

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson Governor Joanna Prukop Cabinet Secretary

March 18, 2003

Lori Wrotenbery Director Oil Conservation Division

Koch Exploration Company, LLC 20 East Greenway Plaza Houston, Texas 77046-2002 Attention: Lance F. Harmon Telefax No. (713) 544-6161

Administrative Order NSL-4853 (SD)

Dear Mr. Harmon:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 18, 2003 (*application reference No. pKRV0-304956847*); (ii) the Division's initial response by letter dated March 6, 2003 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your response by letter dated March 14, 2003 with information satisfactory to complete this application; and (iv) the records of the Division in Aztec and Santa Fe: all concerning Koch Exploration Company, LLC's ("Koch") request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill gas well location within an existing standard 329.40-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 30, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

This unit is currently dedicated to Koch's Christina Com "30" Well No. 1 (API No. 30-045-28111), located at a standard gas well location 854 feet from the South line and 1190 feet from the West line (Lot 4/Unit M) of Section 30.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described well to be drilled as an unorthodox infill coal gas well on this 329.40-acre gas spacing unit is hereby

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approved:

Christina Com "30" Well No. 1-A 290' FNL & 865' FWL (Lot 1/Unit D)

Further, Koch is hereby authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from its existing Christina Com "30" Well No. 1 with the proposed Christina Com "30" Well No. 1-A.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

Lori Wrotenbery Director

LW/MES/kv

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