



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

July 5, 2002

Lori Wrotenberg

Director

Oil Conservation Division

Texakoma Oil & Gas Corporation
One Lincoln Center
5400 LBJ Freeway – Suite 500
Dallas, Texas 75240

Attention: Tom Sprinkle
Drilling Manager
tls2@airmail.net

Administrative Order NSL-4756

Dear Mr. Sprinkle:

Reference is made to the following: (i) your application (*application reference No. pKRV0-215546389*) submitted to the New Mexico Oil Conservation Division's ("Division") on June 3, 2002; (ii) a letter of objection filed with the Division by W. Thomas Kellahin on behalf of Pure Resources, L.P. on June 17, 2002; (iii) the Division's records in Aztec and Santa Fe, including the file in Division Case No. 12894; and (iv) Mr. Kellahin's letter dated July 4, 2002 withdrawing Pure Resources, L.P.'s objection: all concerning Texakoma Oil & Gas Corporation's ("Texakoma") request for an off-pattern non-standard Basin-Fruitland coal gas well location for the proposed Texakoma - USA "23" Well No. 1 (**API No. 30-045-31110**) to be drilled 390 feet from the South line and 627 feet from the East line (Unit P) of Section 23, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. The E/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool (**71629**).

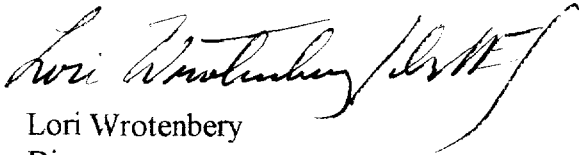
This application has been duly filed under the provisions of: (i) Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil 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 320-acre E/2 equivalent dedication.

Texakoma Oil & Gas Corporation
Division Administrative Order NSL-4756
July 5, 2002

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,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / LW".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management – Farmington
W. Thomas Kellahin, Legal Counsel for Pure Resources, L.P. – Santa Fe
File: Case No. 12894