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



BRUCE KING
GOVERNOR
ANITA LOCKWOOD
CABINET SECRETARY

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DIST. 3

January 31, 1994

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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-3345

Dear Ms. Bradfield:

Reference is made to your application dated January 10, 1994 for a non-standard Basin-Fruitland coal gas well location for your existing Thompson "C" Well No. 6 which was drilled in 1952 and completed in the West Kutz Pictured Cliffs Pool at a standard gas well location 1650 feet from the South line and 990 from the East line (Unit 1) of Section 10, Township 27 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is my understanding that the West Kutz-Pictured Cliffs zone is to be downhole commingled with the Basin-Fruitland Coal Gas Pool, and pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order R-8768, as amended, said location is considered to be unorthodox.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved. Further, the E/2 of said Section 10 shall be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool.

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