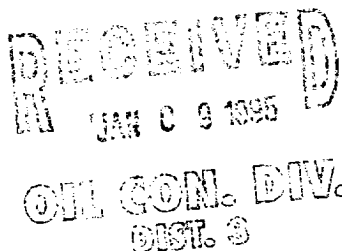


State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION



ADMINISTRATIVE ORDER DHC-1075

Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Curtis A. Newstrom

*Jicarilla "89" No. 7
Unit N, Section 13, Township 27 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde and Gavilan-Pictured Cliffs Gas Pools*

Dear Mr. Newstrom:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

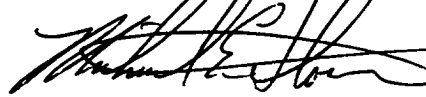
Mining and Minerals
827-5970

Oil Conservation
827-7131

Administrative Order DHC-1075
Meridian Oil Inc.
January 5, 1995
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Approved at Santa Fe, New Mexico on this 5th day of January, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MICHAEL E. STOGNER
Acting Director

S E A L

MES/DC/kv

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington