



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

March 21, 1994

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

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

Attention: Peggy Bradfield

Administrative Order NSL-3369

Dear Ms. Bradfield:

Reference is made to your application dated February 24, 1994, for a non-standard Pictured Cliffs gas well location for the proposed Southland Royalty Company Reid Well No. 7R to be drilled 1890 feet from the North line and 845 feet from the East line (Unit H) of Section 19, Township 28 North, Range 9 West, NMPM, to test the Aztec-Pictured Cliffs Pool, San Juan County, New Mexico. The NE/4 of said Section 19 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said zone.

By the authority granted me under the provisions of Division General Rules 104.F(1) and D(2), the above-described unorthodox gas well location is hereby approved.

Further, it is our understanding that the Pictured Cliffs zone is to be downhole commingled with the Basin-Fruitland Coal Gas Pool in this well. The location is considered standard for the Basin-Fruitland coal gas interval, however, Meridian shall comply with all provision of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended, pertaining to the downhole commingling of coal gas production with said Pictured Cliffs gas.

Sincerely,

A handwritten signature in cursive script that reads "William J. LeMay / by MES".

William J. LeMay
Director

WJL/MES/amg

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