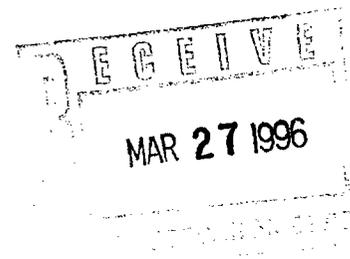


GALLEGOS LAW FIRM

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MICHAEL J. CONDON

March 27, 1996

11528

HAND-DELIVERED

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

Re: Application of Doyle Hartman and Margaret Hartman dba Doyle Hartman, Oil Operator, and James A. Davidson for (i) de novo hearing, (ii) order authorizing discovery, (iii) withdrawal of Administrative Order NSL-3633, (iv) denial of Meridian application, (v) and redefinition of Rhodes Gas Pool boundary

Dear Mr. LeMay:

We understand this matter will be set for hearing May 2, 1996 in Santa Fe. In speaking with Mr. Stogner in order to determine the notice requirements for the above-referenced application, it occurred to us that we need to modify and amend the notice you had originally proposed in your letter of March 19, which we addressed previously in our letter of March 21, 1996, in order to make the notice more specific.

We would suggest that the notice be amended as follows:

Application of Doyle Hartman and Margaret Hartman dba Doyle Hartman, Oil Operator, and James A. Davidson for extension of the Rhodes Gas Pool boundary, and contraction of Rhodes Oil Pool Boundary in Section 26, T26S, R37E, Lea County, New Mexico, for withdrawal of Administrative Order NSL-3633 only insofar as it granted an unorthodox well location to Meridian Oil Inc., for its Rhodes "B" Federal Well No. 7, and denial of Meridian's Application for Administrative Approval of Unorthodox location for its Rhodes "B" Federal No. 7 well. Applicant seeks redefinition of the boundary of the Rhodes Gas Pool pursuant to Miscellaneous Division Rule 5 to extend the

William J. LeMay
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boundary of the Rhodes Gas Pool to include the NE/4 NW/4 and W/2 NE/4 of Section 26, Township 26 South, Range 37E, Lea County, New Mexico (120 acres) to include the Rhodes "B" Federal Well No. 7 of Meridian Oil Inc. located 330 feet from the North line and 1470 feet from the West line (Unit C) of Section 26, Township 26 South, Range 37 East within the Rhodes Gas Pool. Applicants seek a concomitant withdrawal of the NE/4 NW/4 and W/2 NE/4 of Section 26 (120 acres) from the Rhodes Oil Pool, as well as removal of E/2 NE/4 and NE/4 SE/4 of Section 26 (120 acres) from the Rhodes Oil Pool. The boundary adjustment requested herein is based upon new and recently available geological and production information corresponding to Section 26, T-26-S, R-37-E and will treat all wells in Sections 23 and 26 in conformance with the application and testimony in NMOCD Case No. 7476 and corresponding Order R-6891 dated February 1, 1982 that redefined the boundary of Rhodes Oil Pool and initially established the boundary of the Rhodes Gas Pool. Applicant further seeks withdrawal of Division Administrative Order NSL-3633 only to the extent it approved Meridian's application for an unorthodox Rhodes Yates-Seven Rivers Oil Pool location for the above-described Rhodes "B" Federal Well No. 7 located 330 feet from the North line and 1470 feet from the West line (Unit C) of Section 26, located in T-26-S, R-37-E. Applicant finally requests denial of Meridian's application for an unorthodox location in the Rhodes "B" Federal No. 7 well. Said area is located approximately 7 miles south-southeast of Jal, New Mexico.

Please be advised that we intend to amend the pending application pursuant to the March 19, 1996 Order and to reflect the specific tracts at issue in the boundary extension and contraction requests as set out in the Notice, supra.

Based on conversations with Mr. Stogner and Rand Carroll, I understand that there is no specific notice requirement in the rules and regulations which precisely fits this situation. Based upon Mr. Stogner's advice, we intend to provide notice to all operators in both the Rhodes Oil Pool and the Rhodes Gas Pool. This will include Meridian and Texaco, the parties in addition to Hartman and Davidson who are impacted by Meridian's application for an unorthodox location for its Rhodes "B" Federal Well No. 7. Notice will be by regular mail with a copy of the amended application.

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If you feel any other method is called for or believe that there are any additional parties to whom we need to provide notice, please let me know and we will be happy to do so.

If you have any questions, please feel free to contact me.

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
Michael Stogner
Rand Carroll
Jerry Sexton
fxc: Doyle Hartman
Carolyn Sebastian
ioc: J.E. Gallegos