

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

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Oil Conservation Division

MICHAEL J. CONDON

November 30, 1995

HAND-DELIVERED

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

Re: Case No. 11434; Application of Meridian Oil Inc. for Compulsory Pooling and an Unorthodox Gas Well Location, San Juan County, New Mexico, Proposed Seymour No. 7A Well

Dear Mr. LeMay:

I want to write to follow up on our request for a Continuance for this matter which is currently set on the Division's Docket for December 7, 1995.

By letter dated October 31, 1995, Meridian sent an AFE for the Seymour No. 7A to the affected interest owners, Hartman, Four Star Oil and Gas Co., and Williams Production Company. Hartman received the AFE November 6, 1995, as did Four Star. See letter from Chuck Snure attached hereto. (The 1989 standard form operating agreement which permits an additional well allows an interest owned thirty (30) days after receipt of the Notice of proposed work to determine whether they will elect to participate or not in the cost of the proposed operation). On the day interest owners received the AFE, November 6, 1995, Meridian filed its Application for Compulsory Pooling and sent notices to the interest owners. Hartman received the notice November 13, 1995, the same day Four Star received its notice.

My letter of November 28 requested a continuance because of scheduling conflicts we have with the proposed December 7 hearing date. It is clear, however, that Hartman and the other interest owners have not had sufficient time to even review the AFE, and will not have sufficient time to evaluate the proposed well prior to the December 7 hearing date.

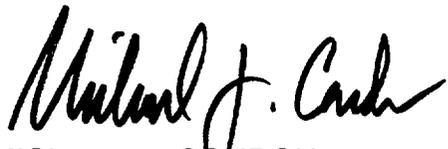
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The Motion to Dismiss which we filed on November 28, 1995 demonstrates that the acreage affected by Meridian's application is already subject to a Communitization Agreement and an Operating Agreement which govern the relationship of the parties. Under these circumstances, NMSA 1978 § 70-2-17(C) does not permit compulsory pooling. This issue should be ruled on separately and will, we believe, negate the need for an evidentiary hearing.

I would appreciate hearing from you at your earliest convenience on our request for a continuance. Thank you for your attention to this matter.

Very truly yours,

GALLEGOS LAW FIRM, P.C.

By 
MICHAEL J. CONDON

MJC:sa

Enclosure

cc: Michael Stogner, Hearing Examiner
Tom Kellahin
Doyle Hartman
Chuck Snure