

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

RAND
CARROLL

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

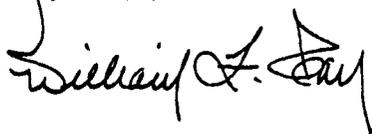
Ms. Swierc responded for Meridian to our objections, and apparently an objection to these locations from Doyle Hartman Oil Operator, by writing the Division on February 20, 1996, providing her interpretation of the Rhodes Unit Agreement and a March 13, 1944 Side Agreement between the predecessors in 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
 PO Box 19805, Dallas, NM 88241-1980
 District II
 10 Drawer DD, Artesia, NM 88211-0717
 District III
 1000 Rio Aragon 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 4
7 OGRID No. 26485		8 Operator Name MERIDIAN OIL INC.			9 Elevation 2980

10 Surface Location

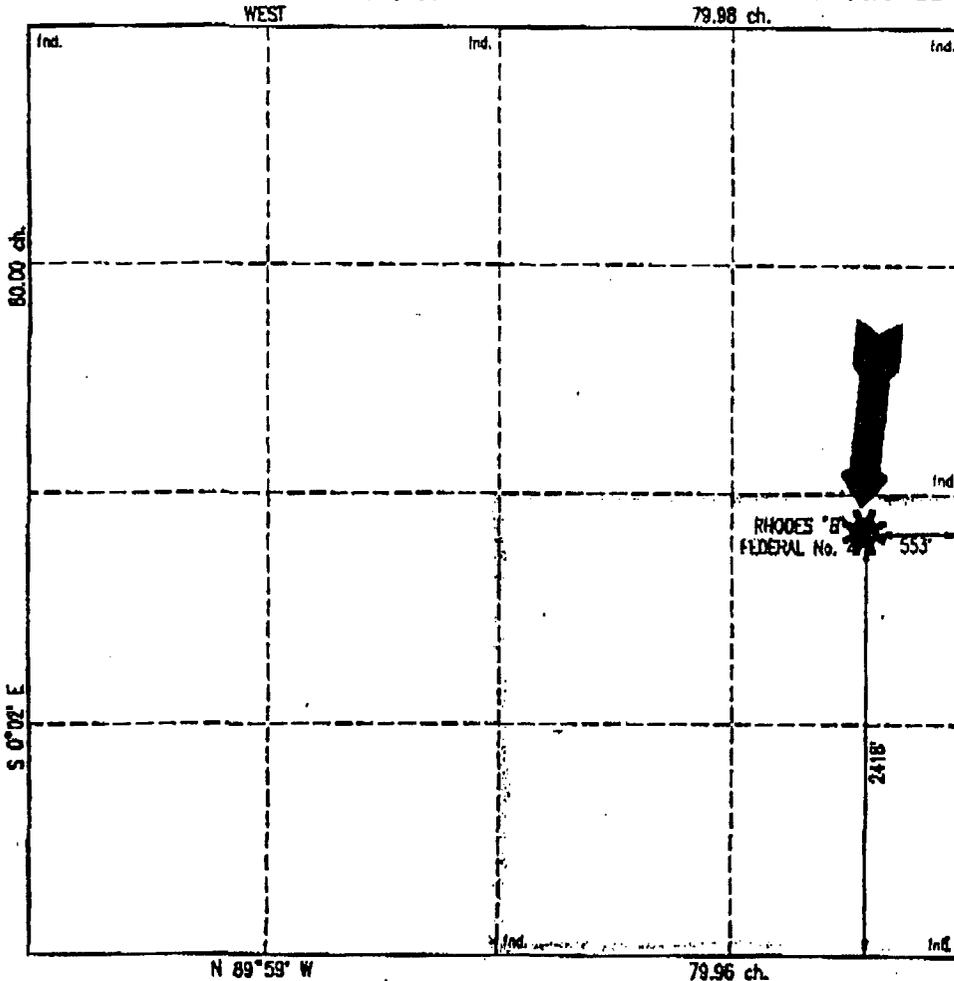
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	27	26 S	37 E		2418	SOUTH	553	EAST	LEA

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

Donna Williams
 Signature

Donna Williams
 Printed Name

Regulatory Compliance
 Title

10/23/95
 Date

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.

