

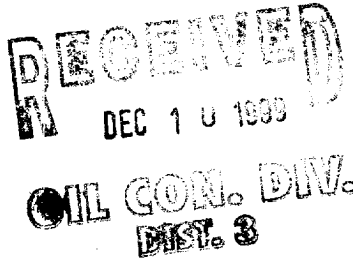


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 6, 1999

Robert L. Bayless, Producer LLC
P. O. Box 168
Farmington New Mexico 87499
Attention: Tom McCarthy



Telefax No. (505) 326-6911

Administrative Order NSL-4381

Dear Mr. McCarthy:

Reference is made to the following: (i) your application dated November 9, 1999; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division") including the file on Division Administrative Order NSL-4377: all concerning your request for an off-pattern non-standard Basin-Fruitland coal gas well location for Robert L. Bayless, Producer's proposed Krause Well No. 1 (API No. 30-045-30024) to be drilled 1190 feet from the North line and 1450 feet from the West line (Lot 3/Unit C) of Section 2, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2 is to be dedicated to this well in order to form a standard 318.96-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenberg by fac
Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
New Mexico State Land Office - Santa Fe
File: NSL-4377