



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

August 22, 1994

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

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

Attention: Peggy Bradfield

Administrative Order NSL-3420

Dear Ms. Bradfield:

Reference is made to your application dated July 6, 1994 for an unorthodox gas well location for both the Basin-Dakota Pool and the Angels Peak-Gallup Associated Pool for the proposed Huerfano Unit Well No. 217-R. Said well to be drilled 1395 feet from the North line and 1460 feet from the East line (Unit G) of Section 29, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico. It is our understanding that both zones are to be downhole commingled.

The N/2 of said Section 29 being a standard 320-acre gas spacing and proration unit for both pools, is to be dedicated to said well.

By the authority granted me under the provisions of Rule 2(c) of the "Special Rules and Regulations for the Basin-Dakota Pool", as promulgated by Division Order No. R-8170, as amended, and Rule 2(c) of the "General Rules and Regulations for the Associated Oil and Gas Pools of New Mexico/Special Rules and Regulations for the Angels Peak-Gallup Associated Pool", the above-described unorthodox gas well location is hereby approved.

Also, Meridian Oil, Inc. shall comply with all other provisions applicable in the drilling of high angle/horizontal directional wells.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

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