

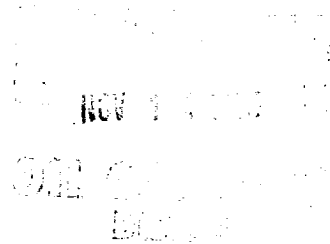


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

November 8, 1995

BHP Petroleum (Americas) Inc.
1360 Post Oak Boulevard
Suite 1360
Houston, Texas 77056-3020
Attention: Carl Kolbe



Administrative Order NSL-817-A

Dear Mr. Kolbe:

Reference is made to your application dated September 21, 1995 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 272 (**API No. 30-045-22240**), which was drilled in 1976 and completed in the West Kutz-Pictured Cliffs Pool at an unorthodox gas well location for said Pictured Cliffs interval (approved by Division Administrative Order NSL-817, dated December 20, 1976), 1100 feet from the North line and 2200 feet from the West line (Unit C) of Section 33, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Pictured Cliffs interval will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal (Gas) Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, as promulgated by Division Order No. R-8768, as amended, is also unorthodox.

It is our further understanding that said well is to be a replacement well for your Gallegos Canyon Unit Well No. 10 (**API No. 30-045-07009**), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-3138, dated July 28, 1992) 1980 feet from the South and West lines (Unit K) of said Section 33, which is currently dedicated to the W/2 of said Section 33 being a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the Gallegos Canyon Unit Well No. 272 is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
File: NSL-817
NSL-3138

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