STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

May 3, 1988

GARREY CARRUTHERS

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

Phillips Petroleum Company 4001 Penbrook Street Odessa, TX 79762

Attn: W. J. Mueller

Re: State 22 Well #1-D Sec. 22, T17S, R35E Order R-8644

Gentlemen:

According to the provisions of Division Order R-8644, your application for an unorthodox gas well location and a non-standard proration unit for the above-referenced well has been denied. We were withholding the approval of your drilling permit pending the ruling of this order. Therefore, we are returning unapproved your APD for this well.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton Supervisor, District I

JS/ED