

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

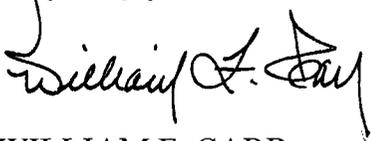
Ms. Swierc responded for Meridian to our objections, and apparently an objection to these locations from Doyle Hartman Oil Operator, by writing the Division on February 20, 1996, providing her interpretation of the Rhodes Unit Agreement and a March 13, 1944 Side Agreement between the predecessors in 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
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rlo 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		2 Pool Code 83810	3 Pool Name Rhodes Gas Pool
4 Property Code 17608	4 Property Name RHODES "B" FEDERAL		5 Well Number 4
6 OGRID No. 26485	7 Operator Name MERIDIAN OIL INC.		8 Elevation 2980

10 Surface Location

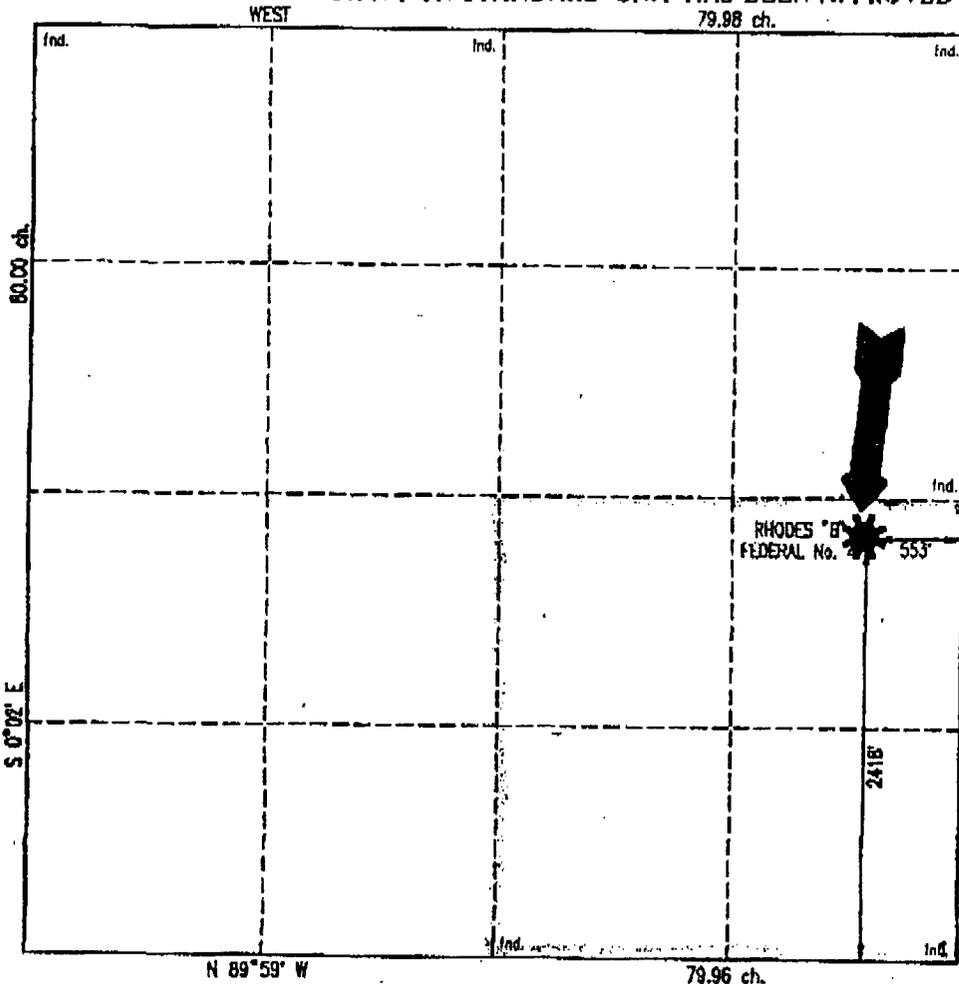
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	27	26 S	37 E		2418	SOUTH	553	EAST	LEA

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.
---------------------------	--------------------	-----------------------	--------------

