

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

July 20, 1994

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

ANITA LOCKWOOD  
CABINET SECRETARY

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

Attention: Peggy Bradfield

*Administrative Order NSL-3409 (NSP)*

Dear Ms. Bradfield:

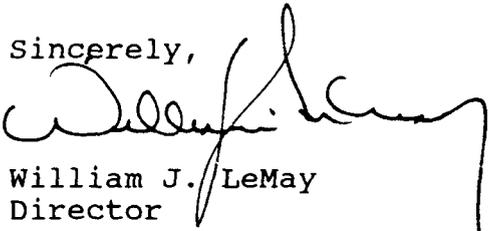
Reference is made to your application on behalf of Southland Royalty Company dated June 29, 1994 for a non-standard coal gas well location for the Reid Well No. 14 which was drilled in 1959 and completed in the Aztec Pictured Cliffs Pool at a standard gas well location 1155 feet from the South line and 1450 feet from the East line (Unit 0) of Section 7, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico.

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 unorthodox.

By the authority granted me under the provisions of Rule 8 said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved. Further, the all of said Section 7 shall be dedicated to the well forming a non-standard 260.64-acre gas spacing and proration unit for said pool.

Also, the operator of said well 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.

Sincerely,

  
William J. LeMay  
Director

WJL/MES/amg

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