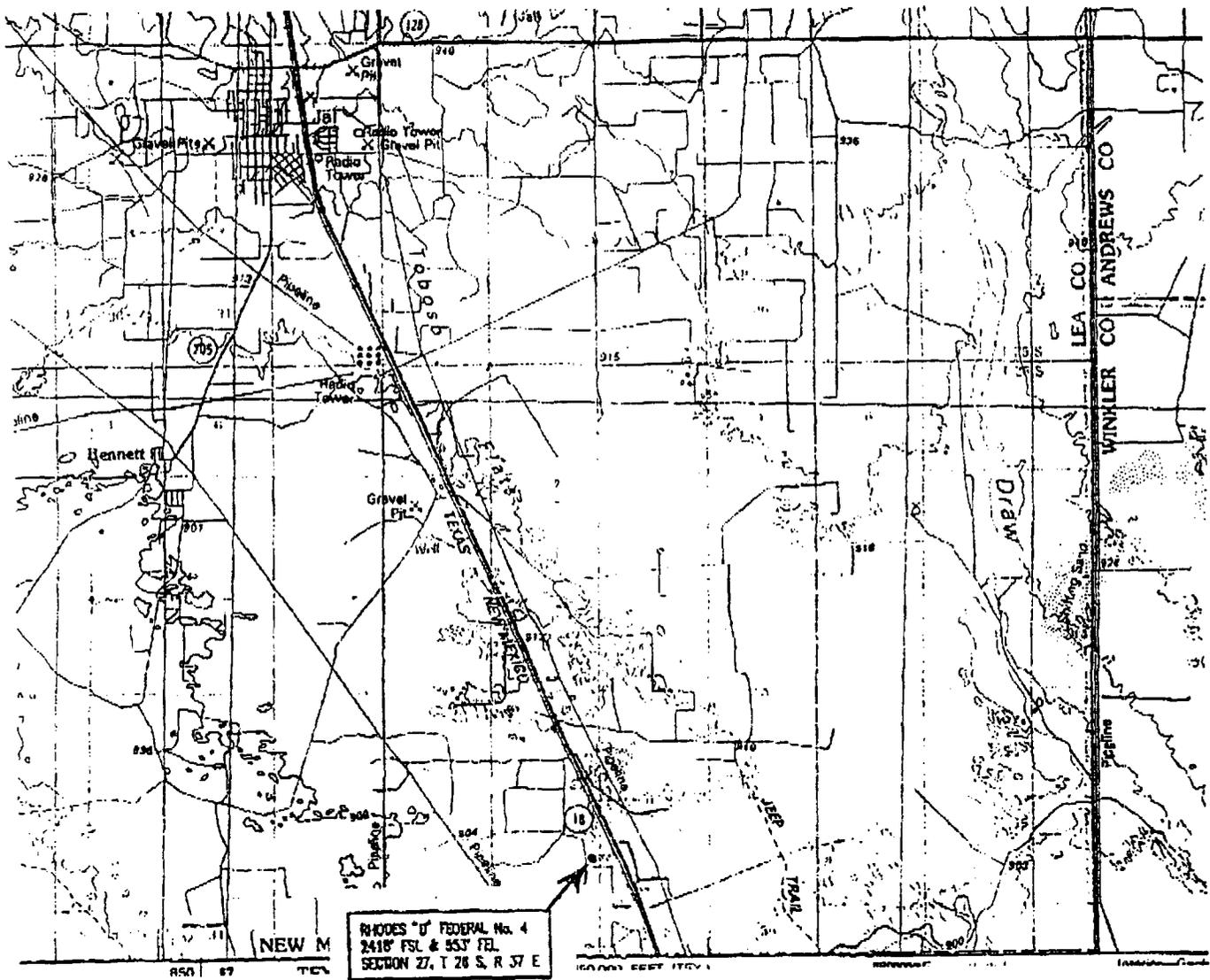
OCTOBER 18, 1995

Date of Survey

Signature and Seal of Professional Land Surveyor

William E. Mahinke II
 WILLIAM E. MAHINKE II
 Certificate Number 8466
 PROFESSIONAL LAND SURVEYOR

NOTE - REVISED 10-18-92;
 MOVED LOCATION



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.