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

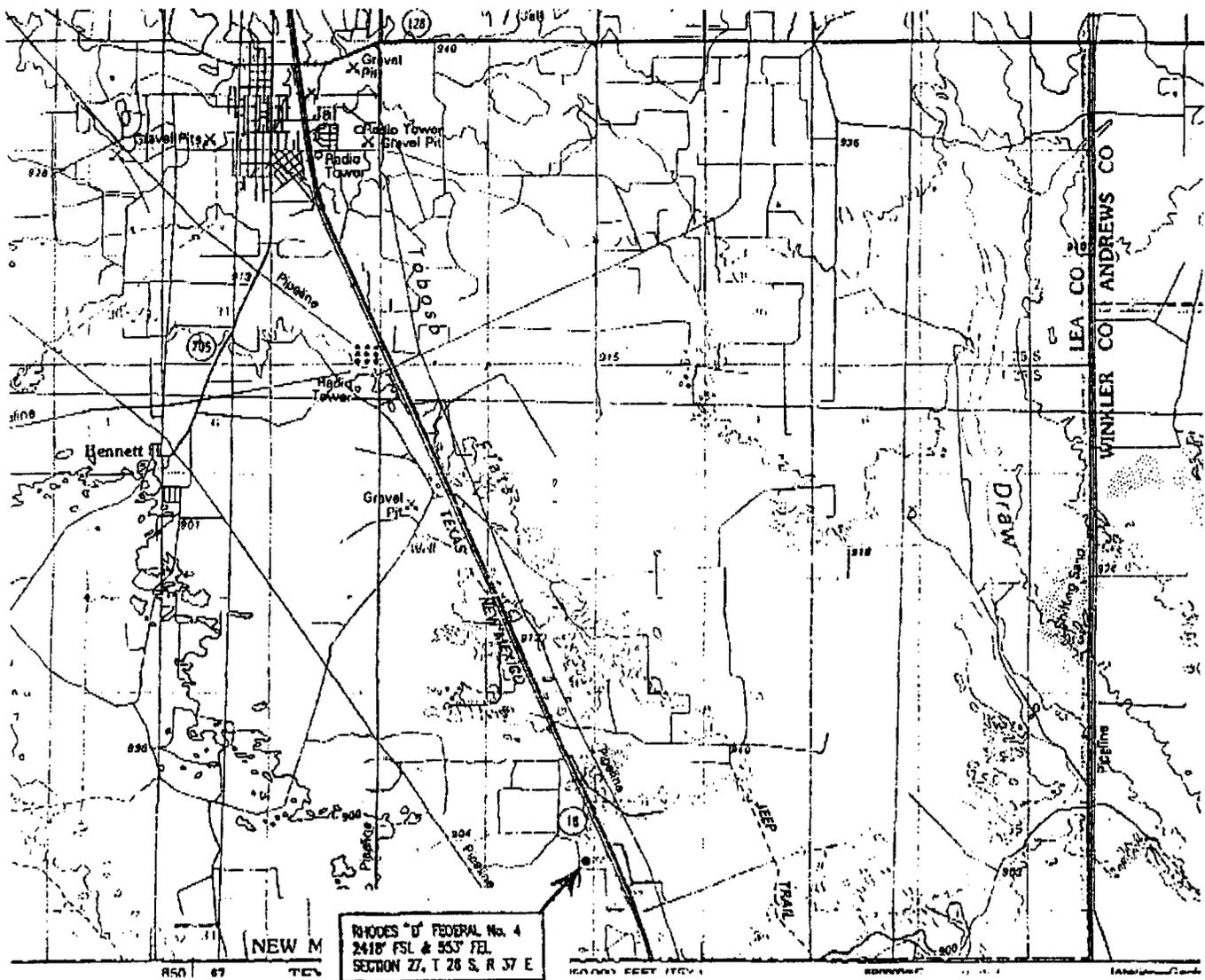
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 18, 1995
 Date of Survey

[Signature]
 Signature and Seal of Professional Surveyor

 WILLIAM E. MAHNKE II
 Certificate Number 8466

NOTE - REVISED 10-18-95;
 MOVED LOCATION



DIRECTIONS:

