



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



BRUCE KING
GOVERNOR

March 4, 1994

ANITA LOCKWOOD
CABINET SECRETARY

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-3361(NSP)

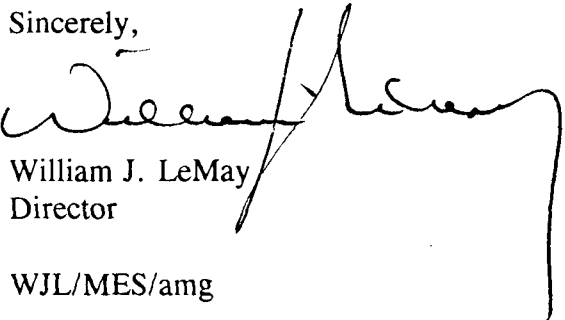
Dear Ms. Bradfield:

Reference is made to your application dated March 1, 1994, for a non-standard Pictured Cliffs gas well location for the proposed San Juan 28-5 Unit Well No. 230 to be drilled 1290 feet from the North line and 2314 feet from the East line (Unit B) of Section 25, Township 28 North, Range 5 West, NMPM, to test the wildcat Pictured Cliffs formation, Rio Arriba County, New Mexico. Lots 1 and 2 and the W/2 NE/4 (NE/4 equivalent) of said Section 25 shall be dedicated to the well forming a non-standard 184.64-acre gas spacing and proration unit for said zone.

By the authority granted me under the provisions of Division General Rules 104.F(1) and D(2), the above-described unorthodox gas well location and non-standard gas spacing and proration unit are hereby approved.

Further, it is our understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin-Fruitland Coal Gas Pool in this well. The location is considered standard for the Basin-Fruitland coal gas interval, however, Meridian shall comply with all provision of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended, pertaining to the downhole commingling of coal gas production with said Pictured Cliffs gas.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

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