

KELLAHIN AND KELLAHIN
ATTORNEYS AT LAW
EIGHT BOWEN
TOWNSHIP SQUARE
EIGHT ONE SOUTH STREET
SANTA FE, NEW MEXICO 87502-2200

W. THOMAS KELLAHIN
STATE BAR OF NEW MEXICO, MEMBER
RECORDING SERVICE OF THE STATE OF
NEW MEXICO, MEMBER
LAW OFFICE OF W. THOMAS KELLAHIN, P.C.

TELEPHONE: 505/992-1111
FAX: 505/992-1111

June 11, 2002

HAND DELIVERED

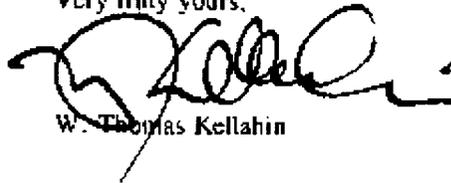
Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 8750

Re: NMOCD Case (pending)
Application by the Fruitland Coalbed Methane
Study Committee to amend Rule 4 and 7 of
the Special Rules and Regulations of the
Basin Fruitland Coal Gas Pool

Ms. Wrotenbery:

Please find enclosed the referenced application which we request for set for
hearing in Farmington, New Mexico on July 9, 2002.

Very truly yours,



W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company LP
Coal Committee
Attn: Alan Alexander

KELLAHIN AND KELLISHUS

ATTORNEYS AT LAW

FARMINGTON, NEW MEXICO

111 NORTH GARDEN UNIT

POST OFFICE BOX 4000

SANTA FE, NEW MEXICO 87504-2000

NEW MEXICO BOARD OF COAL AND MINE SAFETY
ATTENTION: THE SUPERVISOR OF THE MINE AND
COAL SAFETY DIVISION, ROOM 200
1000 UNIVERSITY AVENUE, N.W.
ALBUQUERQUE, NEW MEXICO 87102

NEW MEXICO BOARD OF COAL AND MINE SAFETY
ATTENTION: THE SUPERVISOR OF THE MINE AND
COAL SAFETY DIVISION, ROOM 200
1000 UNIVERSITY AVENUE, N.W.
ALBUQUERQUE, NEW MEXICO 87102

June 14, 2002

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

**TO: NOTICE OF THE HEARING OF THE FOLLOWING
NEW MEXICO OIL CONSERVATION DIVISION CASE:**

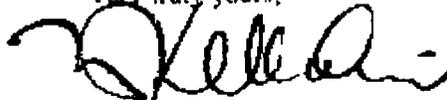
**Re: Application of the Fruitland Coalbed Methane Study
Committee to amend Rule 4 and Rule 7 of the Special Rules
and Regulations of the Basin-Fruitland Coal Gas Pool, Rio
Arriba, Sandoval, San Juan and McKinley Counties, New
Mexico**

On behalf of applicant, please find enclosed a copy of our referenced
applicant which will be heard by the New Mexico Oil Conservation Division Examiner
at 8:15 AM on July 9, 2002. The hearing will be held at the Farmington Civic Center,
Rooms 1 and 2, 200 W. Arrington, Farmington, New Mexico, 87401 (phone OCD-
Aztec: 505-334-6178).

As a party who may be affected by this application, we are notifying you of your
right to appear at the hearing and participate in this case, including the right to present
evidence either in support of or in opposition to the application. You are not required
to attend this hearing, but failure to appear at the hearing and become a party of record
will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 1208.B, you are further notified that if you desire to
appear in this case, then you are required to file a Pre-Hearing Statement with the
Division not later than 4:00 PM on Friday, July 5, 2002, with a copy delivered to the
undersigned. This statement must include: the names of the parties and attorneys; a
concise statement of your position in this case; the names of all witnesses you will call
to testify at the hearing; the approximate time you will need to present your case and
identification of any procedural matters that area to be resolve prior to the hearing.

