

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

July 25, 1995

Merit Energy Company
c/o On Site Technologies, Ltd.
P. O. Box 2606
Farmington, New Mexico 87499

Attention: Robert L. Crabb

Administrative Order NSL-3547

Dear Mr. Crabb:

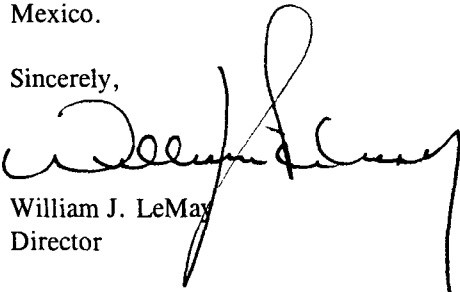
Reference is made to your applications dated March 13 and May 24, 1995 on behalf of the operator, Merit Energy Company, for an unorthodox Blanco-Mesaverde infill gas well location on an existing 320-acre gas spacing and proration unit (GPU) for said Blanco-Mesaverde Pool comprising the W/2 of Section 22, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico. Said GPU presently has dedicated thereon the Merit Energy Company Jicarilla "E" Well No. 12 (API No. 30-039-21515) located at a standard gas well location 1850 feet from the South and West lines (Unit K) of said Section 22.

By the authority granted me under the provisions of Rule 2(d) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, the following described well to be drilled at an unorthodox gas well location is hereby approved:

**Jicarilla "E" Well No. 16
860' FNL - 2160' FWL (Unit C)**

Further, Merit Energy Company is hereby authorized to simultaneously dedicate Blanco-Mesaverde gas production on the subject GPU from the No. 16 well with the existing Well No. 12. Said wells and GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington