



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

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

February 3, 2000

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401

Attention: S. Scott Prather

Re: Application for administrative approval dated December 22, 1999 (received by the Division on December 30, 1999) for Phillips Petroleum Company ("Phillips") to drill its proposed San Juan "29-5" Unit Well No. 60-M at an unorthodox infill gas well location within an existing standard 320-acre lay-down gas spacing and proration unit in the Basin-Dakota Gas Pool comprising the N/2 of Section 32, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Prather:

The Division's records indicate that the N/2 of Section 32, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico is State surface/State Minerals and that the N/2 of Section 32 is a single State lease (New Mexico State Land Office lease No. E-00289) in which Phillips is the leasehold operator. Your application indicates that the BLM is perhaps concerned about surface disturbance on this acreage. Please provide me with a detailed explanation (i) why the BLM is concerned and (ii) their connection with this half-section. Also provide me with details about the archeological considerations in this quarter section that prevents the drilling of this well at a standard Dakota gas well location.

Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
New Mexico State Land Office - Santa Fe
Ms. Lori Wrotenberg, Director - NMOCD, Santa Fe