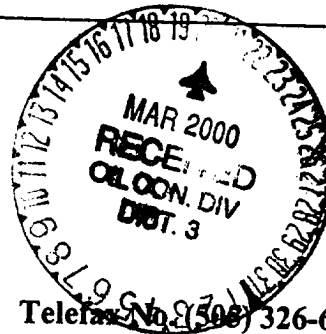




**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

March 15, 2000



D. J. Simmons, Inc.
c/o Robert L. Bayless, Producer L.L.C.
P. O. Box 168
Farmington, New Mexico 87499
Attention: Tom McCarthy

Administrative Order NSL-4053-A

Dear Mr. McCarthy:

Reference is made to the following: (i) your application on behalf of the operator, D. J. Simmons, Inc. ("Simmons"), dated February 17, 2000; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the files on Division Administrative Orders NSL-4053 and DHC-2485: all concerning D. J. Simmons, Inc.'s request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, to utilize an existing wellbore that is located at an off-pattern non-standard coal gas well location as a replacement coal gas producing well within an existing gas spacing and proration unit.

Gas production from the Basin-Fruitland Coal (Gas) Pool within Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of Section 26, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico, being a standard 297.31-acre gas spacing and proration unit for this pool, is currently dedicated to Simmons' A. B. Geren Well No. 5 (API No. 30-045-27333), located a standard coal gas well location 872 feet from the North line and 1490 feet from the East line (Lot 2/Unit B) of Section 26.

This application has been duly filed under the provisions of: (i) 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; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

By Division Administrative Order NSL-4053, dated June 10, 1998, Robert L. Bayless, Producer L.L.C. received authorization to drill to and complete its A. B. Geren Well No. 7 (API No. 30-045-29590) in the Undesignated Otero-Chacra Pool within a standard 151.18-acre gas spacing and proration unit for this pool comprising Lots 9, 10, 15, and 16 (SE/4 equivalent) of Section 26 at an unorthodox gas well location 590 feet from the South line and 1750 feet from the East line (Lot

Administrative Order NSL-4053-A
D.J. Simmons Inc.
March 15, 2000
Page 2

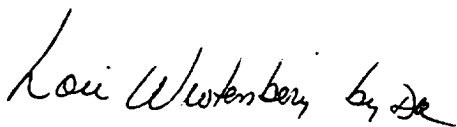
15/Unit O) of Section 26. According to Division records, Simmons became the operator of this well on July 28, 1998.

It is our understanding that Basin-Fruitland coal gas production from the A. B. Geren Well No. 5 is uneconomical and is to be abandoned. As its replacement well within the 297.31-acre unit, Simmons intends to perforate the A. B. Geren Well No. 7 up-hole into the Basin-Fruitland coal gas interval and recomple the well such that production from both intervals will be downhole commingled.

By the authority granted me under the provisions of the Basin-Fruitland coal gas special pool rules and Division Rule 104.F (2), the above-described A. B. Geren Well No. 7, to be recompleted into the Basin-Fruitland Coal (Gas) Pool as a replacement coal gas well on this existing 297.31-acre gas spacing and proration unit at an unorthodox coal gas well location, is hereby approved.

It is further ordered that at the time the A. B. Geren Well No. 7 is successfully completed in the Basin-Fruitland Coal (Gas) Pool, Simmons shall cease producing Basin-Fruitland Coal (Gas) Pool from its A. B. Geren Well No. 5.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U.S. Bureau of Land Management - Farmington
File: NSL-4053
DHC-2485