



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 8, 1995

BHP Petroleum (Americas) Inc.
1360 Post Oak Boulevard
Suite 1360
Houston, Texas 77056-3020

Attention: Carl Kolbe

Administrative Order NSL-3593

Dear Mr. Kolbe:

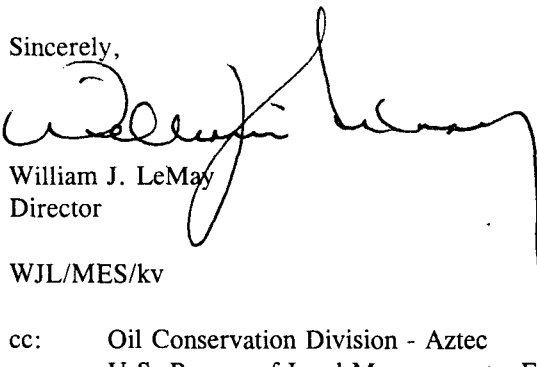
Reference is made to your application dated September 21, 1995 for a non-standard Basin-Fruitland coal gas well location for your existing Gallegos Canyon Unit Well No. 320 (API No. 30-045-24732), which was drilled in 1981 and completed in the West Kutz-Pictured Cliffs Pool at a standard gas well location 1850 feet from the South line and 820 feet from the East line (Unit I) of Section 30, Township 28 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Pictured Cliffs interval 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 also unorthodox.

It is our further understanding that said well is to be a replacement well for your Gallegos Canyon Unit Well No. 7 (API No. 30-045-07212), located at a standard coal gas well location 990 feet from the North and East lines (Unit A) of said Section 30, which is currently dedicated to the E/2 of said Section 30 being 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 Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the Gallegos Canyon Unit Well No. 320 is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

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