Very truly yours,



W. Thomas Kellahin

PROPOSED ADVERTISEMENT

Case _____: Application of the Fruitland Coalbed Methane Study Committee ("Committee") to amend Rule 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of amending well density requirements for coalbed methane wells in Rio Arriba, San Juan, McKinley and Sandoval Counties, New Mexico. Applicant seeks to amend Rule 7 for the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize under certain restrictions infill drilling of up to two wells within a standard 320-acre gas proration and spacing unit by increasing the well density from the current maximum of one (1) well provided in Order R-8768, as amended, to a maximum of two (2) wells (160 acre infill) per 320-acre gas proration and spacing unit for wells located in the pool. In the alternative, Applicant requests the adoption of these rule changes for wells located in the "Low Productivity Area" of the pool and for special administrative proceeds for infill wells drilled in the "High Productivity Area" of the pool, as identified in the application. Applicant also seeks the termination of the Cedar Hills-Fruitland Basal Coal Gas Pool and the Concomitant Expansion of the Basin-Fruitland Coal Gas Pool.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**APPLICATION OF THE FRUITLAND COALBED
METHANE STUDY COMMITTEE TO AMEND
RULE 4 AND 7 OF THE SPECIAL RULES AND
REGULATIONS FOR THE BASIN-FRUITLAND
COAL GAS POOL AND FOR THE TERMINATION
OF THE CEDAR HILLS-FRUITLAND BASAL COAL
GAS POOL AND THE CONCOMITANT EXPANSION
OF THE BASIN-FRUITLAND COAL GAS POOL,
RIO ARRIBA, SAN JUAN, MCKINLEY AND SANDOVAL
COUNTIES, NEW MEXICO**

APPLICATION

Comes now the Fruitland Coalbed Methane Study Committee ("Committee") and applies to the New Mexico Oil Conservation Division for an order of increase well density for coalbed methane wells by amending Rule 4 and 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool located in Rio Arriba, San Juan, McKinley and Sandoval Counties, New Mexico. Applicant seeks to amend Rule 4 and 7 for the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to authorize under certain restrictions infill drilling of up to two wells within a standard 320-acre gas proration and spacing unit by increasing the well density from the current maximum of one (1) well provided in Order R 8768, as amended, to a maximum of two (2) wells (160-acre infill) per

acre gas proration and spacing unit for wells located in the pool. In the alternative, Applicant requests the adoption of these rules for wells located the "Low Productivity Area" of the pool and for special administrative proceeds for infill wells drilled in the "High Productivity Area" of the pool as identified in the application. Applicant also seeks to abolish the Cedar Hill-Fruitland Basal Coal Pool and include the horizontal and vertical limits of the Cedar Hill-Fruitland Basal Coal Pool into the Basin Fruitland Coal Gas Pool.

In support of its application, the Committee states:

(1) There are approximately 3,160 wells currently producing from Basin-Fruitland Coal Gas Pool, including approximately 2,704 wells in the "Low Productivity area" and approximately 456 wells in the "High Productivity area" of the pool.

(2) The Basin-Fruitland Coal Gas Pool Rules currently provide, in part, that:

Rule 4: 320 acre spacing units with a provision for an exception from Rule 4 to allow the drilling of a second well on a standard 320 acre unit after notice and hearing.

Rule 7: wells in the pool "shall be located in the NE/4 or SW/4 of a single governmental section and shall be located not closer than 660 feet to any outer boundary of a proration unit nor closer than 10 feet to any interior quarter or quarter-quarter line or subdivision inner boundary."

(3) On July 16, 1991, the Division entered Order R-8768-A which found that:

"(9) The results of the reservoir simulation study generally establish that one well in the subject pool can effectively drain and develop 320 acres."

"(10) The results of the study further indicate however that there may be certain areas within the basin where reservoir parameters such as porosity, permeability, coal thickness, pressure, gas content, sorption isotherm and initial gas/water saturation may exist in certain combinations such that infill drilling may be required to increase gas recover

(4) In August 22, 2001, the Division entered Order R-11639 in Case 12651 and granted Burlington Resources Oil & Gas Company LP's ("Burlington") application to initiate a pilot project for the drilling of additional Basin-Fruitland Coal Gas Pool wells to provide data for reservoir engineering and geologic studies for the purposes of determining the proper well density.

