

MERIDIAN OIL

January 21, 1995

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

**RE: Drilling In Progress of the
Leonard Brothers A Federal Well No. 2
660' FNL & 660' FWL
Sec. 23, T26S, R37E
Lea County, New Mexico
Operated by Permok Oil Inc.**

Mr. Stogner:

As per your telephone conversation with Donna Williams on January 20, 1995 regarding the drilling of the above referenced well, please be advised that Meridian Oil Inc. has not been notified as per the requirements for a Non Standard Proration Unit to complete this well in the Rhodes (Yates/Seven Rivers) Gas Pool. As indicated on the attached C-102 that was filed with the application to drill, the 160 acre proration unit is obviously non standard. Meridian owns the SW/4 NW/4 and obviously does not agree with the unit as it is capable of draining our well to the east of said well and the acreage mentioned above.

Should you have any questions, or need additional information, please do not hesitate to contact either myself at 915-688-6820 or Donna Williams, 915-688-6943.

Sincerely,



**Richard Smiley
Meridian Oil Inc.**

**cc: OCD/Hobbs - Jerry Sexton
 BLM/Hobbs - Vince Balderaz**