



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 4, 1999

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

Administrative Order NSL-4203

Dear Mr. Kendrick:

Reference is made to your application dated January 12, 1999 on behalf of the operator, Texakoma Oil & Gas Corporation, for an off-pattern non-standard Basin-Fruitland coal gas well location for their proposed La Plata "9" Well No. 1 (API No. 30-045-29778) to be drilled 805 feet from the North line and 2100 feet from the West line (Unit C) of Section 9, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. The W/2 of Section 9 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division and 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.

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 slightly 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 W/2 dedication.

By the authority granted me under the provisions of these special pool rules and Division General 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 /

A. R. KENDRICK

Box 516
Aztec, New Mexico 87410
(505) 334-2555

January 12, 1999

Ms. Lori Wrotenbery
Director
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RECEIVED
JAN 12 1999
OIL CON. DIV.
DIST. 3

Re: Application for Non-Standard Location for
Texakoma Oil & Gas Corporation
La Plata 9 #1, Basin Fruitland Coal Pool
790' FNL 1850' FWL, C-9-T31N-R13W

Dear Ms. Wrotenbery:

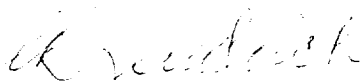
Texakoma Oil and Gas Corporation hereby requests approval for an off-pattern location for its La Plata 9 #1 well to be located 805 feet from the north line and 2100 feet from the west line of section 9, Township 31 North, Range 13 West, in the Basin Fruitland Coal Gas Pool, San Juan County for geological reasons.

The well will be near the western edge of the productive area of the fruitland Coal formation and considered a marginal economic venture. An enclosed plat shows the wells completed in the Basin Fruitland Coal Gas Pool in Township 31 North, Range 13 West.

An attached plat shows the names and addresses of the designated operators of the offset leases, all of which have been notified by certified mail of this application by copies posted at the time this mailing.

If there are questions, please contact me.

