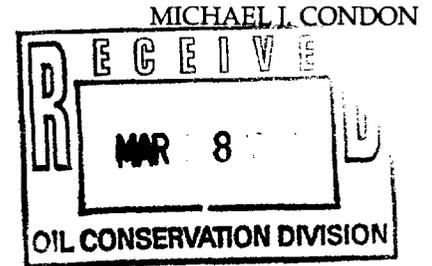


GALLEGOS LAW FIRM

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March 28, 1996



HAND-DELIVERED

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

11528

Re: Administrative Order NSL-3633

Gentlemen:

We are in receipt of a copy of Mr. Stogner's letter of March 26, 1996 to Donna Williams of Meridian Oil, Inc. In that letter, Mr. Stogner corrected errors in the location of Meridian wells at issue in Administrative Order NSL-3633. We concur in the correction on the locations.

There appears to have been an oversight, however, in Mr. Stogner's letter. That letter states that, but for the location amendments, "all other provisions of said Order [Administrative Order NSL-3633] shall remain in full force and effect until further notice." This statement conflicts with the Commission's Order of March 19, 1996, which expressly stayed Administrative Order NSL-3633 pending the outcome of the hearing on Hartman's application for de novo review of Meridian's December 21, 1995 application. The Administrative Order cannot be stayed and remain in full force and effect simultaneously. We understood the effect of the Commission's March 19, 1996 Order to stay Administrative Order NSL-3633. That would preclude Meridian from producing the No. 7 well pending the outcome of the hearing and then only if Meridian's application is upheld.

We would appreciate clarification from both the Commission and the Division that Administrative Order NSL-3633 is, in fact, stayed as per the Commission's March 19 Order and ruling, and that Administrative Order NSL-3633 does not presently remain "in full force and effect." If there has been any modification in the Commission's order and ruling, we

William J. LeMay
Michael Stogner
March 28, 1996
Page 2

would appreciate being advised of that fact so that we can pursue appropriate legal remedies.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By 
MICHAEL J. CONDON

MJC:sa

cc: W. Thomas Kellahin
William F. Carr
Donna Williams
Leslyn Swierc
James A. Davidson
David Catanach
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