



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Cabinet Secretary

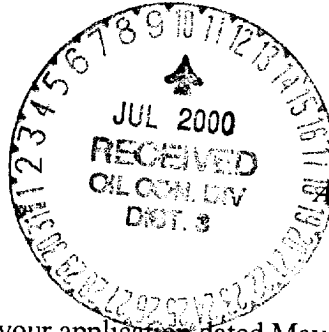
July 5, 2000

Lori Wrotenbery

Director

Oil Conservation Division

[Handwritten initials]
Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: S. Scott Prather



Administrative Order NSL-4480

Dear Mr. Prather:

Reference is made to the following: (i) your application dated May 31, 2000; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe: all concerning Phillips Petroleum Company's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987, for a non-standard infill gas well location in an existing standard 342.56-acre lay-down gas spacing and proration unit for the Basin-Dakota Pool comprising Lots 1 through 8 (N/2 equivalent) of Section 22, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico. This unit is currently dedicated to Phillips Petroleum Company's San Juan "32-7" Unit Well No. 35 (API No. 30-045-11347), located a standard initial gas well location 1070 feet from the North line and 1100 feet from the East line (Line 1/Unit A) of Section 22.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill gas well location in Section 22 is hereby approved:

San Juan "32-7" Unit Well No. 35-M

1725' FNL & 2495' FWL (Lot 6/Unit F) 22-32N-7W

Further, both of the aforementioned San Juan "32-7" Unit Well Nos. 35 and 35-M and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

[Handwritten signature of Lori Wrotenbery]

Lori Wrotenbery
Director

[Handwritten initials]

30-045-30190

LW/MES/kv

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