



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

BRUCE KING  
GOVERNOR

December 9, 1994

2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

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

Attention: Peggy Bradfield

*Administrative Order NSL-3443*

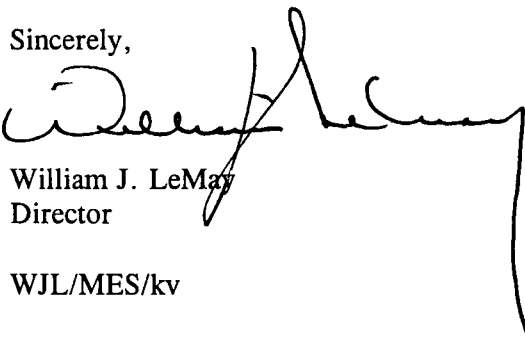
Dear Ms. Bradfield:

Reference is made to your application dated September 15, 1994 for an unorthodox gas well location for both the Blanco-Mesaverde and Basin-Dakota Pools for your proposed Huerfanito Unit Well No. 78M (API No. 30-045-28971) to be drilled 1545 feet from the South line and 1270 feet from the East line (Unit I) of Section 36, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico. It is our understanding that production from both zones are to be downhole commingled under the authority of Division Order No. R-9887, dated April 27, 1993.

The existing standard 320-acre gas spacing and proration units in both the Blanco-Mesaverde and Basin Dakota Pools comprising the E/2 of said Section 36, which are both currently dedicated to Meridian's Huerfanito Unit Well No. 78 (API No. 30-045-06177), located at a standard gas well location 930 feet from the North line and 1650 feet from the East lines (Unit B) of said Section 36 are to be dedicated to said well.

By the authority granted me under the provisions of Rule 2(c) of the "Special Rules and Regulations for the Blanco-Mesaverde Pool" and the "Basin-Dakota Pool", as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved.

Sincerely,

  
William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec  
New Mexico State Land Office - Santa Fe  
File: Case 10701