



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

May 20, 1996

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, NM 87401
Attention: Patrick Noah

Administrative Order NSL-3673

Dear Mr. Noah:

Reference is made to your application dated March 8, 1996, supplemented by correspondence dated April 1 and 29, 1996, for an unorthodox "infill" gas well location for both the Blanco-Mesaverde and Basin-Dakota Pools for the proposed San Juan "32-7" Unit Well No. 37-A (API No. **30-045-29361**) to be drilled 1762 feet from the North line and 1938 feet from the East line (Unit J) of irregular Section 8, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

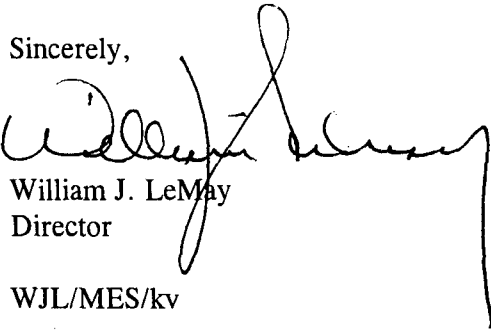
Production from both pools in said well is to be included in the existing non-standard 303.66-acre gas spacing and proration units comprising the following described acreage in Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico:

Section 8: Lots 1, 2, and 5, N/2 SE/4, and SW/4 SE/4
Section 9: Lots 4 and 14 and NW/4 SW/4.

Division Order No. R-1066, dated October 9, 1957, authorized said non-standard gas spacing and proration unit for the Blanco-Mesaverde Pool and Division Order No. R-2046, dated August 14, 1961, authorized said non-standard gas spacing and proration unit for the Basin-Dakota Pool. Production from both intervals is currently dedicated to Meridian's San Juan "32-7" Unit Well No. 37 (API No. **30-045-11502**), located at a standard gas well location 790 feet from the North line and 300 feet from the West line (Unit L) of said irregular Section 9.

By the authority granted me under the provisions of Rule 2(d) of the "Special Rules and Regulations for the Blanco-Mesaverde Pool" and the "Basin-Dakota Pool", as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox "infill" gas well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec