



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



July 28, 1992

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

BHP Petroleum (Americas) Inc.
5847 San Felipe - Suite 3600
Houston, Texas 77057

Attention: Carl Kolbe

Administrative Order NSL-3137

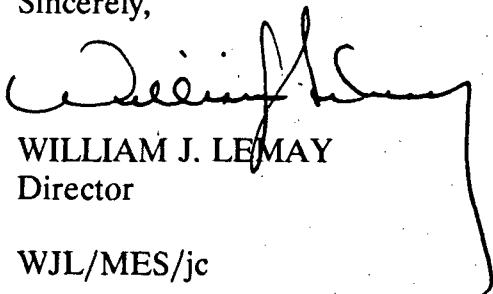
Dear Mr. Kolbe:

Reference is made to your application dated December 12, 1991 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 21 which was drilled in 1953 and completed in the West Kutz - Pictured Cliffs Pool at a standard gas well location (pursuant to the Special Pool Rules applicable at the time under Division Order No. R-566) 990 feet from the South line and 722 feet from the West line (Unit M) of Section 18, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone 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 unorthodox. Further, Lots 1 through 4, and the E/2 W/2 (W/2 equivalent) of said Section 18 shall be dedicated to the well forming a standard 304.28-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said 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/jc

cc: Oil Conservation Division - Aztec
U.S. BLM - Farmington