



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

April 14, 1997

N.M. & O. Operating Company
c/o James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-3785

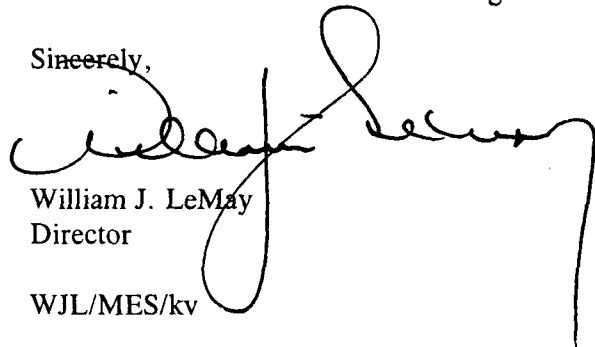
Dear Mr. Bruce:

Reference is made to your application dated March 26, 1997 on behalf of the operator, N.M. & O. Operating Company, for a non-standard Basin-Fruitland coal gas well location for the existing Invader Federal Well No. 1 (API No. 30-039-23976), which was drilled to a total depth of 8104 feet in 1986 by Mesa Grande Resources Incorporated and completed in the Gavilan Mancos Oil Pool at a standard oil well location 1040 feet from the North line and 850 feet from the West line (Lot 4/Unit D) of Section 1, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

It is our understanding that the Gavilan-Mancos interval was abandoned in December, 1992 and said well was recompleted uphole into the Basin-Fruitland Coal (Gas) Pool, however it has been temporarily abandoned since that time. 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 unorthodox. Further, Lots 1 and 2, the S/2 NW/4, and the SW/4 (the W/2 equivalent) of said Section 1 shall be dedicated to the well to form a standard 325.06-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of 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/kv

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