ADMINISTRATIVE ORDER DHC-1276

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

Attention: Ms. Peggy Bradfield

> *San Juan 32-9 Unit Well No.37A*
> *Unit J, Section 32 Township 32 North, Range 9 West, NMPM,*
> *San Juan County, New Mexico.*
> *Blanco Pictured Cliffs (Gas - 72359) and*
> *Blanco Mesaverde (Gas - 72319) Pools*

Dear Ms. Bradfield:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject 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 zones is hereby placed in abeyance.

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.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.
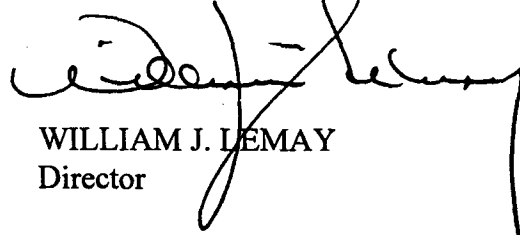
Approved at Santa Fe, New Mexico on this 12th day of July, 1996.

                                      STATE OF NEW MEXICO
                                      OIL CONSERVATION DIVISION

                                      WILLIAM J. LEMAY
                                      Director

SEAL

WJL/BES

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