- PAVED HIGHWAY
- - - - - EXISTING LEASE ROAD

NOTE - REVED 10-18-95:
MOVED LOCATION

MERIDIAN OIL INC.
RHODES *B* FEDERAL No. 4

ROAD MAP AND DIRECTIONS

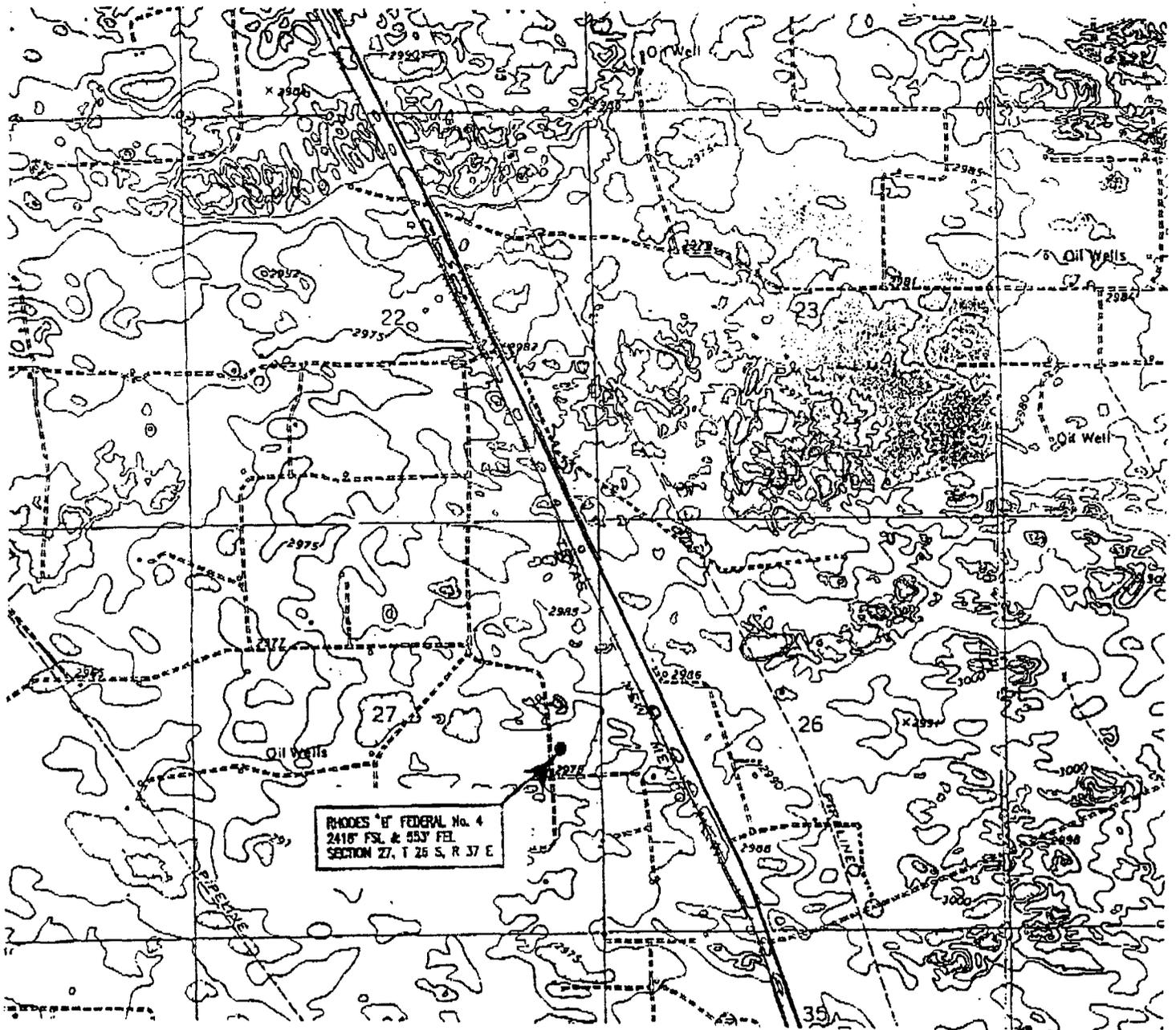
LEA COUNTY, NEW MEXICO

date: **OCTOBER 15, 1995** scale:



Laughtin-Simmons of Texas

MIDLAND DISTRICT OFFICE
915D 699-1238
In State TOLL FREE :
1-800-242-3028
P.O. BOX 1757
MIDLAND, TEXAS 79702



=====
 PAVED HIGHWAY

=====
 EXISTING LEASE ROAD

NOTE - REISED 10-10-95;
 MOVED LOCATION

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



Laughlin-Simmons of Texas

MIDLAND DISTRICT OFFICE
 (915) 699-4238
 In State TOLL FREE 1
 1-800-242-3028

P.O. BOX 1757
 MIDLAND, TEXAS 79702

District I
170 Box 1988, Hobbs, NM 88241-1988
District II
170 Denver DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
170 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

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

10 Surface Location

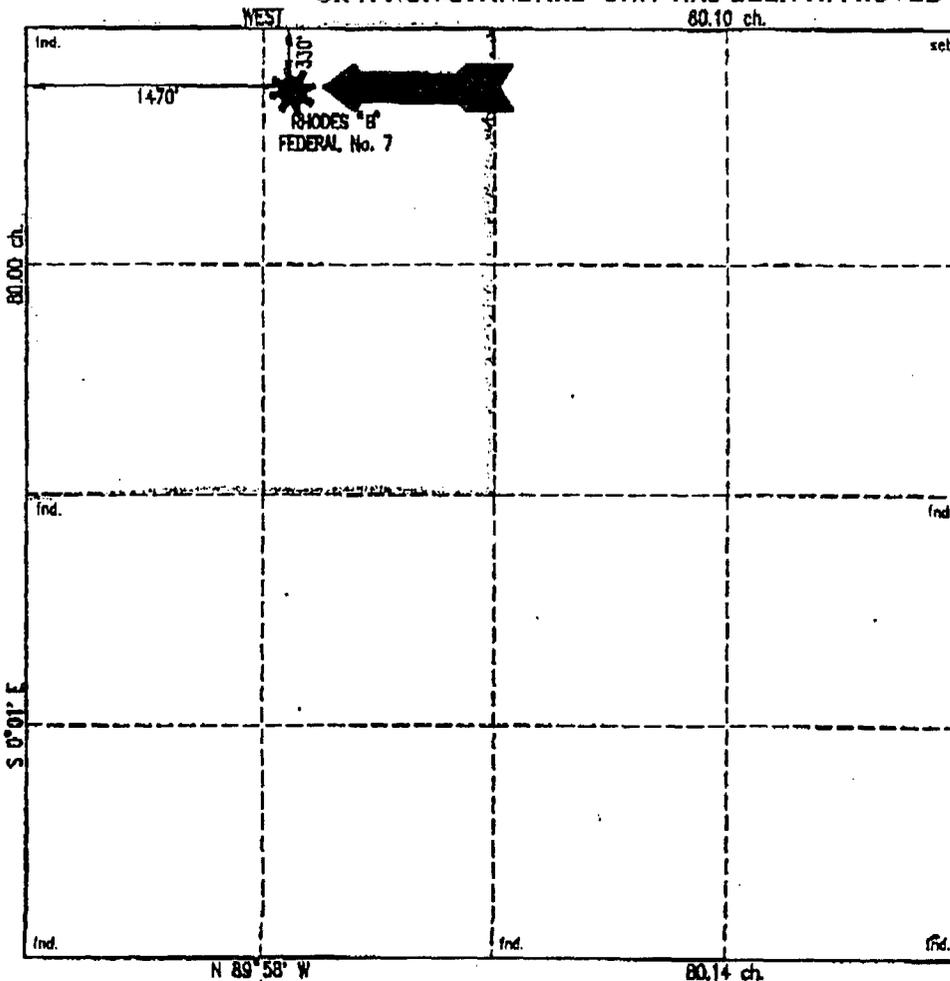
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