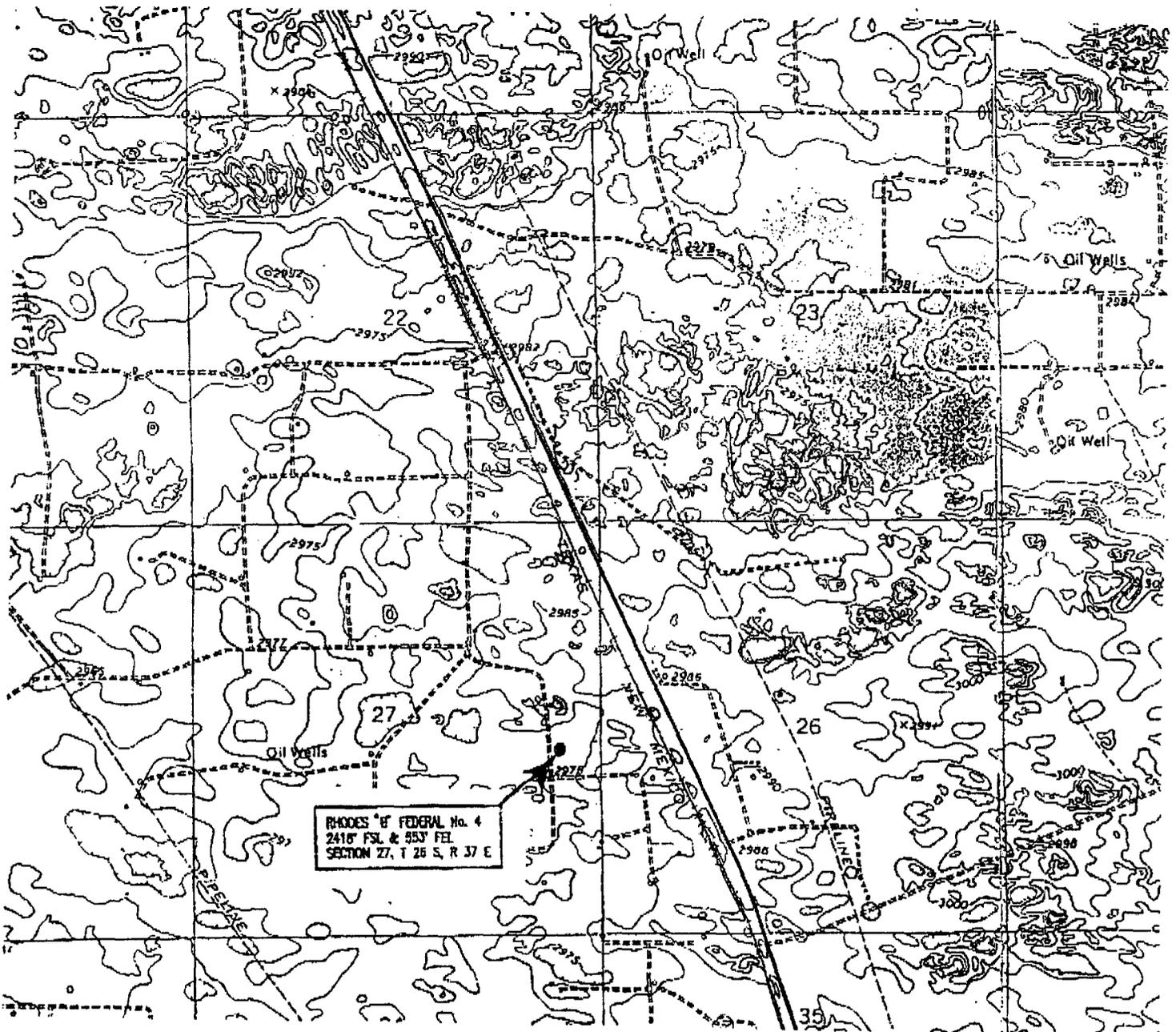
FROM THE INTERSECTION OF NEW MEXICO HIGHWAY 18 AND NEW MEXICO HIGHWAY 128 IN JAL, NEW MEXICO, GO SOUTH ON N.M. HWY 18 FOR 6.9 MILES, THEN TURN RIGHT ON TO AN EXISTING LEASE ROAD AND GO 0.1 MILES, THEN TURN LEFT ON TO AN EXISTING LEASE ROAD AND GO 1.1 MILES TO LOCATION.

