



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

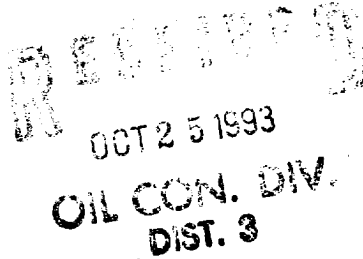
OIL CONSERVATION DIVISION



October 19, 1993

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

BHP Petroleum (Americas) Inc.
Attention: Carl Kolbe
5847 San Felipe - Suite 3600
Houston, Texas 77057



Administrative Order NSL-3139-A

Dear Mr. Kolbe:

Reference is made to your application dated June 5, 1993 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 273 which was drilled in 1977 and completed in the West Kutz-Pictured Cliffs Pool at a standard gas well location (pursuant to the Special Pool Rules applicable at the time under Division Order No. R-566) 950 feet from the North line and 1770 feet from the West line (Unit C) of Section 32, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone 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 unorthodox. Further, the N/2 of said Section 32 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

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

Further, Division Administrative Order NSL-3139, dated July 28, 1992, which similarly authorized the Gallegos Canyon Unit Well No. 9 to be recompleted up-hole from the West Kutz-Pictured Cliffs Pool to the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 1885 feet from the South line and 2135 feet from the West line (Unit K) of said Section 32, shall be amended at this time to reflect its coal gas acreage rededication from the W/2 to the S/2 of said Section 32.

Sincerely,

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: NSL-3139