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.
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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



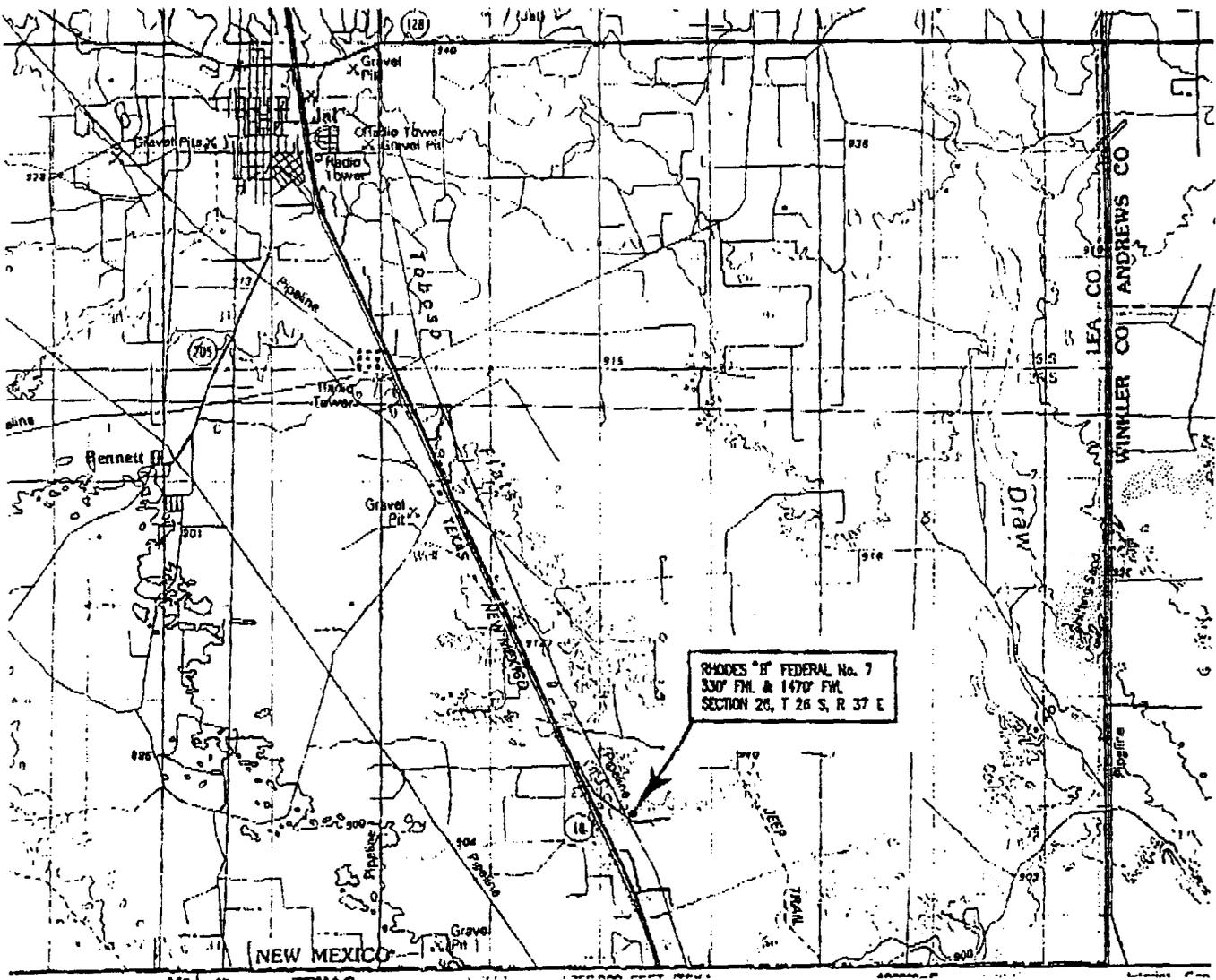
17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

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
Signature and Seal of Professional Surveyor
William E. Mahnick
WILLIAM E. MAHNICK
NEW MEXICO
26485
WILLIAM E. MAHNICK IS
Certificate Number 8466/PROFESSIONAL

NOTE - REVISED 10-19-85 -
MOVED LOCATION



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 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

