



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

July 22, 1999

Robert L. Bayless, Producer L.L.C.
P. O. Box 168
Farmington, New Mexico 87499
Attention: Price Bayless

Telefax No. (505) 326-6911

Corrected Administrative Order NSL-4334

Dear Mr. Bayless:

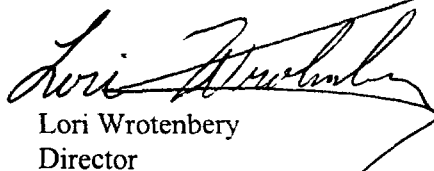
Reference is the following: (i) your original application dated June 3, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe, dated June 29, 1999; (iii) your telephone conversation with Mr. Stogner the week of July 5 through 9, 1999; (iv) a letter dated July 13, 1999 from Mr. Tom McCarthy, Petroleum Engineer that contained supplemental information to support your original application; and (v) the Division's records, including the file in Case No. 12218: all concerning Robert L. Bayless, Producer L.L.C.'s request for an off-pattern non-standard Basin-Fruitland coal gas well location for the proposed Oxnard "WN" Federal Well No. 13 (API No. 30-045-29914) to be drilled 1640 feet from the North line and 1160 feet from the West line (Unit E) of Section 14, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. The W/2 of Section 14 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

The application has been duly filed under the provisions of Division Rule 104.F and 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.

It is our understanding that a well drilled into the Basin-Fruitland Coal (Gas) Pool at the proposed off-pattern non-standard coal gas well location will be at a slightly more favorable geologic position within the gas productive coal seam interval than a well drilled at a location considered to be standard for this 320-acre W/2 dedication.

By the authority granted me under the provisions of these special pool rules and Division Rule 104.F (2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Case No. 12218