

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P.O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

November 24, 1992

CERTIFIED - RETURN RECEIPT REQUESTED

Mr. William J. Lemay
State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Meridian Oil as Agent for Lanexco, Inc.
Administrative Application for
Unorthodox Location and Simultaneous
Dedication
Jalmat (Gas) Pool
El Paso Tom Federal No. 8
660' FSL & 660' FEL
Section 33, T-25-S, R-37-E
Lea County, New Mexico

Gentlemen:

Reference is made to the attached notification from Meridian Oil dated September 23, 1992, and first received by Hartman on November 9, 1992, regarding Meridian's application for an unorthodox location and simultaneous dedication of the above-referenced well. We were dismayed to learn that NMOCD Order NSL-3172 (SD) dated October 30, 1992 has already approved an unorthodox location of 660' FSL and 660' FEL, Section 33, T-25-S, R-37-E for Meridian's El Paso Tom Federal No. 8 well and simultaneously dedicated it along with the El Paso Tom Federal Nos. 5, 6 and 7 wells to the existing 440-acre non-standard Jalmat (Gas) proration unit consisting of the NW/4 and S/2 of Section 33, T-25-S, R-37-E, Lea County, New Mexico. Hartman has no record of receiving a copy of this Administrative Application from Meridian prior to November 9, 1992, and to date, Meridian has not supplied evidence that it was sent to us by certified mail on September 23, 1992, as stated in their Application.

As a direct offset to Hartman's Dabbs No. 3 well (M-34-25S-37E), we are concerned about an unorthodox location for Meridian's El Paso Tom Federal No. 8 that is 330' nearer to our lease line than allowed by Jalmat (Gas) pool rules which allow for a standard location of 990' from any boundary line for a 440-acre non-standard proration unit. We agree that Meridian has the right to develop and profit from the leasehold interest they own, however, we are concerned about being encroached upon. In light of this, we have no objection to the drilling of Meridian's El Paso Tom Federal No. 8 and its subsequent simultaneous