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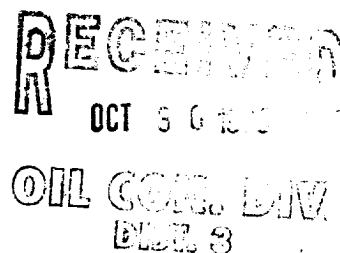
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 25, 1995

Meridian Oil, Inc.
Attention: Peggy Bradfield
P.O. Box 4289
Farmington, New Mexico 87499-4289



Administrative Order NSL-3588

Dear Ms. Bradfield:

Reference is made to your application dated September 28, 1995 for a non-standard gas well location in both the Blanco-Mesaverde and Undesignated Ensenada-Gallup Pools for your existing Vaughn Well No. 30 (API No. 30-039-21969), which was drilled in 1979 and completed in the Basin-Dakota Pool. Said well is located 2510 feet from the South line and 1570 feet from the West line (Unit K) of Section 28, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

It is our understanding that the Dakota interval will be plugged back and that said well will eventually be recompleted up-hole into both the Blanco-Mesaverde and Undesignated Ensenada-Gallup Pools, whereby the production from both intervals will be commingled downhole under authority of Division Order No. R-10239, issued in Case 11038 and dated November 14, 1994.

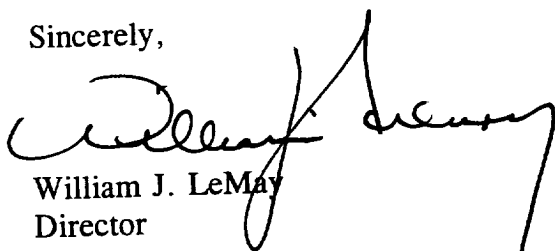
The existing standard 320-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising the W/2 of said Section 28, which is presently dedicated to the applicant's Vaughn Well No. 30-M (API No. 30-039-23803), located at a standard gas well location 1170 feet from the North line and 960 feet from the West line (Unit D) of said Section 28, and the SW/4 of said Section 28 being a standard 160-acre gas spacing and proration unit for the Undesignated Ensenada-Gallup Pool, are to be dedicated to said well.

By the authority granted me under the provisions of Rule 2(c) of the "General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-

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Mesaverde Pool", as promulgated by Division Order No. R-8170, as amended, and Division General Rule 104.F(1), the above-described unorthodox gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec ✓
U. S. Bureau of Land Management - Farmington
File: Case No. 11038