



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

September 16, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Meridian Oil, Inc.
P.O. Box 51810
Midland, Texas 79710-1810

Attn: Maria L. Perez

*RE: Rhodes (GSU) Well No. 28, 660' FSL - 1780' FWL (Unit N)
8-T26S-R-37E, Rhodes Yates - Seven Rivers Gas Pool,
Lea County, New Mexico*

Dear Ms. Perez:

After reviewing the subject application dated August 7, 1991, I found several factors existing in said Section 8 which does not allow me to issue authorization at this time. Please refer to the attached plat of Section 8 which illustrates the following:

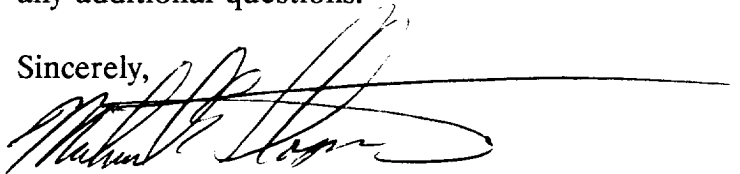
1. The Rhodes Yates - Seven Rivers Pool, an oil pool developed on 40-acre spacing, comprises the N/2 SW/4, SW/4 SW/4, and NW/4 SE/4 of said Section 8;
2. the Rhodes Yates - Seven Rivers Gas Pool, developed on 160-acre spacing, comprises the NE/4, SE/4 SW/4, NE/4 SE/4 and S/2 SE/4 of said Section 8;
3. there currently exists a standard 160-acre gas spacing and proration unit within the NE/4 of said Section 8 dedicated to Meridian's Rhodes GSU Well Nos. 2 and 22 located in Units A and G, respectively;
4. a 120-acre non-standard gas sharing and proration unit comprising the NE/4 SE/4 and S/2 SE/4 of said Section 8 is currently dedicated to your Rhodes GSU Well No. 23 (NSP-1292);
5. there is presently a 40-acre oil spacing unit comprising the NW/4 SE/4 (Unit J) of said Section 8 dedicated to Armstrong Energy Corporation's H.G. Moberly "A" Federal Well No. 1; and

6. any larger spacing unit than 40-acres for your proposed Rhodes GSU Well No. 28 would sever the Rhodes Oil Pool from the Armstrong well.

Therefore, I cannot address this application at this time. Should you wish to amend your application and seek a 40-acre non-standard Rhodes Yates - Seven Rivers Gas spacing unit for the SE/4 SW/4 of said Section 8, such request could be granted administratively.

Please contact either myself or the Hobbs District Office of the Division should you have any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

MICHAEL E. STOGNER
Chief Hearing Examiner/Engineer

MES/jc

cc: OCD - Hobbs
USBLM - Carlsbad