



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 25, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Jim Ball/wjball@ppco.com

Administrative Order NSL-4613

Dear Mr. Ball:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on June 21, 2001 (*reference No. pKRV0117755212*); (ii) the Division's initial response by letter dated July 17, 2001 from Mr. Michael E. Stogner, Chief Hearing Officer/Engineer in Santa Fe; (iii) Phillips Petroleum Company's ("Phillips") telefaxed response to the Division on July 23, 2001 by Ms. Patricia Clugston with supplemental data; and (iv) the Division's records in Aztec and Santa Fe: all concerning Phillips'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-B, dated June 30, 2000, as amended by Division Order No. R-10987-B (1), dated August 10, 2000. Lots 7 and 8, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1, Township 30 North, Range 7 West, NMPM, Rio Arriba County, New Mexico is to be dedicated to Phillips's proposed well in order to form a standard 319.10-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool.

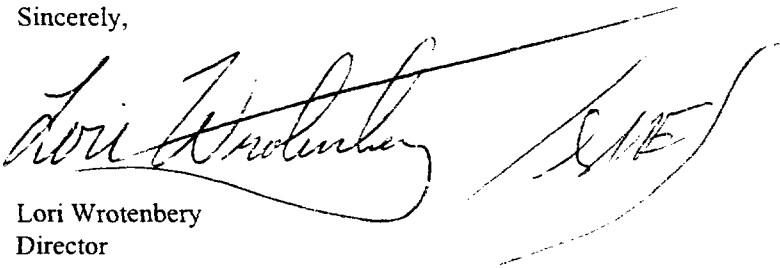
The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

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 1 is hereby approved:

San Juan "31-6" Unit Well No. 6-M
1615' FSL & 2490' FWL (Unit K).

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 Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
Phillips Petroleum Company, Farmington - Patricia Clugston (*plclugs@ppco.com*)