STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR July 8, 1991

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

Meridian Oil, Inc. 21 Desta Drive Midland, TX 79705

Attention: Connie L. Malik

Administrative Order SD-91-7

Dear Ms. Malik:

Per your application dated June 14, 1991, you are hereby authorized to simultaneously dedicate Jalmat Gas Pool production to the previously approved non-standard 160-acre gas spacing and proration unit comprising the N/2 S/2 of Section 2, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico (Division Order R-517, dated August 12, 1954), from the existing

Shell State Well No. 4 located at a standard gas location 1980 feet from the South and West lines (Unit K) of said Section 2 and to the proposed

Shell State Well No. 7 to be drilled at a standard gas location 1980 feet from the South line and 810 feet from the East line (Unit I) of said Section 2.

Further, you are permitted to produce the allowable assigned said 160-acre unit from both wells in any proportion.

Sincerely,

William J. LeMay

Director

WJL/MES/joc

cc: Oil Conservation Division - Hobbs