(5) Burlington's pilot project and other data evaluated by the Fruitland Coalbed Methane Study Committee are at the point where the Division has concluded that there is sufficient evidence to increase well density to two (2) wells in a 320-acre GPU in the "Low Productivity Area" of the pool. The Committee also recommends adoption a procedure for obtaining an infill well in appropriate portions of the "High Productivity Area" of the pool.

(6) The Committee recommends that the Basin-Fruitland Coal Gas Pool be divided into a "Low Productivity Area" and "High Productivity area" of the pool.

(7) The " High Productivity Area " of this pool is shown on the map attached as Exhibit 1 and as shown in the acreage description set forth in Exhibit 2.

(8) The "Low Productivity Area" is the balance of the pool remaining after deleting the "High Productivity Area".

(9) Based upon a study of the geological and reservoir engineering data, the Committee has concluded that in order to increase ultimate recovery of gas from this pool there is a need to adopt and amend rules and regulations for this pool in order to drill more wells per GPU than is currently permitted by Rule 4 and 7 of the pool rules.

(10) **Proposed rule changes:** Accordingly, the Committee recommends that the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool be amended as follows:

Rule 4: Each standard gas proration unit (GPU) will consist of 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Lands Survey.

Rule 7: (a) Well Locations:

(i) wells drilled on a GPU shall be located not closer than 660 feet to the outer boundary of a GPU and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary.

(ii) Wells located within federal exploratory units are permitted an exception to the 660-foot setback requirement to the outer boundary of a GPU and shall be permitted to be no closer than 10 feet to any section, quarter section or interior quarter-quarter section line or subdivision inner boundary, provided, however:

(a) wells shall not be closer than 660 feet to the outer boundary of the federal exploratory unit;

(b) a well located within the unit area but adjacent to an existing or prospective GPU containing a non-committed tract or partially committed tract shall not be closer than 660 feet to the outer boundary of its GPU;

(c) a well located within a non-committed or partially committed GPU shall not be closer than 660 feet to the outer boundary of its GPU;

(d) a well located within a participating area but adjacent to an existing or prospective GPU that is not within the same participating area shall not be closer than 660 feet to the outer boundary of the participating area;

(e) a well located within the unit area but in an existing or prospective GPU that is a non-participating GPU shall not be closer than 660 feet to the outer boundary of its GPU.

(iii) The operator filing an APD for any well within a unit area that is closer to the outer boundary of its assigned GPU than 660 feet shall provide proof in the form of a participating area plat that such well meets the requirements of Rule 7 (a).

Rule 7 (b) ADMINISTRATIVE EXCEPTIONS:

The Division Director, in accordance with Division Rule 104, may administratively grant an exception to the well location requirements of Rule 7 upon application to the Division which includes notification by certified mail-return receipt requested to affected parties. [See Division Rule 1207.A(2)].

Rule 7 (c) Well Density in the "Low Productivity Area":

(i) No more than two (2) wells per GPU may be located in the "Low Productivity Area" of the pool

(ii) the FIRST WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Basin-Fruitland Coal Gas well;

(iii) the optional INFILL WELL drilled on a GPU shall be located in a quarter section of the GPU not containing Basin-Fruitland Coal Gas well;

Rule 7 (d) Well Density in the "High Productivity Area":

One optional infill well in the "High Productivity Area" may be drilled within a GPU in accordance with Rule 7(a) and 7(b) pursuant to the following procedures:

1. Operators of an existing GPU which contains an original coal gas well who desire to drill an optional infill well shall send a copy of its Application for Permit to Drill ("APD" including NMOCD form C-102 or Bureau of Land Management form 3160-3) to adjacent operators by certified mail-return receipt requested advising that they have twenty (20) days from receipt to file with the District Supervisor (OCD-Aztec) a written objection to the application.

2. An adjacent operator shall be any operator of a Basin-Fruitland Coal Gas GPU whose side boundary or corner adjoins the side boundary or corner of the quarter section in which the proposed optional infill well is to be located.

3. The District Supervisor may approve the APD, which has been filed upon expiration of the twenty (20) day notice period and certification by the applicant that all adjacent operators have received notification and no objections have been received within the twenty (20) day notice period.

4. In the event an objection is timely received, or upon the District Supervisor's own initiative, the application shall be set for a hearing before a Division Examiner.