- PAVED HIGHWAY
- - - - - EXISTING LEASE ROAD

NOTE - REVISED 10-19-95:
MOVED LOCATION

MERIDIAN OIL INC. RHODES "B" FEDERAL No. 4
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 1-800-242-3828
 P.O. BOX 1757
 MIDLAND, TEXAS 79702



=====
 PAVED HIGHWAY

=====
 EXISTING LEASE ROAD

NOTE - REISED 10-19-95:
 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>

 **Loughlin-Simmons of Texas**
 MIDLAND DISTRICT OFFICE
 (915) 699-1230
 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

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		2 Pool Code		3 Pool Name	
		83810		Rhodes Gas Pool	
4 Property Code		5 Property Name			6 Well Number
17608		RHODES "B" FEDERAL			7
8 OGRID No.		9 Operator Name			10 Elevation
26485		MERIDIAN OIL INC.			2994

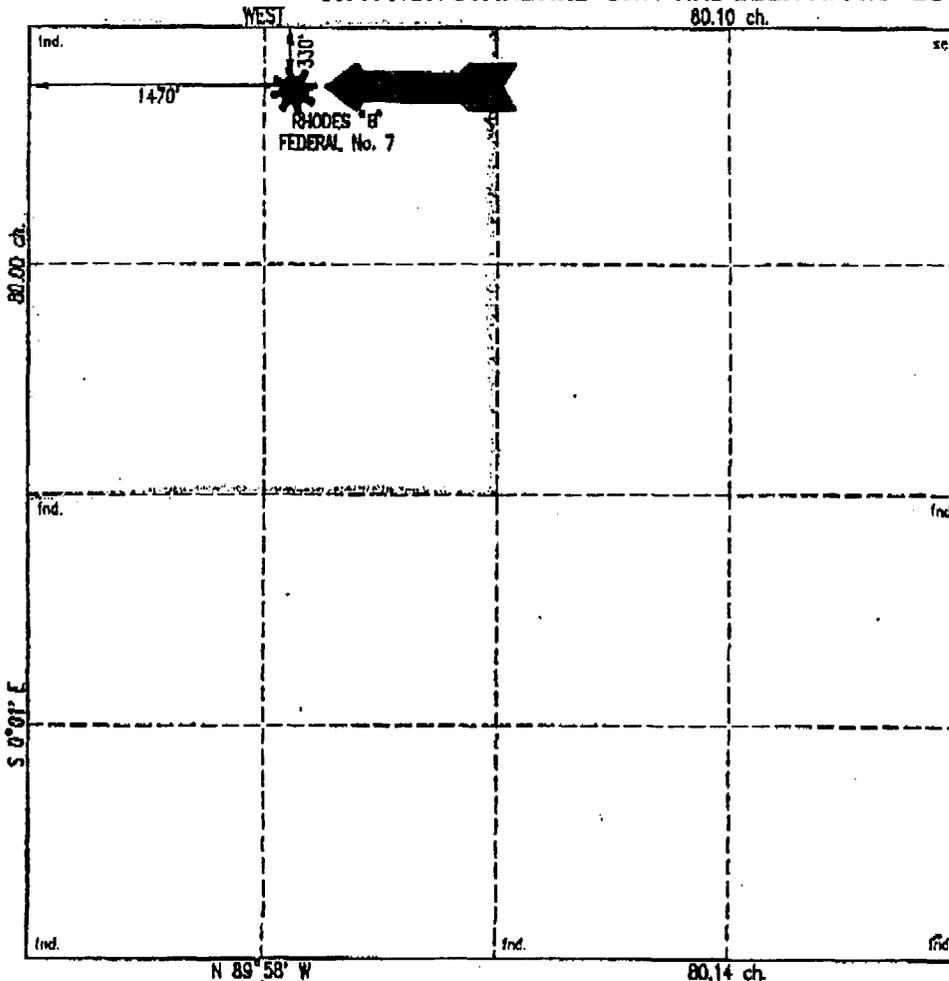
11 Surface Location

UL or Int 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

12 Bottom Hole Location If Different From Surface

UL or Int no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County
13 Dedicated Acres		14 Joint or Infill		15 Consolidation Code		16 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.

