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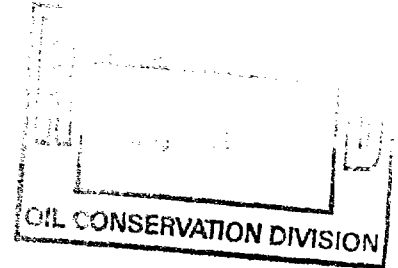
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

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January 24, 1994

HAND DELIVERED



Mr. William J. LeMay
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail, 2nd Floor
Santa Fe, New Mexico 87501

Re: Neudecker #2 Well-35G-T29N, R10W
Zachry #11 Well-10M-T28N, R10W
Pierce Federal A #1 Well-34A-T29N, R10W
Application of Meridian Oil Inc.
for downhole commingling,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for February 17, 1994.

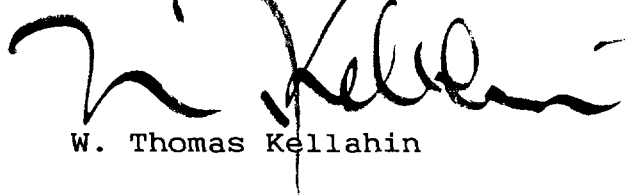
By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. William J. LeMay
January 24, 1994
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Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, February 11, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the typed name. The signature is fluid and cursive, with a large initial 'W' and a long, sweeping tail.

W. Thomas Kellahin

WTK/mg
Enclosure

cc: Meridian Oil Inc. and
By Certified Mail - Return Receipt
All Interested Parties

Mr. William J. LeMay
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PROPOSED ADVERTISEMENT

10918

Case : Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its:

(1) Neudecker #2 Well, located 1650 feet from north and east lines (Unit G) of 35, T29N, R10W, an existing Pictured Cliffs formation well dedicated to the NE/4 of Section 35 with the E/2 of said Section to be dedicated to coal gas production;

(2) Zachry #11 Well located 990 feet from the south and west lines (Unit M) of Section 10, T28N, R10W, an existing Pictured Cliffs formation well dedicated to a previously approved non-standard spacing unit consisting of part of sections 9 and 10 with all of Section 10 to be dedicated to coal gas production; and

(3) Pierce Federal A #1 Well located 990 feet from the north and east lines (Unit A) of Section 34, T29N, R10W, an existing Pictured Cliffs formation well dedicated to the NE/4 of Section 34 with the N/2 of said Section to be dedicated to coal gas production.

The Neudecker #2 Well is located approximately 3 miles south-southwest from Blanco, New Mexico.

The Zachry #11 Well is located approximately 4.5 miles southwest from Blanco, New Mexico.

The Pierce Federal A #1 Well is located approximately 3 miles southwest from Blanco, New Mexico.