



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

December 23, 1999

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

Attention: S. Scott Prather

Re: Application for administrative approval dated December 17, 1999 (received by the Division on December 22, 1999) for Phillips Petroleum Company ("Phillips") to drill its proposed San Juan "30-5" Unit Well No. 205 at an unorthodox coal gas well location within a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool comprising the E/2 of Section 10, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

Dear Mr. Prather:

The Division's review of this application shows that Phillips applied for and received authorization from the U. S. Bureau of Land Management ("BLM") to drill a coal gas well at a standard location within the E/2 of Section 10 [see attached *Application for Permit to Drill* ("APD") and BLM correspondence regarding Phillips' San Juan "30-5" Unit Well No. 222 (API No. 30-039-25036) to be located 1831 feet from the North line and 816 feet from the East line (Unit H) of Section 10] in 1990. In 1992 the BLM rescinded this APD because Phillips had not drilled the well. Since topography in the E/2 of Section 10 will allow for a standard coal gas well location, this application is therefore **denied**.

Another solution in this instance is to reorient your proposed spacing unit from a stand-up 320 to a lay-down 320.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

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