(11) The need no longer exists to maintain a separate pool for the Cedar Hill-Fruitland Basal Coal Pool. This pool should be abolished and the horizontal and vertical limits of this pool should be included in the Basin-Fruitland Coal Gas Pool.

(12) Copies of this application have been sent to all appropriate parties as required by the Division notice rules (Rule 1207) and Rule 4 of the Basin-Fruitland Coal Gas Pool Rules.

(13) Approval of this application is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

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of having this
well

NMOCD Application of the Fruitland Coalbed Methane Committee
Page 7

WHEREFORE Applicant requests that this matter be set for hearing on July 9, 2002 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin, Esq.
Attorney for Burlington Resources Oil & Gas Company LP
Committee Member of Fruitland Coalbed Methane Committee

NMOCD Application of the Fruitland Coalbed Committee
Page 8

Exhibit 1

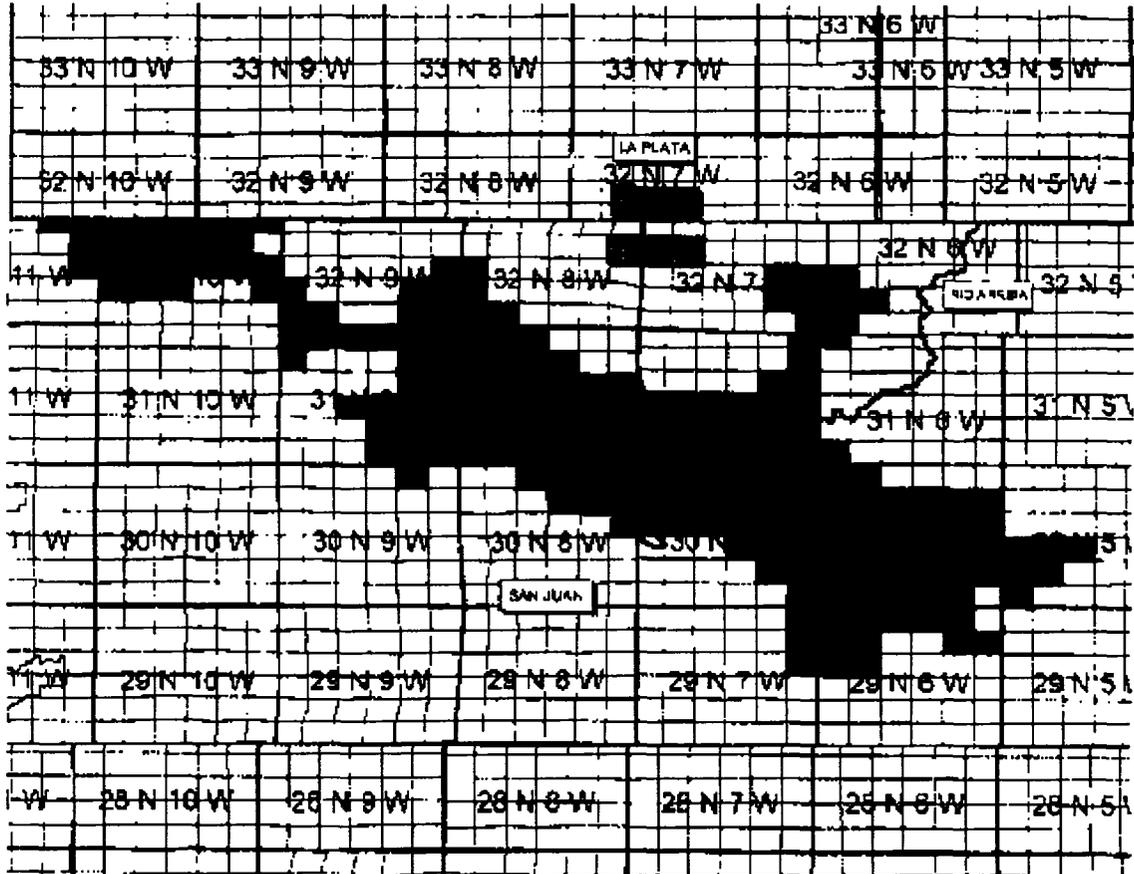


Exhibit 2
High Productivity Area

T29N, R6W Sections 2-8, 11-12, 17-18
T29N, R7W Sections 1, 12-13

T30N, R5W Sections 19-21, 29-31
T30N, R6W Sections 5-35
T30N, R7W Sections 1, 18, 22-26, 36
T30N, R8W Sections 1-4, 10-13
T30N, R9W Sections 2

