



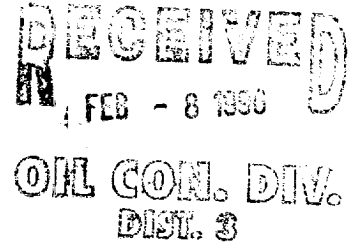
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

February 5, 1996

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

Attention: Peggy Bradfield



Administrative Order NSL-3624

Dear Ms. Bradfield:

Reference is made to your application dated January 3, 1996, for a non-standard Basin-Dakota infill gas well location in an existing standard 315.56-acre gas spacing and proration unit ("GPU") for said Basin-Dakota Pool comprising Lots 2 through 9 (W/2 equivalent) of Section 21, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, which currently has dedicated thereon the Payne Well No. 2-A (API No. 30-045-23910), located at a standard gas well location 880 feet from the North line and 990 feet from the West line (Lot 3/Unit D) of said Section 21.

By authority granted me under the provisions of Rule 2(d) of "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Basin-Dakota 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:

Payne Well No. 2-E
1845' FSL - 1895' FWL (Lot 6/Unit K)

21-32N-10W

Further, Meridian is authorized to dedicate Basin-Dakota gas production on the subject GPU from both the Payne Well Nos. 2-A and 2-E. 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