



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

August 31, 1994

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

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

Attention: Peggy Bradfield

Administrative Order NSL-3424(NSP)

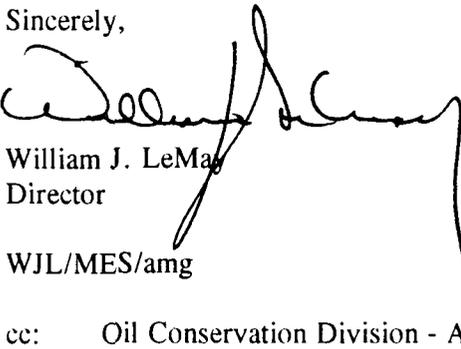
Dear Ms. Bradfield:

Reference is made to your application dated August 9, 1994 for an unorthodox gas well location for both the Blanco-Mesaverde Pool and the Undesignated Gavilan-Pictured Cliffs Pool for the proposed Jicarilla "447" Well No. 2 (API No. 30-039-25445). Said well to be drilled 1425 feet from the North line and 1160 feet from the West line (Unit F) of Section 19, Township 27 North, Range 3 West, NMPM, Rio Arriba County, New Mexico. It is our understanding that production from both zones are to be downhole commingled.

Lots 1 and 2, the NE/4, and the E/2 NW/4 (the N/2 equivalent) of said Section 19 being a non-standard 301.68-acre gas spacing and proration unit for the Blanco-Mesaverde Pool and Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of said Section 19 being a non-standard 141.68-acre gas spacing and proration unit for the Pictured Cliffs interval, are to be dedicated to said well.

By the authority granted me under the provisions of Rules 2(a)4 and 2(c) of the "Special Rules and Regulations for the Blanco-Mesaverde Pool", as promulgated by Division Order No. R-8170, as amended, and Division General Rules 104.F(1) and 104.D(2), the above-described unorthodox gas well location and non-standard gas spacing units are hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

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