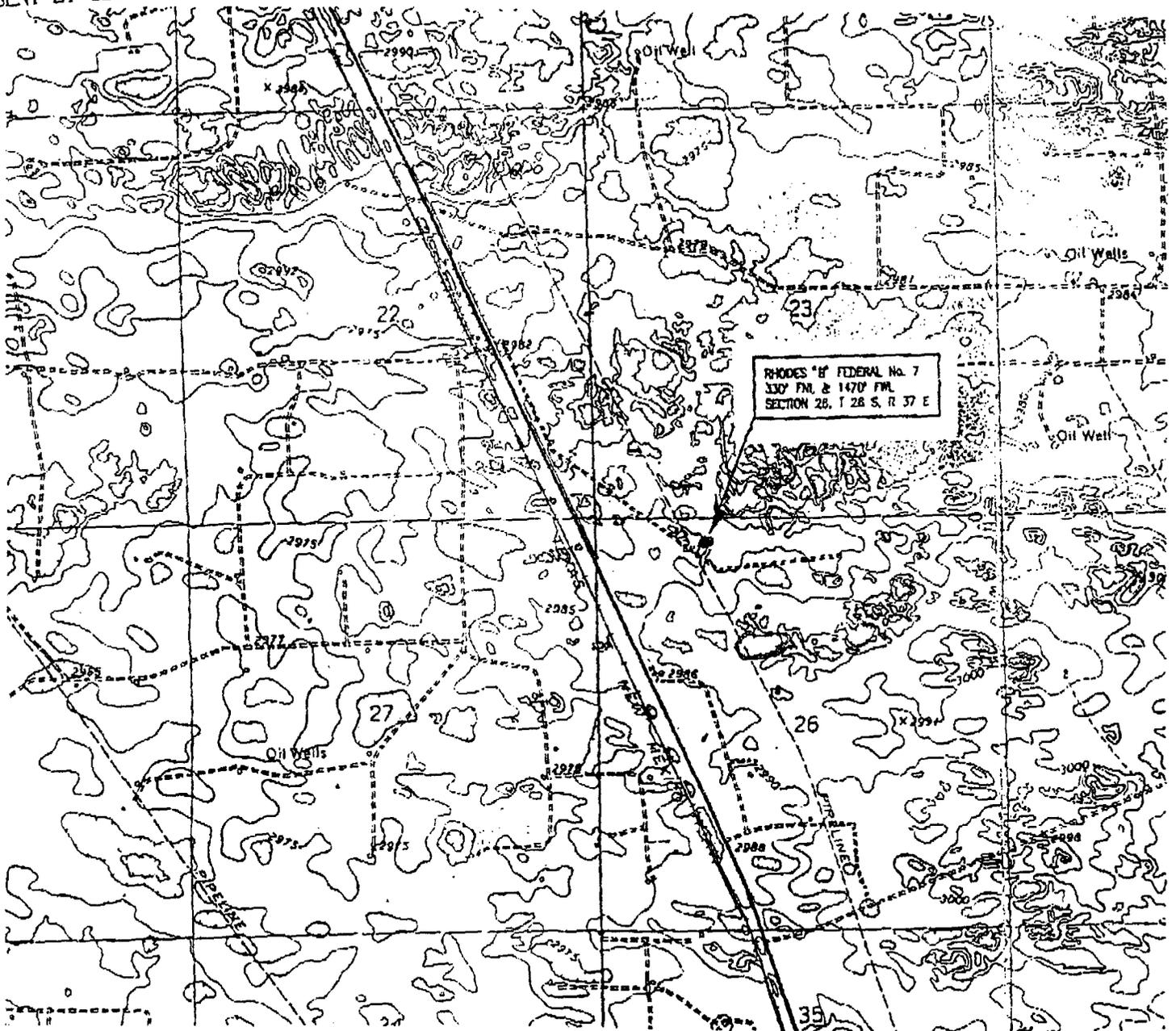
MERIDIAN OIL INC. RHODES "B" FEDERAL No. 7
ROAD MAP AND DIRECTIONS
-LEA COUNTY, NEW MEXICO
date: OCTOBER 15, 1995 scale:

 **Laughlin-Simmons of Texas**
 MIDLAND DISTRICT OFFICE
 (915) 699-1238
 In State TOLL FREE 1
 1-800-242-3028
 P.O. BOX 1737
 MIDLAND, TEXAS 79702

SENT BY: QDS

: 2-1-96 ; 8:49 ; TEXACO E & P INC. -

3033000010



=====
 PAVED HIGHWAY

 EXISTING LEASE ROAD

NOTE - REVISED 10-20-95:
 MOVED LOCATION

<p>MERIDIAN OIL INC. RHODES "B" FEDERAL No. 7</p>
<p>PROPOSED ACCESS</p>
<p>LEA COUNTY, NEW MEXICO</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 79702

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

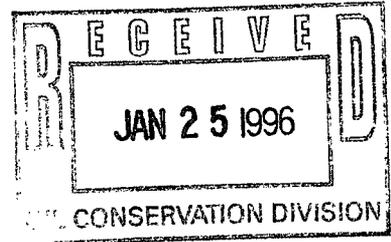
Oil Operator

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

A handwritten signature in black ink that reads "Doyle Hartman". The signature is written in a cursive style with a long horizontal line extending to the right.

Doyle Hartman

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

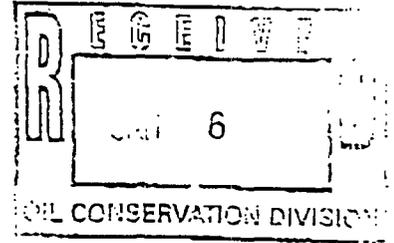
Mr. Don Mashburn
500 North Main
Midland, Texas 79702

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



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 2 2 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.

