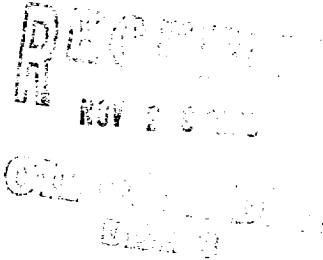


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 27, 1995



BHP Petroleum (Americas) Inc.
1360 Post Oak Boulevard
Suite 1360
Houston, Texas 77056-3020
Attention: Carl Kolbe

Administrative Order NSL-3604

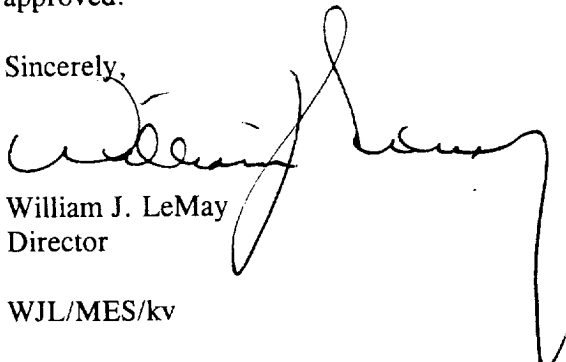
Dear Mr. Kolbe:

Reference is made to your application dated November 14, 1995 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 12 (API No. 30-045-07089), which was drilled in 1953 and completed in the West Kutz-Pictured Cliffs Pool at an unorthodox gas well location (as provided for in the applicable rules governing said pool at the time) 660 feet from the North and East lines (Unit A) of Section 33, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Pictured Cliffs interval will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal (Gas) Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, as promulgated by Division Order No. R-8768, as amended, is also unorthodox.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the Gallegos Canyon Unit Well No. 12 is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

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