Yours very truly,



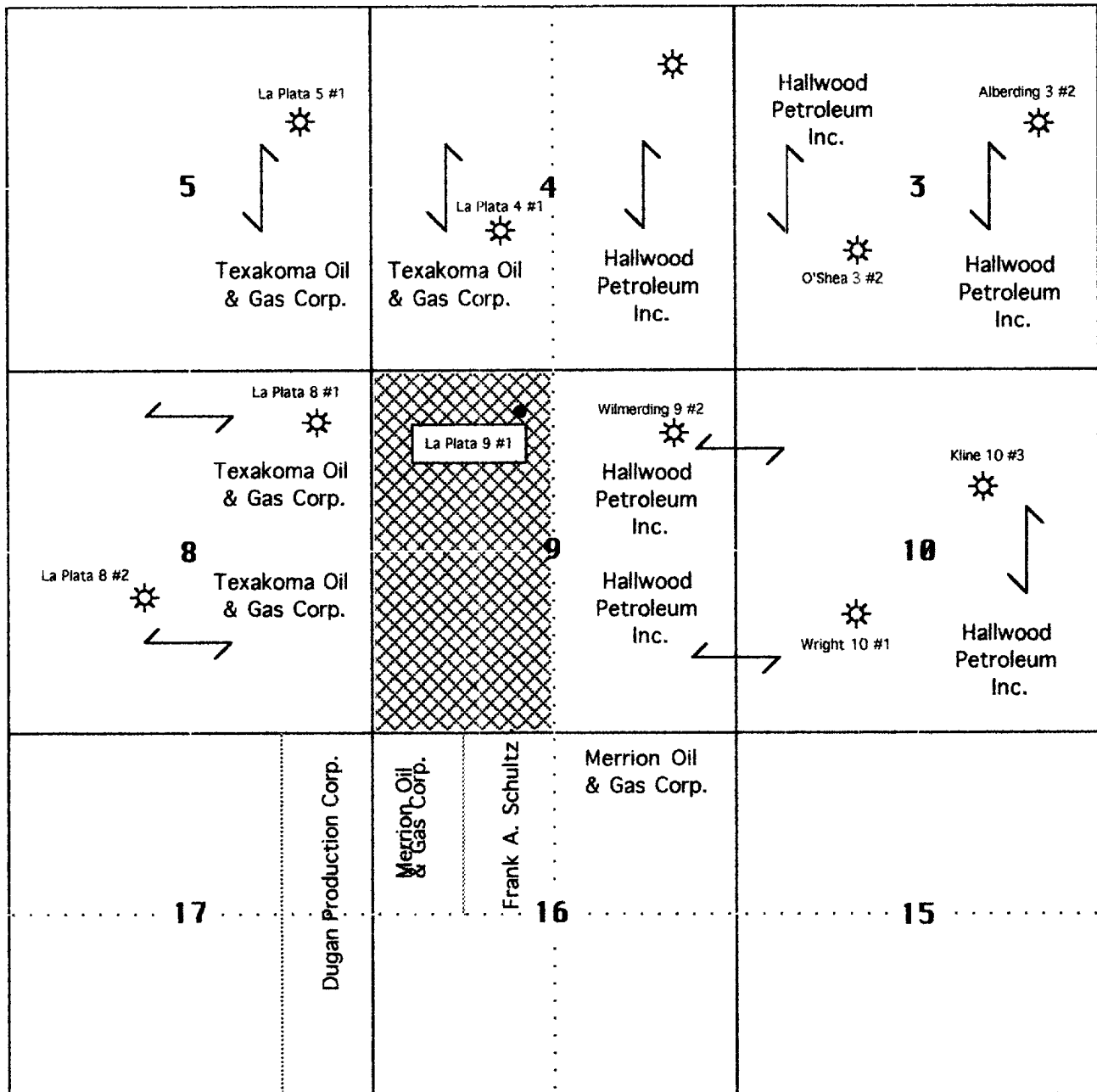
A. R. Kendrick

Attachments as stated

cc: Each offset operator by Certified Mail
OCD, Aztec, NM

OFFSET OPERATORS

Texakoma Oil & Gas Corporation
La Plata 9 #1
805' FNL 2100' FWL 9-T31N-R13W



OFFSET OPERATORS' NAMES AND ADDRESSES

Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499-0420

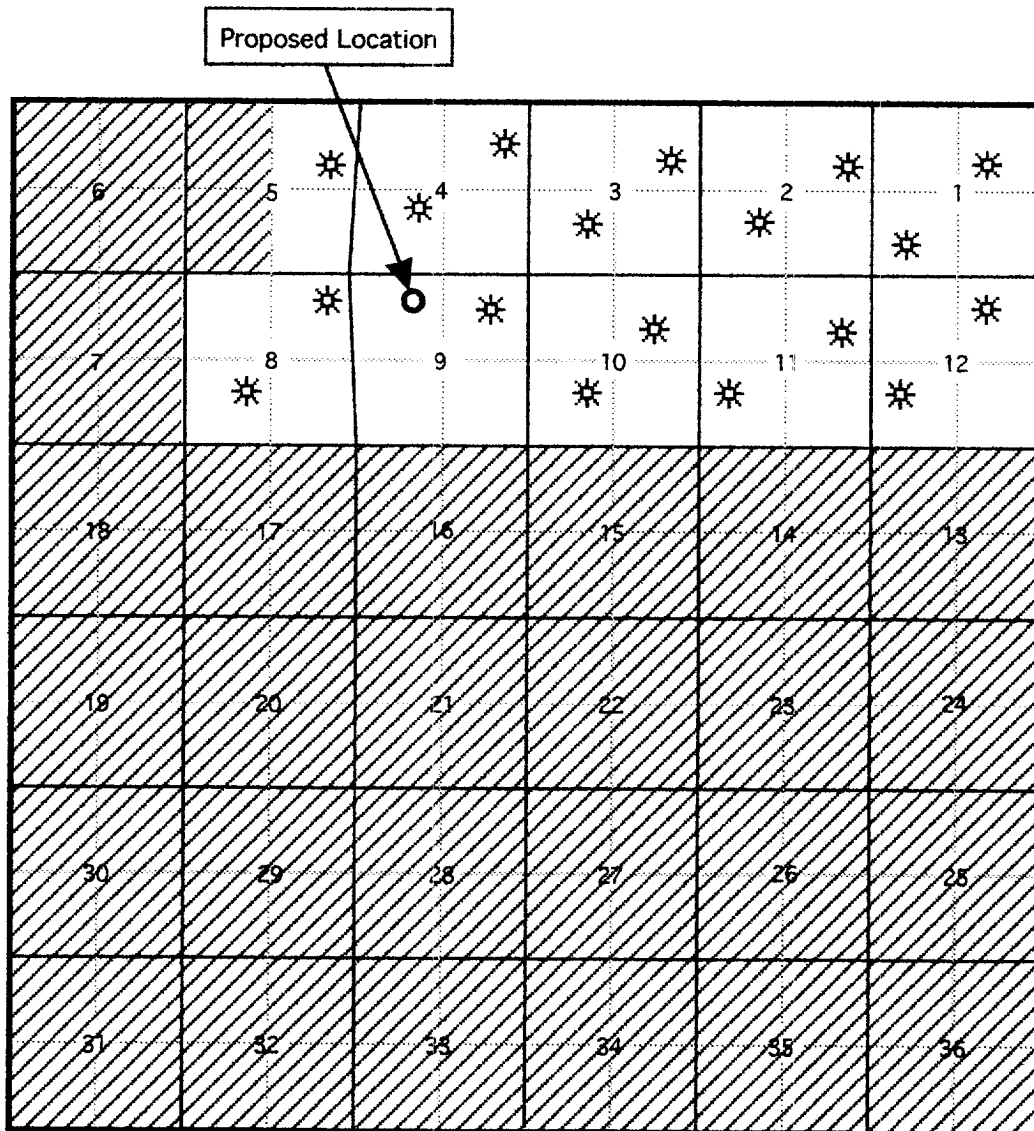
Hallwood Petroleum Inc.
4582 S. Ulster Parkway St. Suite 1700
Denver, Colorado 80237

Merrion oil & Gas Corp.
P. O. Box 840
Farmington, New Mexico 87499-0840

Frank A. Schultz
500 N. Akard, Suite 500, LB-1
Dallas, Texas 75201-3318

Basin Fruitland Coal Seam Wells

Township 31 N Range 13 W



NOTE:

There are no Fruitland Coal wells in sections 6, 7 or 13 through 36 of Township 31 North, Range 13 West, and none in Township 31 North, Range 14 West.