



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 28, 1998

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

Administrative Order NSL-4041

Dear Mr. Prather:

Reference is made to your application dated May 3, 1998, for an off-pattern non-standard Basin-Fruitland coal gas well location for Phillips Petroleum Company's proposed San Juan "32-7" Unit Well No. 242 to be drilled 1683 feet from the North line and 1749 feet from the West line (Unit F) of Section 33, Township 32 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The N/2 of Section 33 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit for said pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division and 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 geologic interpretation submitted with this application indicates that a well drilled into the Basin-Fruitland Coal (Gas) Pool at the proposed off-pattern non-standard coal gas well location will be at a more favorable geologic position within the gas productive coal seam interval than a well drilled at a location considered to be standard for this N/2 dedication.

By the authority granted me under the provisions of the special pool rules and Division General Rule 104.F(2), 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