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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

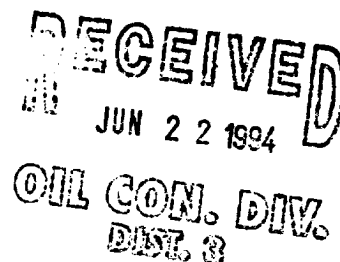


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June 20, 1994

Northwest Pipeline Corporation
P.O. Box 58900
Salt Lake City, Utah 84158-0900

Attention: Mark McCallister



Administrative Order NSP-1699(NSL)

Dear Mr. McCallister:

Reference is made to your letters of application dated April 20, April 21, and June 7, 1994 to establish non-standard gas spacing and proration units in Irregular Section 31, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, for the development and production of gas from the Blanco-Mesaverde Pool and from the Pictured Cliffs formation.

The existing Northwest Pipeline Corporation ("Northwest") Rosa Unit Well No. 13 (API No. 30-039-07936), located at a standard gas well location 1650 feet from the North line and 1850 feet from the East line (Unit G) of said Section 31, is currently completed in and producing from the Blanco-Mesaverde Pool. Further, the E/2 of said Section 31 is currently dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Blanco-Mesaverde Pool. It is our understanding at this time that Northwest seeks to redesignate acreage for this well and assign Lots 1 and 2 and the NE/4 of said Section 31 thereby creating a non-standard 232.89-acre gas spacing and proration unit in the Blanco-Mesaverde Pool.

To the proposed Rosa Unit Well No. 137, to be drilled at an unorthodox gas well location 1321 feet from the South line and 820 feet from the West line (Lot 3 - Unit K) of said Section 31 and dually completed in both the Pictured Cliffs formation and Blanco-Mesaverde Pool, it is our understanding that Northwest seeks to dedicate Lots 3 and 4 and the SE/4 of said Section 31 to the Blanco-Mesaverde Pool to form a non-standard 232.99-acre gas spacing and proration unit and Lots 1 through 4 to form a non-standard 145.88-acre gas spacing and proration unit in the Pictured Cliffs formation.