



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 22, 1996

Thompson Engineering and Production Corp.
c/o Walsh Engineering & Production Corp.
7415 East Main
Farmington, New Mexico 87402
Attention: Paul C. Thompson, P.E.

Administrative Order NSL-3738(NSP)

Dear Mr. Thompson:

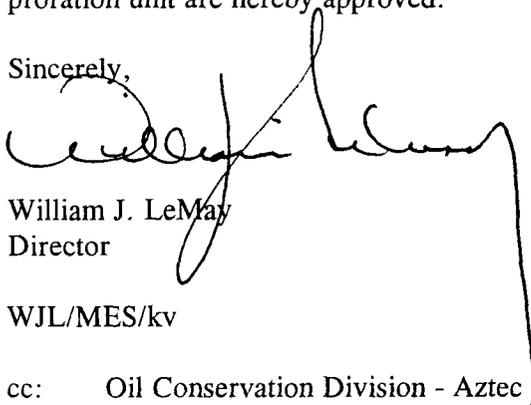
Reference is made to your application dated October 11, 1996 for a non-standard Basin-Fruitland coal gas well location for your existing Federal "11" Well No. 3 (API No. 30-045-23291), located 1465 feet from the South line and 1184 feet from the East line (Lot 1/Unit I) of irregular Section 11, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico, which was drilled in 1979 and completed in the West Kutz-Pictured Cliffs Pool at a standard gas well location within a previously approved non-standard 137.78-acre gas spacing and proration unit for said Pictured Cliffs interval (approved by Division Administrative Order NWU 3-774) comprising Lots 1 and 2 and the S/2 SE/4 (SE/4 equivalent) of said Section 11.

It is our understanding that the Basin-Fruitland Coal gas interval will be perforated and said well will be recompleted such that production from both intervals will be commingled downhole.

Further, the 275.36 acres comprising all of said irregular Section 11 is to be dedicated to the Basin-Fruitland Coal gas interval thereby forming a non-standard gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool.

By the authority granted me under the provisions of Rules 6 and 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location and non-standard gas spacing and proration unit are hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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