

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

May 8, 1989

Southland Royalty Co.
c/o Meridian Oil, Inc.
2P.O. Box 4289
Farmington, NM 87499-4289

Attention: Peggy Bradfield

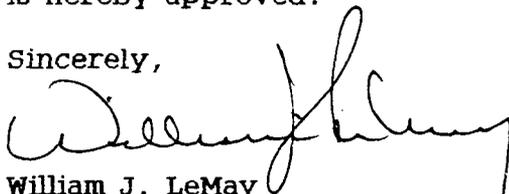
Administrative Order NSL-2653

Dear Ms. Bradfield:

Reference is made to your application of February 27, 1989 on behalf of Southland Royalty Company for a non-standard coal gas well location for your Reid Well No. 705 to be located 1450 feet from the South line and 175 feet from the West line (Unit L) of Section 19, Township 28 North, Range 9 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. Lots 3 and 4, the E/2 SW/4 and the SE/4 of said Section 19 shall be dedicated to the well forming a standard 302.28-acre gas spacing and proration unit.

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.

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