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Oil Operator

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William J. LeMay, Director
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Re: Unorthodox Well Location
Meridian-Texaco
Rhodes "B" Federal No. 7
330' FNL & 1470' FWL
Section 26, T-26-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to the enclosed notice of force pooling that was received by us January 22, 1996, from Texaco Exploration Production, Inc. regarding our 80-acre Dublin lease consisting the E/2 SW/4 Section 26, T-26-S, R-37-E, Lea County, New Mexico.

Yesterday, in reviewing recent drilling activity in the vicinity of our 80-acre Dublin lease, to our astonishment, we learned that Meridian has just finished drilling, at an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, T-26-S, R-37-E, Lea County, New Mexico, a new Rhodes Yates well on Texaco's Rhodes "B" Federal lease situated immediately south of our 80-acre Dublin lease.

As to Meridian's newly drilled well situated 330' south of our 80-acre Dublin lease, we have two points of concern:

1. Notwithstanding the fact that the new offsetting Meridian-Texaco well has been drilled at an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, as a direct offsetting operator, we have received no notice of a Meridian-Texaco application being submitted to the NMOCD seeking approval for an unorthodox well location consisting of 330' FNL and 1470' FWL of Section 26, and was totally unaware until yesterday that a new offsetting well has been drilled or was being planned.
2. Since the 1920's, Texaco has been the operator of the Rhodes "B" Federal Rhodes Pool lease consisting in part of Sections 26 and 27, T-26-S, R-37-E. It is an established NMOCD regulation that there can only be one officially recognized operator of a lease. Therefore, in the absence of any additional information, we are somewhat puzzled as to how Meridian can drill and operate new Rhodes Yates-Seven Rivers wells such as the Rhodes "B" Federal No. 1 well (B-27-26-37) on the same Rhodes Yates-Seven Rivers lease being operated by Texaco.

In light of the foregoing, and in accordance with NMOCD regulations, we respectfully request that Meridian-Texaco's new offsetting Rhodes "B" Federal No. 7 well not be granted final authorization to produce until a proper application for an unorthodox location has been filed by Meridian-Texaco and has been approved by the NMOCD, which application also requires that proper notice be given to all offsetting and potentially affected operators.

Very truly yours,

DOYLE HARTMAN



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DH/jb

