



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 25, 1999

Phillips Petroleum Company
5525 Highway 64 – NBU 3004
Farmington, New Mexico 87401
Attention: S. Scott Prather

Administrative Order NSL-4289

Dear Mr. Prather:

Reference is made to your application dated May 14, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987. The W/2 of Section 10, Township 29 North, Range 6 West, NMPM, Rio Arriba County, New Mexico is to be dedicated to the proposed well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool.

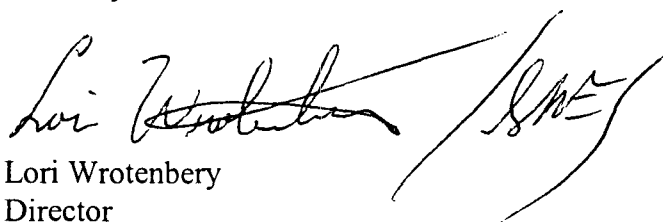
The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox gas well location in Section 10 is hereby approved:

**San Juan "29-6" Unit Well No. 31-B
1330' FNL & 125' FWL (Unit E).**

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

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