

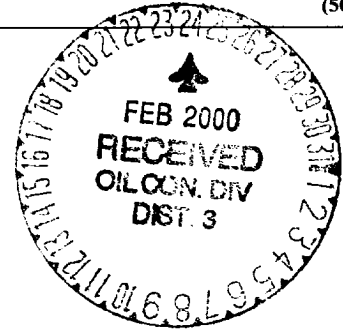


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

February 17, 2000

**Phillips Petroleum Company
5525 Highway 64— NBU 3004
Farmington, New Mexico 87401
Attention: S. Scott Prather**



Administrative Order NSL-4409

Dear Mr. Prather:

Reference is made to the following: (i) your application dated December 22, 1999; and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe and Aztec: all concerning Phillips Petroleum Company'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, for a non-standard infill gas well location in an existing standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising the E/2 of Section 28, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. This unit is currently dedicated to Phillips Petroleum Company's San Juan "29-5" Unit Well No. 70 (API No. 30-039-21050), located a standard initial gas well location 1760 feet from the North line and 960 feet from the East line (Unit H) of Section 28.

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 28 is hereby approved:

San Juan "29-5" Unit Well No. 70-M

280' FSL & 2355' FEL (Unit O) - 28-29N-5W
(API No. 30-039-26299)

Further, both of the aforementioned San Juan "29-5" Unit Well Nos. 70 and 70-M and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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