



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 30, 1998

Taurus Exploration U.S.A., Inc.
2198 Bloomfield Highway
Farmington, New Mexico 87401
Attention: Richard P. Corcoran

Administrative Order NSL-4083

Dear Mr. Corcoran:

Reference is made to your applications dated May 29, 1998 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, for Taurus Exploration U.S.A., Inc.'s ("Taurus") proposed: (i) San Juan "30-4" Unit Well No. 41 to be drilled at an unorthodox gas well location 1260 feet from the South line and 1905 feet from the West line (Unit O) of Section 18, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico; and, (ii) San Juan "30-4" Unit Well No. 41-M to be drilled at an unorthodox infill gas well location 807 feet from the South line and 692 feet from the East line (Unit P) of Section 18.

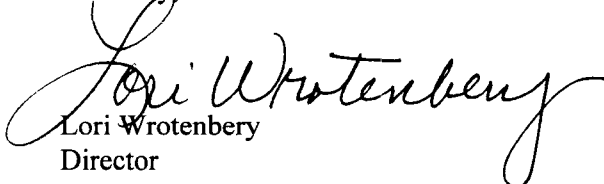
Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 18, being a standard 269.56-acre gas spacing and proration unit for both the Basin Dakota and Blanco-Mesaverde Pools, is to be dedicated to the proposed wells.

The application has been duly filed under the provisions of Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde gas well locations for both the San Juan "30-4" Unit Well No. 41 and 41-M are hereby approved.

Further, both wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

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