



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



BRUCE KING  
GOVERNOR

July 16, 1992

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

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

Attention: Peggy Bradfield

*Administrative Order NSL-3131*

Dear Ms. Bradfield:

Reference is made to your application dated June 23, 1992 for a non-standard Basin-Fruitland coal gas well location for your existing Hanks Well No. 23 which was drilled in 1969 and completed in the Fulcher Kutz Pictured Cliffs Pool at a standard gas well location 800 feet from the North line and 1120 feet from the West line (Unit D) of Section 7, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

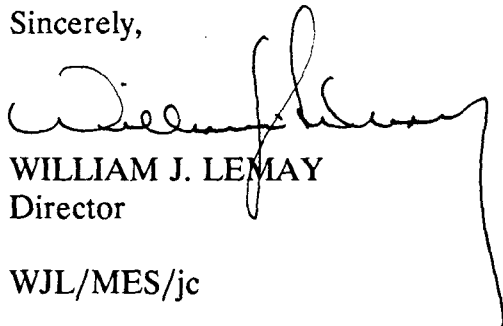
It is my understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin Fruitland Coal Gas Pool, and pursuant to the Special Rules and Regulations for the Basin Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, said location is considered to be 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, Lots 1 and 2, NE/4 and E/2 NW/4 (N/2 equivalent) of said Section 7 shall be dedicated to said well forming a standard 321.88-acre gas spacing and proration unit for said coal gas pool.

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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,

A handwritten signature in dark ink, appearing to read 'William J. Lemay', with a long, sweeping horizontal stroke extending to the right.

WILLIAM J. LEMAY  
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec  
U.S. BLM - Farmington  
David R. Catanach - Santa Fe