

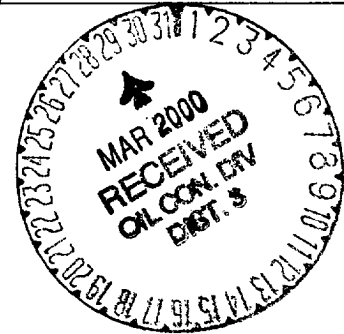


**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

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

March 24, 2000

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



*Administrative Order NSL-4424*

Dear Mr. Prather:

Reference is made to the following: (i) your original application dated December 17, 1999; (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe dated December 23, 1999 denying this application; (iii) your resubmittal of this application on December 30, 1999 with supplemental information; (iv) your telephone conversations with Mr. Stogner on January 3 and March 24, 2000; (v) your letter dated January 5, 2000 with additional information attached; and (vi) the Division's records in Santa Fe and Aztec: all concerning Phillips Petroleum Company's request for a non-standard Basin-Fruitland coal gas well location for the proposed San Juan "30-5" Unit Well No. 265 to be drilled 1840 feet from the North line and 2510 feet from the East line (Unit G) of Section 10, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The E/2 of Section 10 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery  
Director

LW/MES/kv

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