



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 26, 2001

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Jim Ball/ wjball@ppco.com



Telefax No. (505) 599-3442

Administrative Order NSL-4614

Dear Mr. Ball:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on July 6, 2001 (*reference No. pKRV0119239256*); (ii) the Division's initial response by letter dated July 17, 2001 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe; (iii) Phillips Petroleum Company's ("Phillips") telefaxed response to the Division on July 23, 2001 by Ms. Patricia Clugston with supplemental data; and (iv) the Division's records in Aztec and Santa Fe: all concerning Phillips's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000, for a non-standard infill gas well location within an existing standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising the W/2 of Section 31, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. This unit is currently dedicated to Phillips's San Juan "29-5" Unit Well No. 54 (**API No. 30-039-20370**), located at a standard initial gas well location 1180 feet from the South line and 1740 feet from the West line (Unit N) of Section 31.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill gas well location in Section 31 is hereby approved:

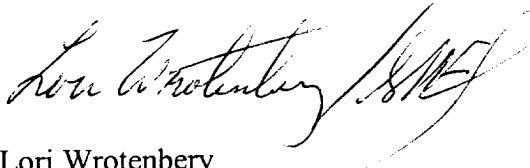
San Juan "29-5" Unit Well No. 54-M
664' FNL & 2543' FWL (Unit C)
(API No. 30-039-26582)

Further, both of the aforementioned San Juan "29-5" Unit Wells No. 54 and 54-M and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and

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procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or initial.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
Phillips Petroleum Company, Farmington - Patricia Clugston (plclugs@ppco.com)