



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

July 16, 1992

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

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

Attention: Peggy Bradfield

Administrative Order NSL-3132

Dear Ms. Bradfield:

Reference is made to your application dated June 23, 1992 for a non-standard Basin-Fruitland coal gas well location for your existing Thompson "C" Well No. 5 which was drilled in 1952 and completed in the West Kutz Pictured Cliffs Pool at a standard gas well location 990 feet from the North and West lines (Unit D) of Section 3, Township 27 North, Range 12 West, NMPM, San Juan County, New Mexico.

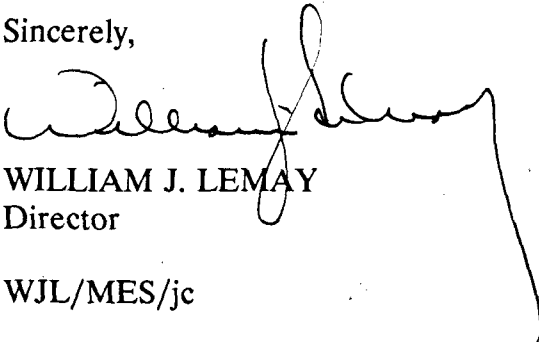
It is my understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin Fruitland Coal Gas Pool, and pursuant to the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, said location is considered to be unorthodox.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved. Further, Lots 3 and 4, S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 3 shall be dedicated to said well forming a standard 320.22-acre gas spacing and proration unit for said coal gas pool.

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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.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', with a long, sweeping horizontal line extending to the right.

WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec
U.S. BLM - Farmington
David R. Catanach - Santa Fe