



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 21, 1998

Phillips Petroleum Company
c/o W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

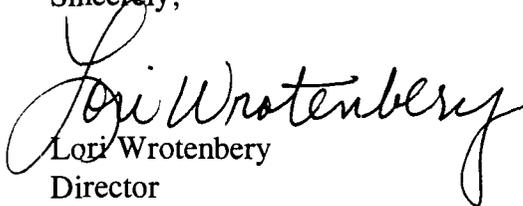
Administrative Order NSL-4039

Dear Mr. Kellahin:

Reference is made to the following: (i) Phillips Petroleum Company's ("Phillips") original application filed by Mr. S. Scott Prather in Farmington, New Mexico on January 16, 1998; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter dated January 21, 1998 from Mr. Michael E. Stogner, Engineer returning the original application as incomplete; (iii) your resubmittal of this application on behalf of Phillips dated March 12, 1998; (iv) Mr. Stogner's second response by letter dated March 18, 1998; and, (v) your letter with attachments dated May 20, 1998: all concerning Phillips' request to drill its San Juan "32" Federal 28 Well No. 2 at an unorthodox gas well location within the Blanco-Mesaverde Pool 911 feet from the South line and 519 feet from the West line (Lot 13/Unit M) of Section 28, Township 32 North, Range 9 West, NMPM, San Juan County, New Mexico. Lots 3, 4, 5, 6, 11, 12, 13, and 14 (W/2 equivalent) of said Section 28 are to be dedicated to said well in order to form a standard 317.78-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location is hereby approved.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
S. Scott Prather, Phillips Petroleum Company - Farmington