T31N, R6W Sections 6, 31
T31N, R7W Sections 1, 12-14, 19-36
T31N, R8W Sections 4-10, 13-36
T31N, R9W Sections 1-7, 11, 14, 22-27, 34, 36

T32N, R6W Sections 19, 29-31
T32N, R7W Sections 23-26, 36
T32N, R8W Sections 19, 30-32
T32N, R9W Sections 24-26, 30, 32, 35-36
T32N, R10W Sections 7-12, 14-25, 28-30
T32N, R11W Sections 11, 13, 24

Application Notice

Mailing List

BP AMERICA PRODUCTION CO
BRECK OPER CORP
CAULKINS OIL CO
CHAPARRAL O&G CO
COLEMAN O&G INC
CONOCO INC
D J SIMMONS INC
DEVON ENERGY CORP
DUGAN PRODUCTION CORP
EDWARDS ENERGY CORP
GREAT WESTERN DRLG CO
HALLWOOD PET INC
HOLCOMB O&G INC
IBEX PARTNERSHIP LTD
INCLINE RESERVES INC
J M HUBER CORP
KIMBELL OIL CO OF TEX
KOCH EXPLOR CO
LOUIS DREYFUS NAT GAS CORP
MALLON OIL CO
MARALEX RESOURCES INC
MARATHON OIL CO
MARKWEST RESOURCES INC
MCKENZIE METHANE

Application Notice

Mailing List

MESA OPER LTD PRTSP
MORGAN-RICHARDSON OPERATING
MYCO INDUSTRIES INC
NERRMION OIL & GAS CORP
NM & O OPER CO
PHILLIPS PET CO
P-R-O MGT INC
PRO NM INC
QUESTAR EXPLOR & PROD CO
REDWOLF PROD INC
RICHARDSON OPER CO
RICHMOND PETROLEUM I
ROBERT L BAYLESS
RODDY PROD CO INC
SG INTEREST I LTD
SIMMONS ENGR & CONSULTING CO
SPEEREX LIMITED PARTNERSHIP
TEXACO EXPLORATION &
TEXAKOMA O&G CORP
THOMPSON ENGR & PROD CORP
VASTAR RESOURCES INC
WEST LARGO CORP
WHITING PET CORP
YATES PETROLEUM CORP

Return Receipts for Notification

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
1. Article Addressed to YIM LING FET LUNG 1703 BRACERWAY DENVER CO 80239	2. Article Number 7332 4405 4390 0001 002
3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
1. Article Addressed to CONGLU INC YOLANDA PEREZ PO BOX 2187 RUD084 HOUSTON, TX 77252-2197	2. Article Number 7332 4405 4390 0001 002
3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
1. Article Addressed to TELAKONA O&C CORP STE 500 5400 LBJ FRWY DALLAS, TX 75248	2. Article Number 7332 4405 4390 0001 002
3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
1. Article Addressed to SQ Interest 1 LTD Attn: Robb & Stacy Land Mgr. 1331 Lamar St., Suite 501 Houston, TX 77010	2. Article Number 7332 4405 4390 0001 002
3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

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3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
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3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

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1. Article Addressed to 604332025 1522 24 2019 CC NILES OF REM ADDRESS OPERATING LD 8475 U 65237-2871	2. Article Number 7332 4405 4390 0001 002
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5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

<input type="checkbox"/> Restricted Delivery Check appropriate box for Restricted Delivery	
1. Article Addressed to ROCK EXPLOR CO PO BOX 2168 WITCHITA, KS 67201	2. Article Number 7332 4405 4390 0001 002
3. Service Type <input checked="" type="checkbox"/> CERTIFIED	4. Date of Delivery 6/13/02
5. Recipient's Address (Different from Item 1) [Blank]	6. Recipient's Signature [Signature]