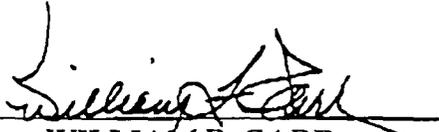
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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.

OIL REPORTS

January 17, 1996

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

DOYLE HARTMAN

Oil Operator

3811 TURTLE CREEK BLVD., SUITE 730

DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

COPY

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

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

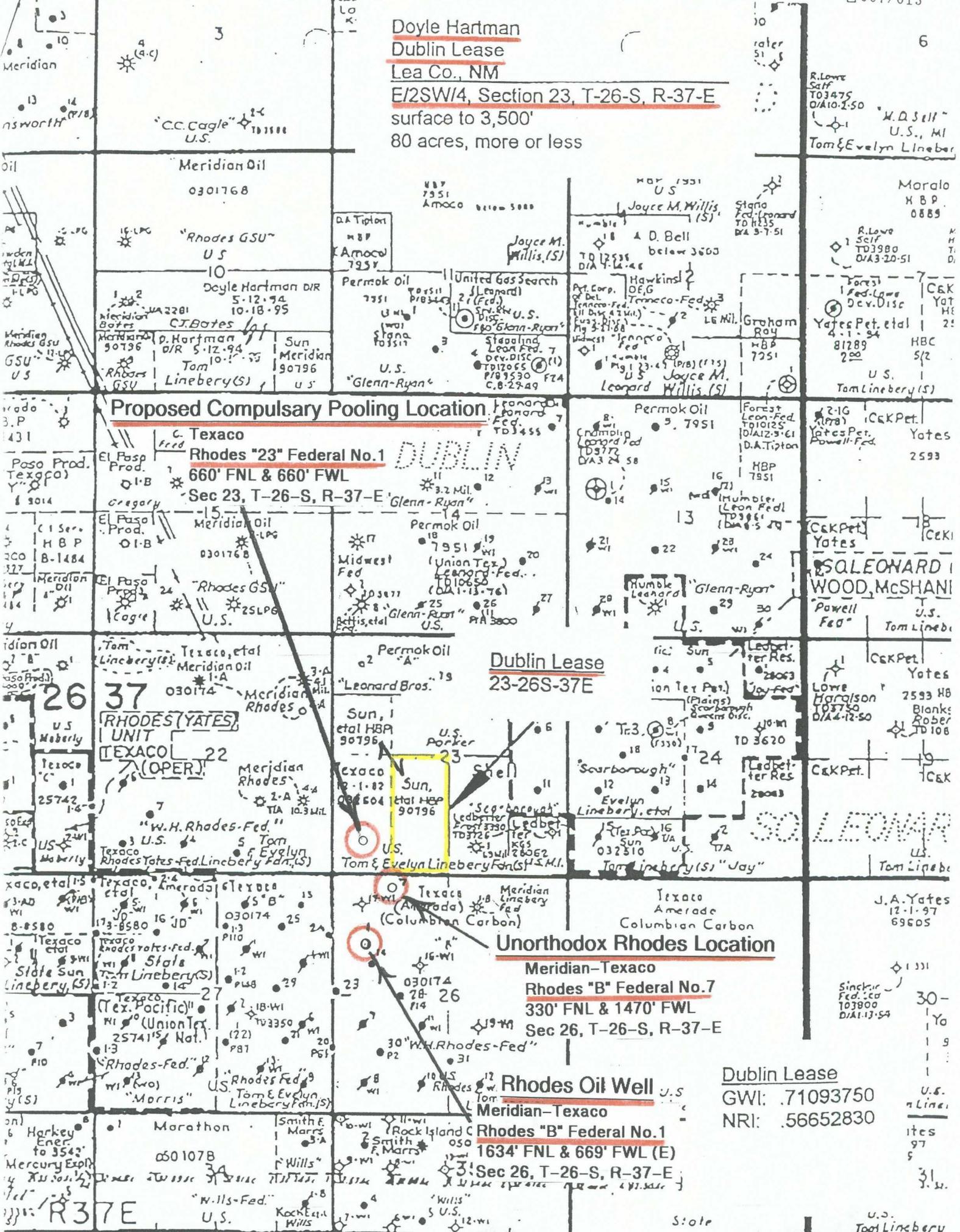
Dublin Lease

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

C. 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)
 Sec 26, T-26-S, R-37-E

Dublin Lease
 GWI: 71093750
 NRI: 56652830

R. Lowe
 Staff
 T03475
 O/A10-2-50
 "W.D. Sell"
 U.S., MI
 Tom & Evelyn Linebery

Morale
 HBP
 0885
 R. Lowe
 Staff
 T03980
 O/A3-20-51
 Forest
 Dev. Disc
 C&K
 Yates
 HBC
 S/2
 U.S.
 Tom Linebery (S)

Permok Oil
 7951
 Forest
 Leon. Fed.
 T01025
 O/A12-3-61
 D.A. Tipton
 HBP
 7851
 C&K Pet.
 Yates
 2593

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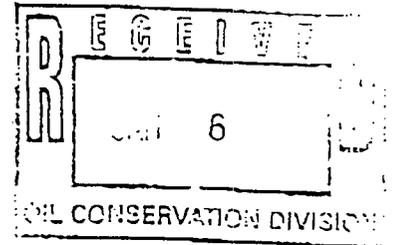
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BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

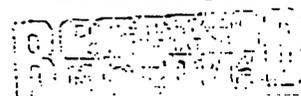
IN THE MATTER OF THE APPLICATION
OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

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.

