



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



October 22, 1992

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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
Attention: Kevin H. McCord
P.O. Box 2406
Farmington, NM 87499-2406

Administrative Order NSL-3181

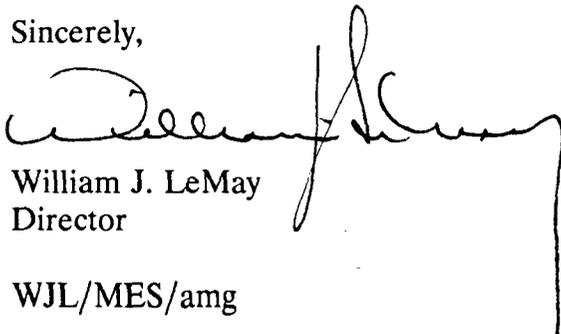
Dear Mr. McCord:

Reference is made to your application dated September 30, 1992 on behalf of the operator, R & G Drilling Company, for a non-standard coal gas well location for your existing Krause Well No. 19 which was drilled 1955 and completed in the West Kutz Pictured Cliffs Pool at a standard location 950 feet from the North line and 1025 feet from the West line (Unit D) of Section 28, Township 28 North, Range 11 West, NMPM, Basin Fruitland Coal Gas Pool, 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 N/2 equivalent of said Section 28 shall be dedicated to the well forming a standard 320-acre, more or less, gas spacing and proration unit for said pool.

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

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington