

September 3, 2002

Par Minerals Corporation
509 Market Street – Suite 300
Shreveport, Louisiana 71101-3275

Telefax No. (318) 221-6188

Attention: Windell B. Phillips

Administrative Order NSL-4772

Dear Mr. Phillips:

Reference is made to the following: (i) Par Minerals Corporation's initial application (*application reference No. pKRV0-221134586*) that was submitted to the New Mexico Oil Conservation Division ("Division") on July 29, 2002; (ii) the Division's initial response by letter dated August 14, 2002 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe **denying** this application; (iii) your telephone conversations with Mr. Stogner on Tuesday, August 27, 2002 and on Friday, August 30, 2002; (iv) Mr. Don McClung's telephone conversation with Mr. Stogner on Thursday, August 29, 2002; (v) your re-submittal of this application to the Division by telefax on August 29, 2002; and (vi) the Division's records in Santa Fe: all concerning Par Minerals Corporation's request for an unorthodox Morrow gas well location for its proposed State "25" Well No. 1 to be drilled 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 25, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

The W/2 of Section 25 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Undesignated Illinois Camp-Morrow Gas Pool (**78880**), Undesignated North Illinois Camp-Morrow Gas Pool (**78890**), or Undesignated Red Lake-Atoka Morrow Gas Pool (**83620**).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Par Minerals Corporation seeks this location exception for both topographical and geological reasons.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location within the 320-acre unit comprising the W/2 of Section 25 is hereby approved.

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