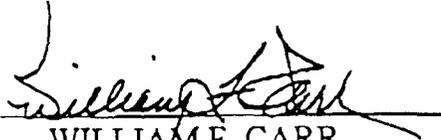
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the wells to be drilled thereon.

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

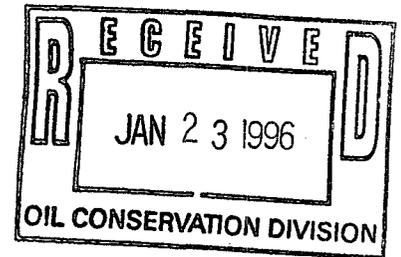
REMEDIAL WORK NOTICES:

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

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 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

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

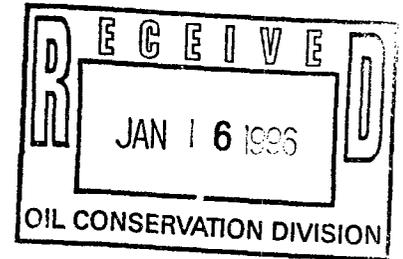
JACK M. CAMPBELL
OF COUNSEL

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 cursive script, appearing to read "William F. Carr".

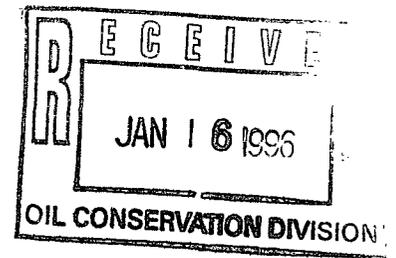
WILLIAM F. CARR

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.

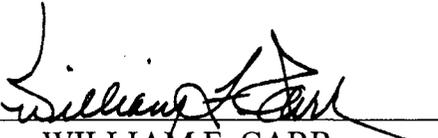
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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

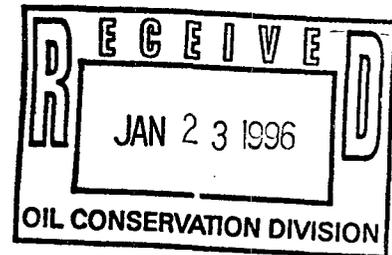
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO EXPLORATION
AND PRODUCTION INC.

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.

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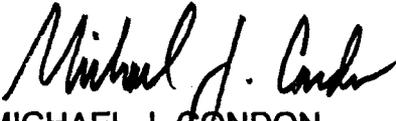
William J. LeMay
January 23, 1996
Page 2

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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:

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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

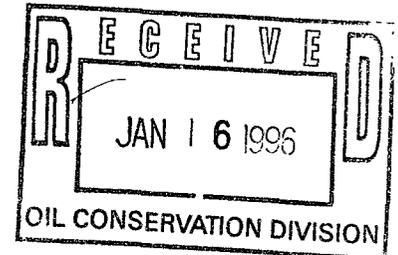
JACK M. CAMPBELL
OF COUNSEL

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,

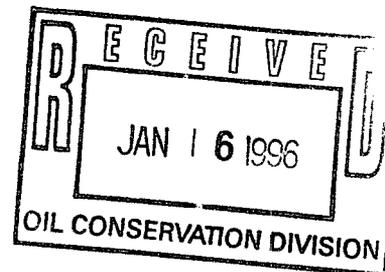
A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, written over a horizontal line.

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.

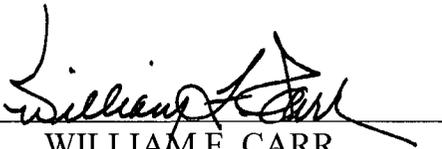
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

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.

DOYLE HARTMAN

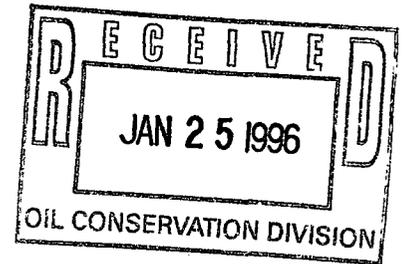
Oil Operator

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

A handwritten signature in black ink that reads "Doyle Hartman". The signature is written in a cursive style with a long horizontal line extending from the end.

