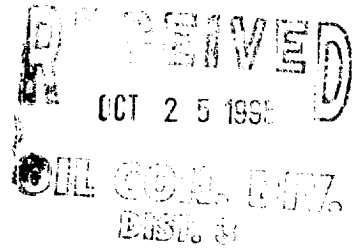


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

October 20, 1995



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

Attention: Peggy Bradfield

Administrative Order NSL-3584

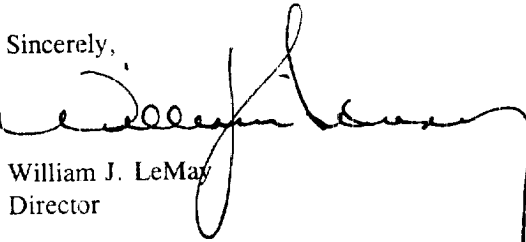
Dear Ms. Bradfield:

Reference is made to your application dated September 25, 1995 for a non-standard Basin-Fruitland coal gas well location for your existing Sanchez "A" Com Well No. 2 (API No. 30-045-07491), located 1600 feet from the North line and 990 feet from the West line (Unit E) of Section 16, Township 28 North, Range 9 West, NMPM. San Juan County, New Mexico, which was drilled in 1955 and completed in the Aztec Pictured Cliffs Pool at a standard gas well location for a 160-acre standard gas spacing and proration unit for said interval comprising the NW/4 of said Section 16.

It is our understanding that the Basin-Fruitland Coal gas interval will be perforated and said well will be recompleted such that production from both intervals will be commingled downhole under authority of Division Administrative Order DHC-1165, dated October 17, 1995. The W/2 of said Section 16 is to be dedicated to the Basin-Fruitland Coal gas interval thereby forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal 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: DHC-1165

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