



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

July 12, 1993

ANITA LOCKWOOD
CABINET SECRETARY

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

Meridian Oil, Inc.
Attention: Peggy Bradfield
P.O. Box 4289
Farmington, NM 87499-4289

Administrative Order NSL-3278

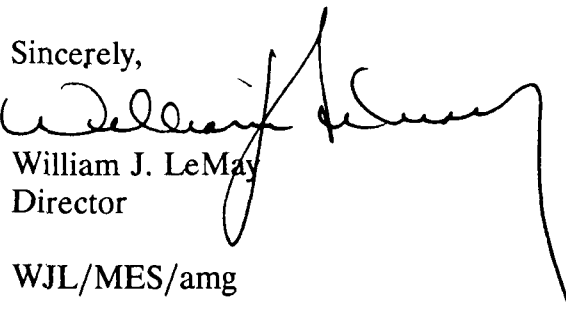
Dear Ms. Bradfield:

Reference is made to your application dated June 4, 1993 for an unorthodox gas well location in both the Undesignated Chozo Mesa, or Undesignated Gobernador Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool for Meridian's proposed San Juan 28-4 Unit Well No. 226 to be drilled 2030 feet from the South line and 1570 feet from the West line (Unit K) of Section 17, Township 28 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. It is my understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin-Fruitland Coal Gas Pool.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order R-8768, as amended, and Division General Rule 104.F(1), the above-described unorthodox gas well location is hereby approved. Further, the S/2 and SW/4 equivalent of said Section 17 shall be dedicated to said well forming standard 320-acre and 160-acre gas spacing and proration units for the Fruitland Coal and Pictured Cliff zones, respectively.

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,


William J. LeMay
Director

WJL/MES/amg

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