DOMESTIC RETURN RECEIPT

Return Receipts for Notification

<p>1. Addressee's Name NBS & OPPER CO 575 7th & 4th ST TU SA OK OK 74103</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name LOUIS DREYFUS NAT GAS CORP 14000 QUAIL SPGS PKWY, S16 900 OKLAHOMA CITY, OK 73124</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-15</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name TURNER ENERGY CO ONE ENERGY SQUARE # 9652 4925 GREENVILLE AVE DALLAS, TX 75206-4078</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>
<p>1. Addressee's Name MARATHON OIL CO PO BOX 852 MIDLAND, TX 79702</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery JUN 17 2011</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name NYCO INDUSTRIES INC P O BOX 841 ARTEXIA, NM 88211 0480</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name P-R-O MOT INC 12910 HILLCREST ROAD STE B-221 DALLAS, TX 75236-1325</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>
<p>1. Addressee's Name MARKWEST SPACINGS INC 163 VILANESS DRIVE WEST SUITE 00 FLORENCE, CO 80113-5104</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name ROBERT L WATLES PO BOX 182 FARMINGTON, NM 87408</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>	<p>1. Addressee's Name PHILLIPS 66 CO RMI 406A 4061 PENBROOK ODESSA, TX 79762</p> <p>2. Article Number 7330 4405 9550 0001 0001</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified</p> <p>4. Date of Delivery 6-17-11</p> <p>Received By (Print Name) [Signature]</p> <p>Signature (Addressed to Agent) [Signature]</p> <p>PS Form 3811</p>

Return Receipts for Notification

<p>1. Article Addressed to:</p> <p>REDWOLF PRODIG PO BOX 9162 FARMINGTON, NM 87488</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>FARMINGTON, NM 87488</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>D J HERRON INC PO BOX 1483 FARMINGTON, NM 87488</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>FARMINGTON, NM 87488</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>KIMBEL OIL CO OF TEX 576 3099 600 THROCKMORTON ST F WORTH, TX 76182</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>F WORTH, TX 76182</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>WIDDY PROD CO INC PO BOX 3221 FARMINGTON, NM 87488-3221</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>FARMINGTON, NM 87488-3221</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>BUGAN PRODUCTION CORP PO BOX 420 FARMINGTON, NM 87489-0420</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>FARMINGTON, NM 87489-0420</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>WINDY RIDGE OF NEW MEXICO W LINDEN AVE LAMB TX 79761-6234</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>LAMB TX 79761-6234</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>SIAMONG ENGR & CONSULTING CO PO BOX 11 FARMINGTON, NM 87488</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>FARMINGTON, NM 87488</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>PRO NM INC 576 AM ST MICHAEL RD SANTA FE, NM 87505</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>SANTA FE, NM 87505</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

<p>1. Article Addressed to:</p> <p>TRACO 2220 2075 1402 DR 14718, CO SPT RIDGE OF NEW ADDRESS BOX 34396 DOR TX 77235 6546</p>		<p>2. Article Number:</p> <p>7310 6605 9590 0004 7655</p>	
<p>3. Service Type: <input checked="" type="checkbox"/> CONFIRMED</p>		<p>4. Delivery Address:</p> <p>DOR TX 77235 6546</p>	
<p>5. Signature:</p> <p><i>[Signature]</i></p>		<p>6. Date:</p> <p>JUN 22 1994</p>	

