



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 10, 2000

Vastar Resources, Inc.
15375 Memorial Drive
Houston, Texas 77079
Attention: Michael Rodgers

Administrative Reinstatement of Division Order No. R-8845
Administrative Order NSL-4483(NSP)

Dear Mr. Rodgers:

Reference is made to your application dated June 19, 2000: (i) for an unorthodox Basin-Fruitland coal gas well location for Vastar Resources, Inc.'s proposed Carracas "2-A" Well No. 11 to be drilled 2405 feet from the South line and 1880 feet from the West line (Unit K) of irregular Section 2, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico; and (ii) to reinstate the previously approved non-standard 368.60-acre, more or less, gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising all of irregular Sections 2.

By Division Order No. R-8845, issued in Case No. 9560 dated January 17, 1989, the above-described non-standard unit was initially established by Nassau Resources, Inc. for a well to be drilled at a standard coal gas well location 2000 feet from the South line and 2200 feet from the West line (Unit K) of Section 2. This well however was never drilled, the unit therefore was never established.

Vastar's application has been duly filed under the provisions of Rules 6 and 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended. Further, the reinstatement of the applicable provisions that approved the subject non-standard unit in the Basin-Fruitland Coal (Gas) Pool would serve to prevent waste, protect correlative rights, and is in the best interest of conservation.

By the authority granted me under the provisions of these special pool rules, the above-described unorthodox coal gas well location and non-standard 368.60-acre, more or less, gas spacing and proration unit are hereby approved.

All provisions of Division Order No. R-8845 not in conflict with this order shall remain in full force and effect until further notice.

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Jurisdiction of this case is retained for the entry of such further orders as the Division deems necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery" with a stylized flourish at the end.

Lori Wrotenbery
Director

LW/MES/kv

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