



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

October 11, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Texakoma Oil & Gas Corporation
c/o A. R. Kendrick
P. O. Box 516
Aztec, New Mexico 87410

Administrative Order NSL-4651

Dear Mr. Kendrick:

Reference is made to the following: (i) your application dated September 20, 2001 (*application reference No. pKRV0-126856911*) on behalf of the operator, Texakoma Oil & Gas Corporation ("Texakoma"); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning Texakoma's request for an off-pattern non-standard Basin-Fruitland coal gas well location for the proposed Texakoma - La Plata "18" Well No. 2 (API No. 30-045-30787) to be drilled 1568 feet from the South line and 1640 feet from the East line (Unit J) of Section 18, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico.

Lots 8, 9, and 10, the NE/4 SW/4, and the SE/4 (S/2 equivalent) of Section 18 is to be dedicated to this well in order to form a 262.77-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool (71629), which pursuant to Rule 5 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, is 82.12% of a standard 320-acre spacing unit for this pool.

This application has been duly filed under the provisions of: (i) Rule 8 of the special Basin-Fruitland Coal Gas Pool rules; (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.

It is our understanding that a well drilled into the Basin-Fruitland Coal (Gas) Pool at the proposed off-pattern non-standard coal gas well location will be at a more favorable geologic position within the gas productive coal seam interval than a well drilled at a location considered to be standard for this 262.77-acre S/2 equivalent dedication.

By the authority granted me under the provisions of these special pool rules and Division Rule 104.F (2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Case No. 12741