DOMESTIC RETURN RECEIPT

Return Receipts for Notification

<p>THOMPSON ENGR & PROD CORP 7416 E MAIN FARMINGTON, NM 87402</p> <p>Received By (Print Name): <i>Paul Thompson</i> Signature (Addressed to Agent): <i>Paul Thompson</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 017</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>EDWARDS ENERGY CORP 1401 17TH ST STE 1400 DENVER, CO 80202</p> <p>Received By (Print Name): <i>Paul Thompson</i> Signature (Addressed to Agent): <i>Paul Thompson</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0001 1734</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>BP AMERICA PRODUCTION CO 8770 MARY EMMLEY P.O. BOX 5089 HOUSTON, TX 77251</p> <p>Received By (Print Name): <i>Paul Thompson</i> Signature (Addressed to Agent): <i>Paul Thompson</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 8114</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>JUN 20 2002</i></p> <p>Class of Delivery: <i>JUN 20 2002</i></p> <p>Domestic Return Receipt</p>
<p>CHAPARRAL OIL CO PO BOX 190 ALBANY, NM 87109-0190</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 9447</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>QUESTAR EXPLOR & PROD CO 1331 17TH STREET STE 300 DENVER, CO 80202</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 0774</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>MALLON OIL CO 899 18TH ST STE 1700 TOWER DENVER, CO 80202</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 8076</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>
<p>COLEMAN OIL INC 510 URAMER 3337 FARMINGTON, NM 87401</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 7600</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>MERRION O&G CORP 619 REILLY AVE FARMINGTON, NM 87401</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 7600</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>	<p>SPEERER LIMITED PARTNERSHIP ATTN WILLIAM R SPEER 908 CRESTVIEW DR FARMINGTON, NM 87401</p> <p>Received By (Print Name): <i>William Whitley</i> Signature (Addressed to Agent): <i>William Whitley</i></p> <p>PS Form 3811</p>	<p>Article Number: 7330 6605 9570 0005 7600</p> <p>Service Type: <input checked="" type="checkbox"/> CONFIRMED</p> <p>Date of Delivery: <i>6/17/02</i></p> <p>Class of Delivery: <i>6/17/02</i></p> <p>Domestic Return Receipt</p>

Return Receipts for Notification

<p>BRICK OPER CORP PO BOX 911 BRICKENRIDGE, TX 76024-0911</p> <p>Received By (Print Name): <i>Walter Spencer</i></p> <p>Signature: <i>Walter Spencer</i></p> <p>PS Form 3811</p>	<p>BEVON ENERGY CORP STE 1500 20 N BROADWAY OKLAHOMA CITY, OK 73102</p> <p>Received By (Print Name):</p> <p>Signature: _____</p> <p>PS Form 3811</p>	<p>GAULKINS OIL CO STE 2100 1600 BROADWAY DENVER, CO 80202</p> <p>Received By (Print Name):</p> <p>Signature: _____</p> <p>PS Form 3811</p>
<p>MC PARTNERSHIP L ED PO BOX 911 BRICKENRIDGE, TX 76024-0911</p> <p>Received By (Print Name): <i>Walter Spencer</i></p> <p>Signature: <i>Walter Spencer</i></p> <p>PS Form 3811</p>	<p>VASTAR RESOURCES INC ATT MARY CONLEY ROOM 10.171 JO BOX HOUSTON, TX 77232</p> <p>Received By (Print Name):</p> <p>Signature: <i>Mary Conley</i></p> <p>PS Form 3811</p>	<p>RICHMOND PETROLEUM I PO BOX 8432 DALLAS, TX 75205-0524</p> <p>Received By (Print Name): <i>Paul S. ...</i></p> <p>Signature: <i>Paul S. ...</i></p> <p>PS Form 3811</p>
<p>NECA OPLN LTD PARTNIP PO BOX 911 DALLAS, TX</p> <p>Received By (Print Name):</p> <p>Signature: _____</p> <p>PS Form 3811</p>	<p>GREAT WESTERN OIL CO PO BOX 1669 MIDLAND, TX 79702</p> <p>Received By (Print Name):</p> <p>Signature: _____</p> <p>PS Form 3811</p>	<p>YALIS PR1 CORP 105 S 4TH STREET ARTESIA, NM 88210</p> <p>Received By (Print Name):</p> <p>Signature: _____</p> <p>PS Form 3811</p>

