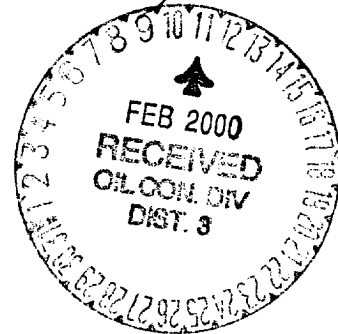




**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

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**

***Administrative Order NSL-4402***

Dear Mr. Prather:

Reference is made to the following: (i) your application dated December 17, 1999; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"): all concerning your request for a non-standard Basin-Fruitland coal gas well location for the proposed San Juan "30-5" Unit Well No. 266 to be drilled 665 feet from the South line and 670 feet from the West line (Unit M) of Section 10, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The W/2 of Section 10 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

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