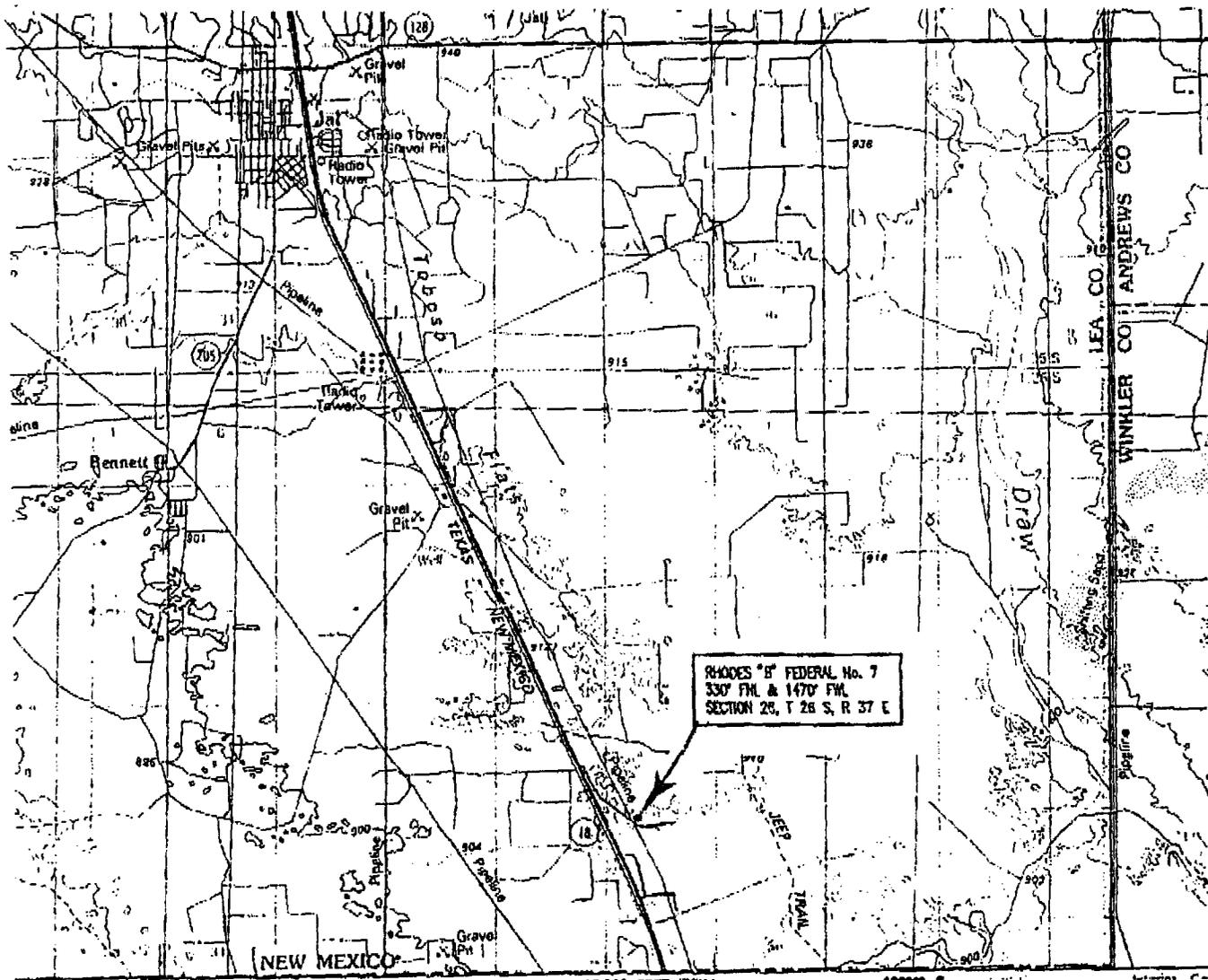
OCTOBER 18, 1995
 Date of Survey

William E. Mahanke
 Signature and Seal of Professional Surveyor

WILLIAM E. MAHANKE
 PROFESSIONAL SURVEYOR
 STATE OF NEW MEXICO
 26485

Certificate Number 8465

NOTE - REVISED 10-19-95.
 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

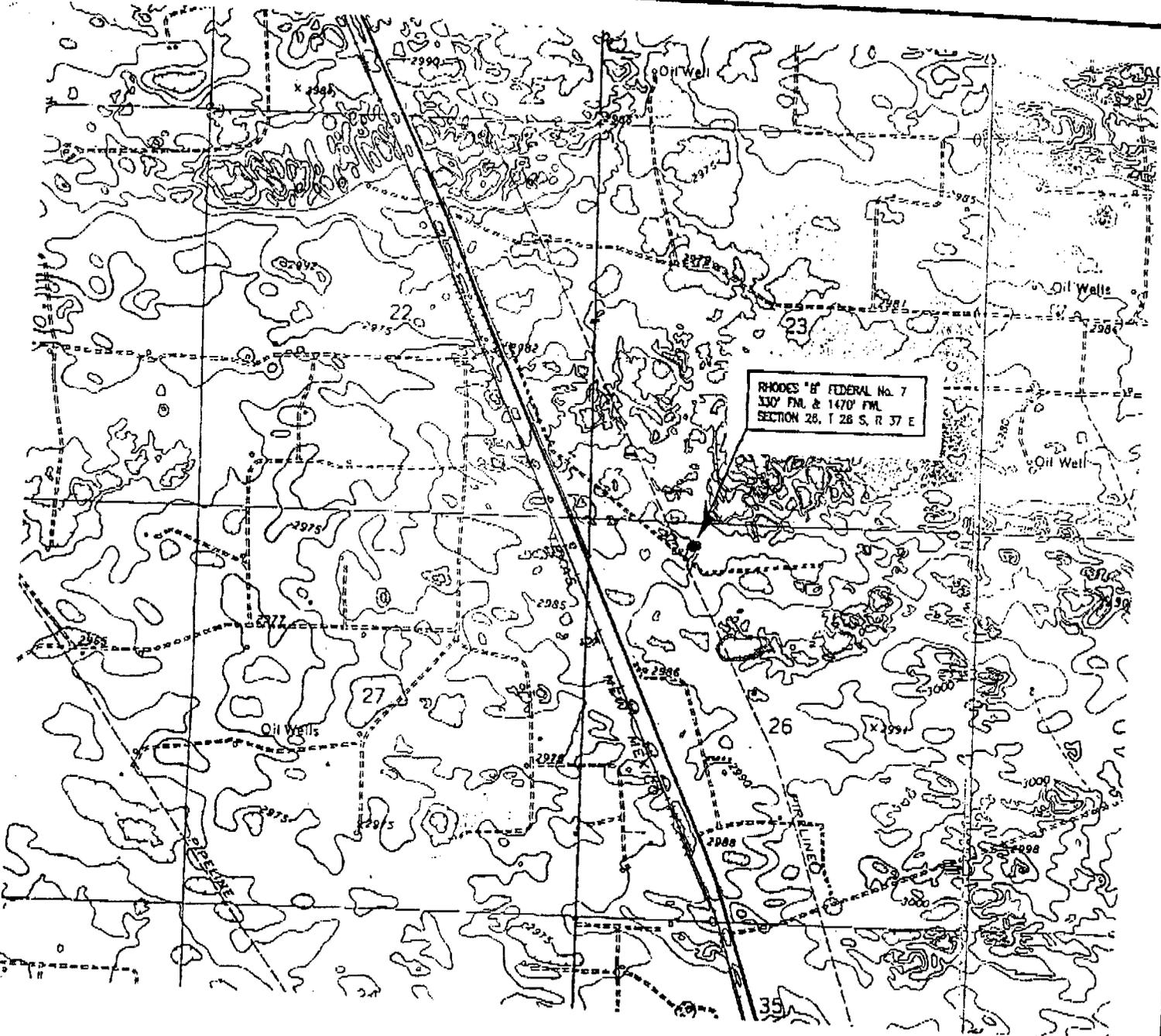
NOTE - REVISED 10-20-85:
MOVED LOCATION

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



Loughlin-Simmons of Texas

MIDLAND DISTRICT OFFICE
 (915) 699-4238
 In State TOLL FREE :
 1-800-242-3028
 P.O. BOX 1757
 MIDLAND, TEXAS 79702



=====
 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)

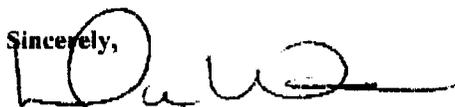
**Rhodes B Federal Well No. 4
2418' FSL & 553' FEL.
Sec. 27, T26S, R37E
Lea County, New Mexico**

**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 written in a cursive style with a large initial "W" and a long horizontal stroke at the end.

William F. Carr

Attorney for

Texaco Exploration and Production Inc.

WFC/kc

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

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Texaco E & P Inc.
 Box 3109
 Midland, TX 79702

