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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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C

July 12, 1989

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

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

Attention: Dan Walker

Administrative Order NSL-2676

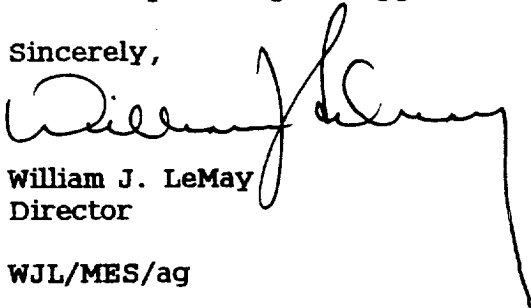
Dear Mr. Walker:

Reference is made to your application of May 25, 1989 and July 6, 1989 for a non-standard coal gas well location for your San Juan 32-5 Well No. 108 to be located 2100 feet from the North line and 100 feet from the East line (Unit H) of Section 27, Township 32 North, Range 6 West, NMPM, Basin Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. The E/2 of said Section 27 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

PROVIDED HOWEVER that upon completion of drilling operations, the applicant shall conduct a multishot directional survey from the surface to total depth in order to determine the subsurface well location. The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time of conducting said directional survey in order that said operation may be witnessed. Upon completion of conducting said directional survey, the applicant shall submit copies of said survey to the Santa Fe and Aztec offices of the Division. Should it be determined from said directional survey that the subject well's bottomhole location is located in the W/2 of said Section 7, the applicant shall be required to obtain any subsequent applicable Division approvals.

Sincerely,

  
William J. LeMay  
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec  
New Mexico Oil & Gas Engineering Committee - Hobbs  
US Bureau of Land Management - Farmington  
US Bureau of Reclamation - Durango

**RECEIVED**  
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DIST. 3