A COMPANY OF THE PROPERTY OF T

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

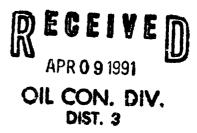
OIL CONSERVATION DIVISION

BRUCE KING

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

April 3, 1991

Incline Reserves, Inc. c/o Dana Delventhal P.O. Box 1915 Farmington, NM 87499



Administrative Order NSL-3001

Dear Ms. Delventhal:

Reference is made to your application dated March 20, 1991 for a non-standard coal gas well location for your existing Federal 11 Well No. 2 located 1450 feet from the South line and 2250 feet from the West line (Unit K) of irregular Section 11, Township 28 North, Range 9 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. All of said irregular Section 11 shall be dedicated to the well forming a standard 267.72-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay

Director

WJL/MES/ck

cc:

Oil Conservation Division - Aztec

US Bureau of Land Management - Farmington