4a. Article Number
 7 740 400 473

4b. Service Type

<input type="checkbox"/> Registered	<input type="checkbox"/> Certified
<input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured
<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> COD

7. Date of Delivery
 JAN 30 1996

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)
 X *Mark Gosa*

PS Form 3811, December 1994 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Doyle Hartman
 500 N. Main
 Midland, TX 79701

4a. Article Number
 7 740 400 474

4b. Service Type

<input type="checkbox"/> Registered	<input type="checkbox"/> Certified
<input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured
<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> COD

7. Date of Delivery
 1/30

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Addressee or Agent)
 X *Christine Petty*

PS Form 3811, December 1994 Domestic Return Receipt

Thank you for using Return Receipt Service.

Rhodes B #4 - #7 / NISL appl.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Texaco E & P Inc.
Box 3109
Midland, TX 79702

4a. Article Number

Z 740 400 473

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

JAN 30 1996

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Henry Gosar*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Doyle Hoffman
300 N. Main
Midland, TX 79701

4a. Article Number

Z 740 400 474

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

1/20

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

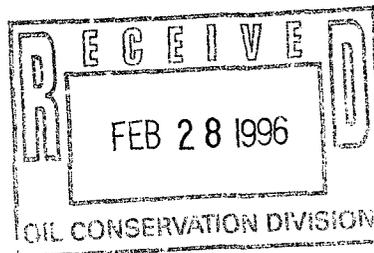
Rhodes B #4 v #7 | NSL appl.

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



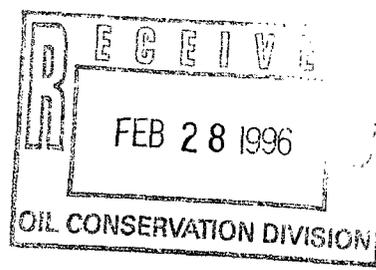
Doyle Hartman

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

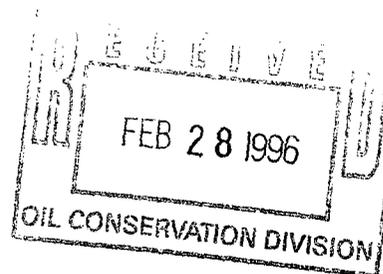
J.E. Gallegos
Gallegos Law Firm
460 St. Michaels Drive, Building 300
Santa Fe, NM 87505

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



02/28/96 18:32 12145200811
 District II
 District III
 District IV
 1000 Rio Brazos Rd., Aztec, NM 87410
 100 Box 2088, Santa Fe, NM 87504-2088

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

Hartman Oil Gallegos Law
 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 30-025-33249		Pool Code 83810 52250	Pool Name Rhodes Gas Pool Y-SR
Property Code 17608	Property Name RHODES "B" FEDERAL		Well Number 7
OGRID No. 26485	Operator Name MERIDIAN OIL INC.		Elevation 2994