Attempted Notification

**BURLINGTON
RESOURCES**

SAN JUAN DIVISION
P.O. BOX 4289
FARMINGTON, NM 87499-4289



1120 1120 1120 1120 1120 1120 1120 1120 1120 1120
1994 \$04.40 JUN 13 02
0125 MAILED FROM ZIP CODE 87402

First Class Mail
First Class Mail



SENDER: Cancelled items: 12 200 3 - Indicate if restricted delivery is desired - Print your name and address, or the name of the firm so that we can return the mail to you - Attach this form to the back of the mailpiece or on the inside if space is available - Attach this form to the back of the mailpiece before the service cutoff - The fee will be charged for workpieces you do not attach to the back of the mailpiece, except the one of priority		I also wish to receive the following service (for an extra fee): <input type="checkbox"/> Restricted Delivery (Check all that apply) (for fee)	
1 Article Addressed to: INCLINE RESERVES INC 1603 SW 37TH ST TOPEKA, KS 66611		2 Article Number: 3 Service Type: <input checked="" type="checkbox"/> CERTIFIED Date of Delivery:	
Received By (Print Name): Signature (Addressee or Agent):		Full delivery address: 8 118-451 118-451 118-451	

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*U.P.A.
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway Suite A
Farmington, New Mexico 87401

June 18, 2001

**RE: Farmington Field Office, Bureau of Land Management
Position concerning the proposed increased well density
in the Fruitland Coal Formation
Standard Gas Proration Unit (320 acres)
New Mexico portion of the San Juan Basin**

The following represents the position of the Bureau of Land Management (BLM) concerning the increase in the density of Fruitland Coal formation wells from the current one (1) well per standard 320 acre Gas Proration Unit (GPU) to two (2) wells per standard GPU. The New Mexico Oil Conservation Division (NMOCD) and the BLM had previously approved a pilot project submitted by Burlington Resources Oil and Gas Company LP to drill, complete and test five (5) infield wells. The five (5) wells were located across the San Juan Basin in what is considered the "Low Productivity Area" of the Fruitland Coal formation. In each of these Fruitland Coal formation pilot project areas the well density was increased to two wells per 320 acre GPU. The purpose of these pilot projects was to gather additional reservoir engineering and geological data for the specific purpose of determining the proper well density for maximum recovery of Fruitland Coal formation reserves. The Fruitland Coal formation wells were drilled at unorthodox ("off pattern") locations. Preliminary information suggests that these pilot projects were successful in capturing additional reserves in each gas proration unit. In previous Fruitland Coal formation committee meetings, BP America Production Company has presented additional engineering and geological information on wells that were drilled on 160 acre spacing units in southern Colorado that also support the increased well density in New Mexico.

Industry representatives have not been in complete agreement on applying this increased well density rule change throughout the New Mexico portion of the Basin Fruitland Coal pool. The proposed rule would differentiate the New Mexico Basin Fruitland Coal into a "Low Productivity Area" and a "High Productivity Area". The two wells per GPU would apply to the "Low Productivity Area". In the "High Productivity Area", administrative procedures would need to be fulfilled and approvals obtained.

The BLM has been an advocate of consistent rules for the entire New Mexico portion of the San Juan Basin concerning infield development. The BLM has also supported uniform drilling windows that are consistent with other gas reservoirs in the basin. These consistent regulatory rules throughout the basin have various benefits:

- 1.) Regulatory workloads at the State and Federal levels would be minimized.
- 2.) Consistent rules would increase commingling opportunities and maximize wellbore usage.
- 3.) Operators would be allowed to determine their own economics of drilling wells to recover additional reserves which would benefit all parties involved.
- 4.) Surface disturbances would be minimized by the potential utilization of previously disturbed areas and the usage of established infrastructure for gas sales.

However, with the pilot projects being limited to the "Low Productivity Area" and the other available data also limited to the "Low Productivity Area", the BLM can support the exclusion of the "High Productivity Area" until additional technical data justifies inclusion.

The BLM supports the orderly and efficient exploration, development and production of oil and gas on Federal and Indian lands. The BLM is responsible for managing public lands for multiple use and maximizing the resource values for the American people. The multiple use concerns are presently being addressed in the Resource Management Plan that is currently being updated.

In summary, the BLM is in support of the increased well density in the Fruitland Coal formation. We will be encouraging the development of the Fruitland Coal formation by means of re-completions in existing wellbores and commingling. This type of additional development will minimize surface disturbances, decrease development cost and maximize utilization of existing wellbores.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Mankiewicz", written in a cursive style. The signature is positioned to the right of the word "Sincerely," and above the typed name.

Dave Mankiewicz
Assistant Field Manager (Minerals)