

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 21, 1995

PermOK Oil, Inc.
c/o Hinkle, Cox, Eaton, Coffield & Hensley
Attn: James Bruce
P. O. Box 2068
Santa Fe, New Mexico 87504-2068

RE: Administrative Application for an 80-acre Non-Standard Gas Spacing and Proration Unit in the Rhodes Yates-Seven Rivers Gas Pool for its proposed Leonard Brothers "A" Federal Well No. 2 consisting of the N/2 NW/4 of Section 23, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Mr. Bruce:

The subject application was received by the Division on February 9, 1995, on February 20, 1995 an objection was received from Meridian Oil, Inc., see copy of letter attached. This matter will therefore be set for hearing before a Division Hearing Examiner on the March 16, 1995 docket. PermOK Oil, Inc. will be required to provide notice pursuant to Division General Rule 1207.A(6) and to submit a "Pre-hearing Statement" as requested by Division Memorandum 2-90, dated April 30, 1990 (see copy attached). You should also be ready to present evidence as to why a standard 160-acre gas spacing and proration unit comprising the NW/4 of said Section 23 can not be formed either voluntary or through forced pooling.

It would appear that PermOK Oil, Inc. has a case docketed on March 2, 1995 before the Division in a matter that is similar to the above-referenced application in as much as the same proposed well is to be dedicated to a non-standard 160-acre gas spacing and proration unit in the Rhodes Yates-Seven Rivers Gas Pool comprising the SW/4 NE/4, N/2 NW/4, and SE/4 NW/4 of said Section 23. The Division at this time will have Case 11214, which is the proposed 160-acre unit, continued to the March 16, 1995 Examiners Hearing. This will help to alleviate confusion, help defray costs, and give PermOK the chance to explain further why they can not or choose not to develop this gas production in the normal 160-acre-quarter section pattern already in existence.

Should you have any questions, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
Meridian Oil, Inc., Attn: W. Thomas Kellahin - Santa Fe, NM
William J. LeMay, O.C.D. Director - Santa Fe
Eugene M. Strauss, PermOK Oil, Inc. - Kansas City, MO
Meridian Oil, Inc., Attn: Trey Sheperd - Midland, TX
File: Case 11214

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

Oil Conservation
827-7131

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

February 20, 1995

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87504

Re: *Application of PermOK Oil, Inc. for an
80-acre Non-Standard Gas Proration and
Spacing Unit in the Rhodes Yates-Seven
Rivers Gas Pool for its Leonard Brothers
"A" Federal Well No.2 consisting of the
N/2NW/4 of Section 23, T26S, R37E,
Lea County, New Mexico*

RECEIVED

FEB 20 1995

Oil Conservation Division

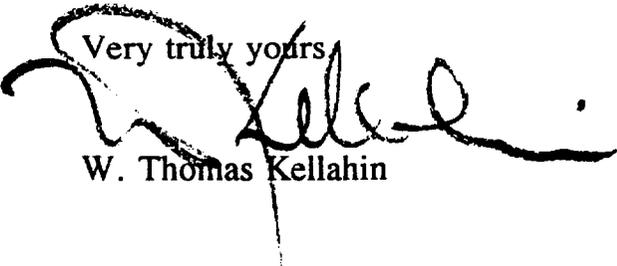
Dear Mr. Stogner:

By letter dated February 9, 1995, James Bruce, attorney for PermOK Oil Inc., informed Meridian Oil Inc. of the referenced application pending before the New Mexico Oil Conservation Division.

In accordance with Division rules, this letter constitutes Meridian Oil Inc.'s objection to the PermOK Oil Inc. request for approval of the referenced non-standard proration and spacing unit.

Please advise us when this matter will be set for hearing so that we can be available to present our evidence in opposition.

Very truly yours,


W. Thomas Kellahin

cc: James Bruce, Esq.

Attorney for PermOK Oil Inc.

cc: Meridian Oil Inc. (Midland)

Attn: Trey Sheperd