



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 12, 1997

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Patrick H. Noah

Administrative Order NSL-3851

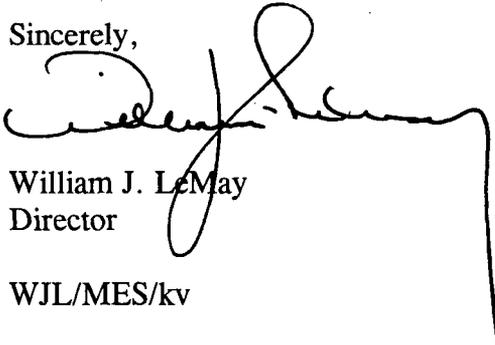
Dear Mr. Noah:

Reference is made to your application dated July 17, 1997 for an unorthodox coal gas well location for the proposed San Juan "32-7" Unit Well No. 228 to be drilled 2628 feet from the North line and 1436 feet from the East line (Unit G) of irregular Section 7, Township 31 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

The previously approved 317.23-acre gas spacing and proration unit (see Division Order No. R-9305, issued in Case 10058 and dated September 27, 1990) comprising: (i) that portion of tract 54 in Section 6; and, (ii) Lots 6 and 7, the SW/4 NE/4, the N/2 SE/4, and that portion of tract 54 lying in Section 7: all in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, is to be dedicated to said well.

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,


William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: Case 10058