



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

GARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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May 7, 1990

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

Attention: Peggy Bradfield

Administrative Order NSL-2786

Dear Ms. Bradfield:

Reference is made to your application dated April 10, 1990 for a non-standard Basin-Fruitland coal gas well location for your existing Davis Well No. 19 which was drilled in 1979 and completed in the Blanco Pictured Cliffs Pool at a standard gas well location 1840 feet from the North line and 1110 feet from the West line (Unit E) of Section 1, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, is unorthodox. Further, Lots 3,4, 6 and 7, the S/2 NW/4 and S/2 SW/4 of said Section 1 shall be dedicated to the well forming a standard 310.79-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay by *David Kitami*
William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
New Mexico Oil & Gas Engineering Committee - Hobbs
US Bureau of Land Management - Farmington