10 Surface Location

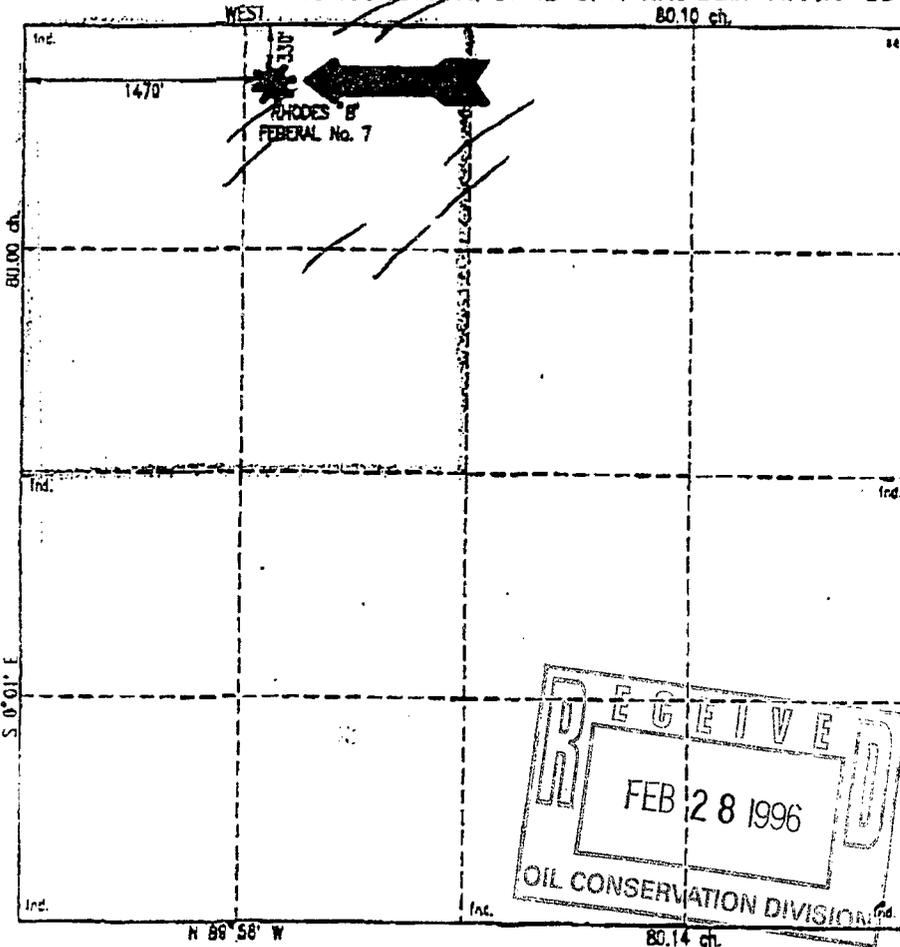
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	26 S	37 E		330	NORTH	1470	WEST	LEA

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

Dedicated Acres 180 70	Joint or Infill	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: *[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: *[Signature]*
 Certificate Number: **26485**

WILLIAM E. MAHNKE
 NEW MEXICO
 SURVEYOR
 PROFESSIONAL LICENSE

NOTE - REVISED 10-18-95:
 MOVED LOCATION

02/28/96

18:33

12145200811

Hartman Oil

Callegos Law 004/004

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

MINERAL CONSERVATION COMMISSION P.O. BOX 1980 HOBBS, NEW MEXICO 88240

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

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 drif. unit line, if any) 330'

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

11. ELEVATIONS (Show whether DP, RT, GR, etc.) 2994'

5. 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 '8' Federal # 7
9. 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

18. COUNTY OR PARISH Lea
19. STATE NM

27. APPROX. DATE WORK WILL START Upon Approval

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
BARRAGE AREA

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 blow out prevention program, if any.

SIGNATURE: [Signature] TITLE: Regulatory Compliance DATE: 10/23/95

(This space for Federal or State office use)

APPROVAL DATE: 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.

6109

Oil REPORT & GAS +++ HARTMAN

50505 393 5088

80:12

96/12/96