

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



OIL CONSERVATION DIVISION



February 3, 1995

BHP Petroleum (Americas) Inc.
1360 Post Oak Blvd. - Suite 500
Houston, Texas 77056-3020

Attention: Carl Kolbe

Administrative Order NSP-1170-A

Dear Mr. Kolbe:

Reference is made to your application dated October 25, 1994 for a 271.32-acre non-standard gas spacing and proration unit consisting of the following acreage in the Basin-Fruitland Coal (Gas) Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Irregular Section 10: All

It is our understanding that this unit is to be dedicated to your existing Gallegos Canyon Unit Well No. 295 (API No. 30-045-23995), which was drilled in 1980 and completed in the West Kutz-Pictured Cliffs Pool at a standard gas well location 1045 feet from the South line and 1075 feet from the West line (Unit M) of said Section 10, by Division Administrative Order NSP-1170, dated November 28, 1979, a 135.93-acre non-standard gas spacing and proration unit in the Pictured Cliffs interval was established and dedicated to the subject well.

It is also our understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted up-hole into 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 standard.

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

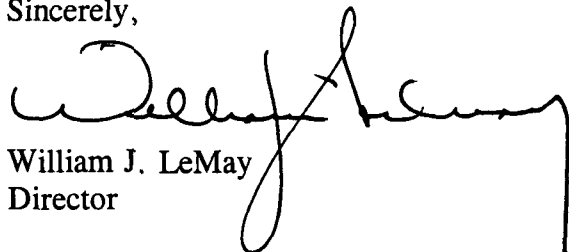
2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

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By the authority granted me under the provisions of Rule 6 of said Division Order No. R-8768, as amended, the above-described 271.32-acre non-standard gas spacing and proration unit is hereby approved.

The original Order NSP-1170 shall be placed in abeyance until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', is written over the printed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
File: NSP-1170