

DOYLE HARTMAN*Oil Operator*3811 TURTLE CREEK BLVD., SUITE 730
DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

February 27, 1996

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505Attn: Michael J. Stogner
Chief Hearing OfficerRe: Unorthodox Well Location
Meridian Oil Inc.Rhodes "B" Federal No. 7
Lea County, New Mexico
Section 26, T-26-S, R-37-E, N.M.P.M.

Gentlemen:

Reference is made to Meridian's pending application to the NMOC for approval of an unorthodox Rhodes Yates-Seven Rivers location for its recently drilled Rhodes "B" No. 7 well situated 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, Lea County, New Mexico. As you are aware, a distance of 1470' FWL of Section 26 equates to an unorthodox distance of 150' FWL of the 40-acre tract consisting of the NE/4NW/4 Section 26, which 40-acre tract is now being dedicated by Meridian to its newly drilled Rhodes "B" No. 7 well as per the amended C-102 (copy enclosed) found today on file at the NMOC's Hobbs office.

Although the NMOC's Hobbs office also has on file a copy of Meridian's "APD" for the Rhodes "B" Federal No. 7 well (copy enclosed), which "APD" was approved for "...drilling only..." and specifically stated "...CANNOT produce until non-standard location is approved...", no final completion report or C-104 has yet been received by the NMOC for the subject well. However, a drive today past the subject well has revealed that the well has already been turned into the gas sales line as an actively-producing Rhodes Yates-Seven Rivers interval well.