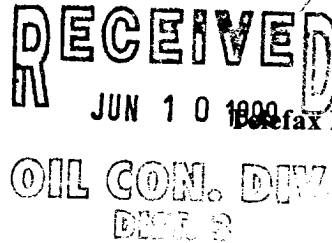




NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 7, 1999



Questar Exploration and Production Company
1331 Seventeenth Street - Suite 800
Denver, Colorado 80202
Attention: Garth W. Berkeland

Telex No. (303) 294-9632

Administrative Order NSL-4303

Dear Mr. Berkeland:

Reference is made to the following: (i) your application dated May 13, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Questar Exploration and Production Company's ("Questar") request for an off-pattern non-standard Basin-Fruitland coal gas well location for the existing Federal "A" Well No. 3-E (API No. 30-045-23890), located 1000 feet from the South and East lines (Unit P) of Section 26, Township 30 North, Range 13 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

According to the Division's records, the Federal "A" Well No. 3-E was initially drilled in 1980 by Ladd Petroleum Corporation and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 320-acre gas spacing and proration unit comprising the E/2 of Section 26.

It is our understanding that Questar intends to temporarily abandon the Dakota interval in this well at this time and to recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. Pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the location of this well is considered to be unorthodox. Further, the E/2 of Section 26 is also to be dedicated to this well in order to form a standard 320-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 these special pool rules the above-described unorthodox coal gas well location for the Federal "A" Well No. 3-E is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington