

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

February 9, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
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ANITA LOCKWOOD
CABINET SECRETARY

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

Attention: Peggy Bradfield

Administrative Order NSL-3351(NSP)

Dear Ms. Bradfield:

Reference is made to your application dated January 10, 1994 for a non-standard Basin-Fruitland coal gas well for your existing Zachry Well No. 5 which was drilled in 1955 and completed in the Aztec Pictured Cliffs Pool on a non-standard 197.08-acre gas spacing and proration unit (Division Order No. R-658, dated July 14, 1955) comprising Lots 1, 2 and 3, the SE/4 SW/4 and S/2 SE/4 of Irregular Section 11, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico, at a standard gas well location 1040 feet from the South line and 990 feet from the East line (Unit P) of said Section 11.

It is my understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin-Fruitland Coal Gas Pool, and pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, said location is considered to be unorthodox. Further, all of said Irregular Section 11 shall be dedicated to said well forming a non-standard 262.28-acre gas and spacing unit for said Basin-Fruitland Coal Gas Pool.

By the authority granted me under the provisions of Rules 6 and 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location and non-standard unit are hereby approved.

Also, Meridian Oil, Inc. shall comply with all other provisions of said Order No. R-8768, as amended, pertaining to the downhole commingling of coal gas production with gas produced from the Pictured Cliffs interval. All provisions of said Order No. R-658 pertaining to said Pictured Cliffs completion shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

MES/amg

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