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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

August 31, 1992

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

R & G Drilling Company
c/o KM Production Company
P.O. Box 2406
Farmington, New Mexico 87499-2406

RECEIVED
SEP 3 1992
OIL CON. DIV.
DIST. 3

Attention: Kevin H. McCord

Administrative Order NSL-3149

Dear Mr. McCord:

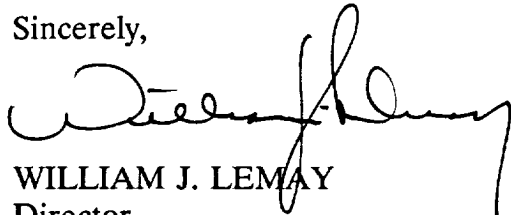
Reference is made to your application dated August 5, 1992 on behalf of the operator R & G Drilling Company for a non-standard Basin-Fruitland coal gas well location for the existing Krause Well No. 22 which was drilled in 1955 and completed in the West Kutz Pictured Cliffs Pool at a standard gas well location 790 feet from the South line and 1850 feet from the East line (Unit O) of Section 32, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended, is unorthodox. Further, the E/2 of said Section 32 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

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By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/jc

cc: Oil Conservation Division - Aztec ✓
U.S. BLM - Farmington