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

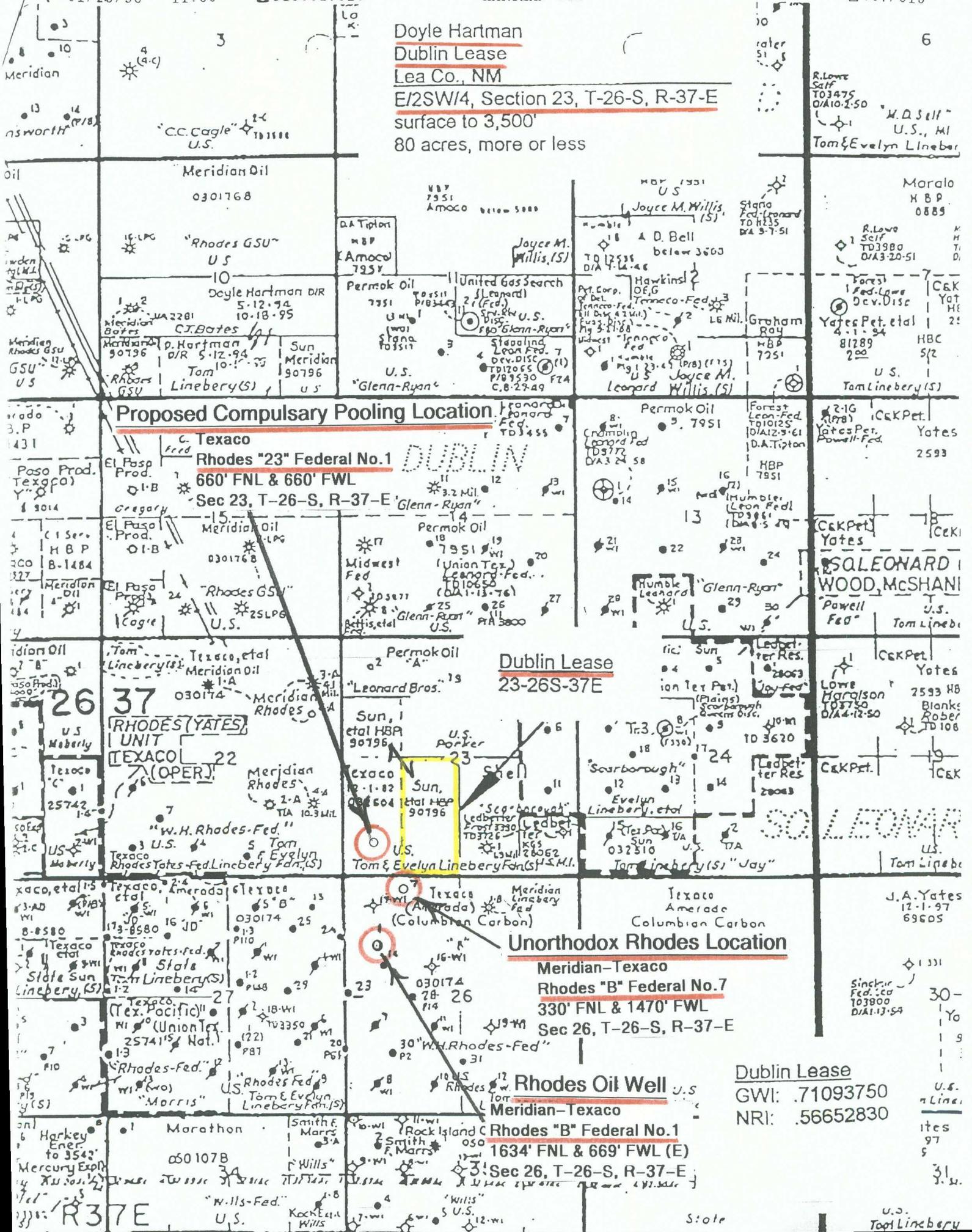
Dublin Lease

Lea Co., NM

E/2SW/4, Section 23, T-26-S, R-37-E

surface to 3,500'

80 acres, more or less



Proposed Compulsary 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)
 Sec 26, T-26-S, R-37-E

Dublin Lease
 GWI: .71093750
 NRI: .56652830

R. Lowe
 Staff
 TD3475
 O/A10-2-50
 "M.D. Sell"
 U.S., MI
 Tom & Evelyn Lineberry

Morale
 H B P.
 0885
 R. Lowe
 Staff
 TD3980
 O/A3-20-51

Yates Pet. et al
 4-1-94
 81289
 200
 U.S.
 Tom Lineberry (S)

Yates Pet.
 Powell-Fed.
 2593

Yates
 C&K Pet.
 2593

LEONARD
 WOOD McSHANE
 U.S.
 Tom Lineberry

Yates
 C&K Pet.
 2593

Yates
 C&K Pet.
 2593

Yates
 C&K Pet.
 2593

J.A. Yates
 12-1-97
 69605

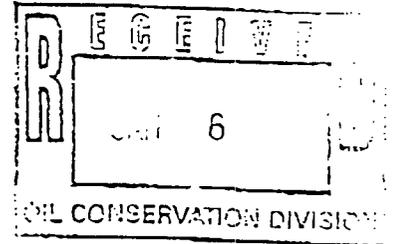
Sinclair
 Fed. Co
 103800
 D/A1-13-54

Yates
 C&K Pet.
 2593

Yates
 C&K Pet.
 2593

U.S.
 Tom Lineberry

BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
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JAN 2 2 1996

Yates-Seven Rivers Gas Pool.

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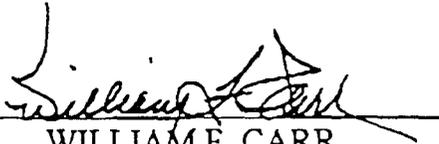
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Respectfully submitted,

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
