



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

January 8, 1991

BRUCE KING
GOVERNOR

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STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Southland Royalty Co.
c/o Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Attention: Peggy Bradfield

Administrative Order NSL-2970

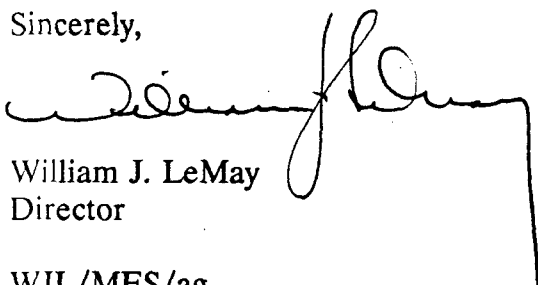
Dear Ms. Bradfield:

Reference is made to your application dated September 25, 1990 on behalf of Southland Royalty Company for a non-standard Basin-Fruitland coal gas well location for your existing Cain Well No. 3R which was drilled in 1978 and completed in the Blanco Mesaverde Pool at a standard gas well location 1610 feet from the South line and 810 feet from the East line (Unit I) of Section 30, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

It is our understanding that said well will be dually completed in both the Blanco Mesaverde and Basin-Fruitland Coal Gas Pools; however, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, the subject location is unorthodox. Further, Lots 8 through 15 (S/2 equivalent) of said Section 30 shall be dedicated to the well forming a standard 268.42-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: Case No. 10149
W. Thomas Kellahin - Santa Fe