone Unit C

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
6.8 miles south of Jal, New Mexico

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest delg. unit line, if any)  
330'

16. NO. OF SCREENS IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL  
160

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
Unk.

19. PROPOSED DEPTH  
3150'

20. ROTARY OR CASIN TOOLS  
Rotary

21. ELEVATIONS (Show whether DB, RT, GR, etc.)  
2994'

22. APPROX. DATE WORK WILL START  
Upon Approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	28#	550'	300 SXS CIRCULATE
7 7/8"	4 1/2"	11.6#	3150'	650 SXS (TIE BACK)

Not in Potash Area  
Not in Prairie Chicken Area  
Hydrogen Sulfide Plan is attached  
Notice of Staking submitted on October 6, 1995  
Contact Person: Donna Williams, 915-688-6943

Approval for drilling only - CANNOT produce until Non-Standard Location is approved

OPER. OGRID NO. 26485  
PROPERTY NO. 17608  
POOL CODE 52250  
EFF. DATE 1/16/96  
API NO. 30-025-33249

RECEIVED  
OCT 26 10 37 AM '95  
BUREAU OF LAND MANAGEMENT  
AREA HEADQUARTERS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface formations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Regulatory Compliance DATE 10/23/95

(This space for Federal or State office use)  
FEBRIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to the benefits of the lease.  
CONDITIONS OF APPROVAL, IF ANY: APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED BY /s/ Yolanda Vega TITLE ASSISTANT AREA MANAGER DATE NOV 30 1995

\*See Instructions On Reverse Side

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Arcoma, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number <b>30-025-33249</b>		Pool Code <b>88310 52250</b>	Pool Name <b>Rhodes Gas Pool Y-SR</b>
Property Code <b>17608</b>	Property Name <b>RHODES "B" FEDERAL</b>		Well Number <b>7</b>
OGKID No. <b>26485</b>	Operator Name <b>MERIDIAN OIL INC.</b>		Elevation <b>2994</b>

10 Surface Location

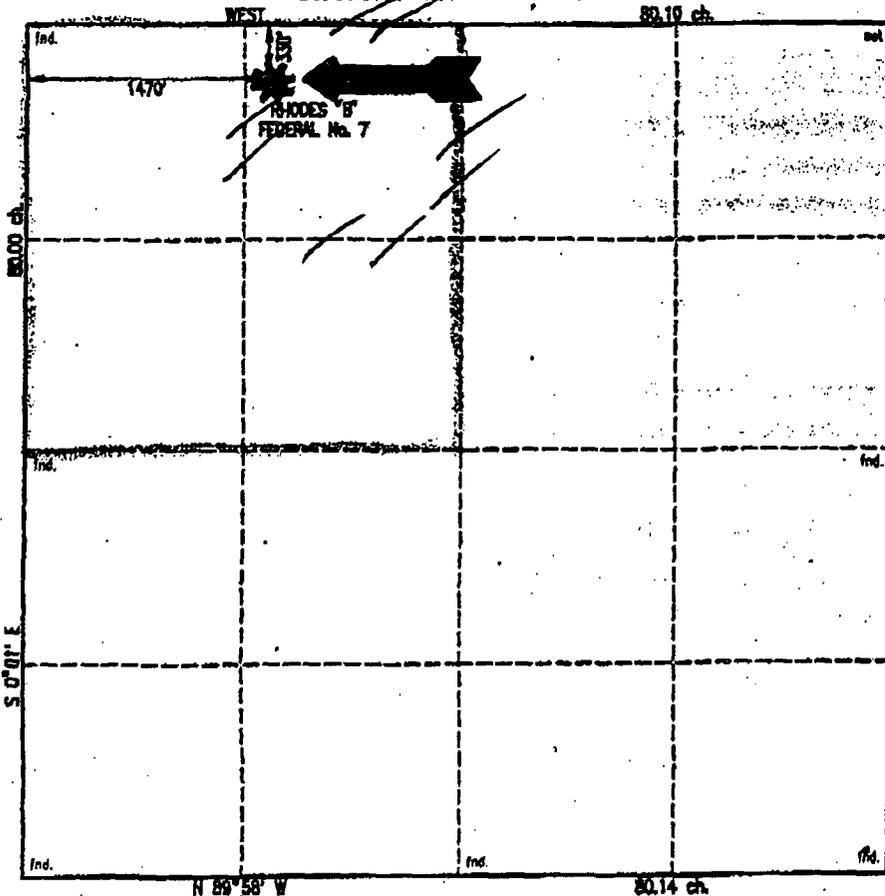
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>180 1/2</b>	Joint or In/In	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**17 OPERATOR CERTIFICATION**

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

Signature: *[Handwritten Signature]*

Printed Name: **Donna Williams**

Title: **Regulatory Compliance**

Date: **10/23/95**

---

**18 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 belief.

Date of Survey: **OCTOBER 18, 1995**

Signature and Seal: *[Handwritten Signature]*

Professional Seal: **WILLIAM E. MAHNKE**  
NEW MEXICO  
8466  
JURRY 1988

Certificate Number: **8466 PROFESSIONAL LAND SURVEYOR**

NOTE - REVISED 10-19-95  
MOVED LOCATION

To ..... *Michael Stegner* .....



From

*Donna*

*2/2/96*

**Energy & Minerals Department**

OIL CONSERVATION DIVISION

P O Box 1980

Hobbs NM 88241

Telephone Number (505) 393-6161

- For Your Files
- Prepare a Reply for My Signature
- For Your Review and Return
- For Your Information
- For Your Handling
- For Your Approval
- As Per Your Request
- For Your Signature
- Please Advise
- For Your Attention

*2 pages*

**JAMES A. DAVIDSON**  
*Oil & Gas Properties*  
P. O. BOX 494  
MIDLAND, TEXAS 79702

(915) 692-6492 - OFFICE  
694-8472 - RESIDENCE

January 25, 1996

Meridian Oil Inc.  
Building Six  
3300 North "A"  
Midland, TX 79705

Attention: Mr. Don Davis  
Regional Landman

RE: Meridian-Rhodes "B" #7  
Unit C-Sec.26, 26-S, 37-E,  
Lea County, NM

Gentlemen:

It is my understanding that Meridian is completing its above noted well at an unorthodox location offsetting the Hartman-"Dublin" lease consisting of E/2 SW/4 Section 23, 26-S, 37-E. I am one of the owners of the Dublin lease and I was not notified of the application to drill. I have checked and even Doyle Hartman who is the operator of the Dublin lease was not given notice that this well was to be drilled.

This is your notice that I have not been contacted at all as an offset leasehold owner.

Very truly yours,

James A. Davidson

JAD:ler

cc: ✓ Mr. Jerry Sexton - N.M.O.C.D.-Box 1980-Hobbs, NM 88241-1980  
Mr. Doyle Hartman-Dallas