

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY



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

August 30, 1993

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

Attention: Peggy Bradfield

Administrative Order NSL-3303

Dear Ms. Bradfield:

Reference is made to your application dated August 3, 1993 for an unorthodox gas well location in both the Blanco Mesaverde and Tapacitos Pictured Cliffs Pools for your proposed Jicarilla 98 Well No. 10 to be drilled 700 feet from the South line and 635 feet from the West line (Unit M) of Section 17, Township 26 North, Range 3 West, NMPM, as projected into the unsurveyed Jicarilla Apache Indian Reservation, Rio Arriba County, New Mexico.

It is our understanding that production from both the Mesaverde and Pictured Cliffs intervals are to be downhole commingled.

By the authority granted me under the provisions of Rule 2(c) of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Special Rules and Regulations for the Tapacitos Pictured Cliffs Pool and the Special Rules and Regulations for the Blanco Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved.

Further, the S/2 and SW/4 of said Section 17 shall be dedicated to said well forming standard 320-acre and 160-acre gas spacing and proration units for the Blanco Mesaverde and Tapacitos Pictured Cliffs Pools, respectively.

Administrative Order NSL-3303

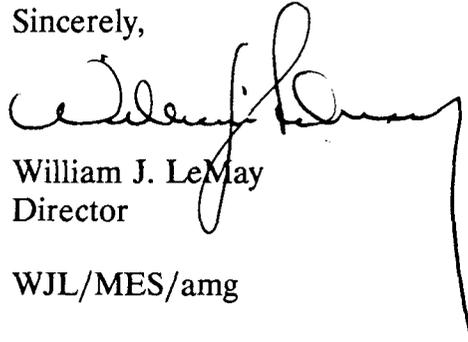
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Also, Meridian Oil, Inc. shall comply with all provisions of Division General Rule 303.C pertaining to the downhole commingling of the gas from both zones.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', written over the typed name and title.

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington