

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY



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

August 30, 1993

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

Attention: Peggy Bradfield

Administrative Order NSL-3301

Dear Ms. Bradfield:

Reference is made to your application dated August 3, 1993 for an unorthodox gas well location in both the Blanco Mesaverde and Tapacitos Pictured Cliffs Pools for your proposed Jicarilla 98 Well No. 11A to be drilled 1850 feet from the North and West lines (Unit F) of Section 18, Township 26 North, Range 3 West, NMPM, as projected into the unsurveyed Jicarilla Apache Indian Reservation, Rio Arriba County, New Mexico.

It is our understanding that production from both the Mesaverde and Pictured Cliffs intervals are to be downhole commingled.

By the authority granted me under the provisions of Rule 2(c) of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Special Rules and Regulations for the Tapacitos Pictured Cliffs Pool and the Special Rules and Regulations for the Blanco Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved.

Acreage dedication for the Tapacitos Pictured Cliffs Pool and the Blanco Mesaverde Pool is 160 acres and 320 acres, respectively. Said Special Rules also contain provision whereby the District Supervisor of the Aztec District Office of the Division has the authority to approve Meridian's proposed spacing units for both zones, the NW/4 equivalent for the Pictured Cliffs and the N/2 equivalent for the Mesaverde, due to the unorthodox size and shape of said Section 6. This is caused, in part, by a variation in the legal sub-division of the United States Public Land Surveys (Rule 2(a)4).

Administrative Order NSL-3301

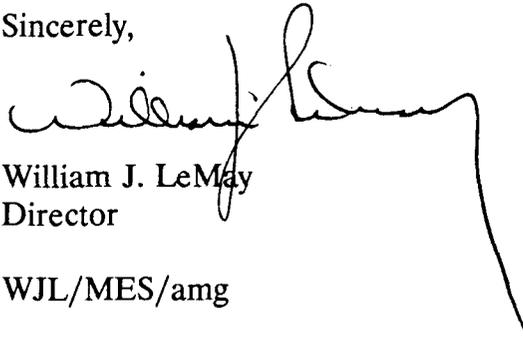
Meridian Oil, Inc.

August 30, 1993

Page 2

Also, Meridian Oil, Inc. shall comply with all provisions of Division General Rule 303.C pertaining to the downhole commingling of the gas from both zones.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

William J. LeMay
Director

WJL/MES/amg

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