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JUL 6 1993*



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

June 28, 1993

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

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JUL 6 1993
OIL CON. DIV.
DIST. 3

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

Attention: Carl Kolbe, Regulatory Affairs Representative

Administrative Order NSL-3269

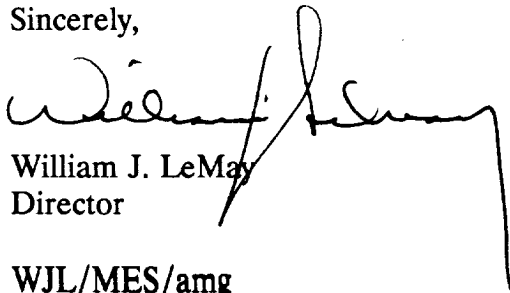
Dear Mr. Kolbe:

Reference is made to your application dated June 15, 1993, 1992 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 40 which was drilled in 1953 and completed in the West Kutz-Pictured Cliffs Pool at a standard gas well location at the time 1770 feet from the North line and 660 feet from the East line (Unit H) of Section 29, Township 28 North, Range 12 West, NMPM, 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, the E/2 of said Section 29 shall be dedicated to the well forming 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 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/amg

cc: Oil Conservation Division - Aztec
NM State Land Office - Santa Fe