



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury
Cabinet Secretary

October 20, 2000

Lori Wrotenbery
Director

Oil Conservation Division

Conoco, Inc.
600 N. Dairy Ashford Dubai 3066
Houston, Texas 77079

Attention: Deborah Marberry



Re: *Administrative application for an exception to Division Rule 104.C (3) for Conoco, Inc.'s proposed San Juan "28-7" Unit Well No. 281 to be drilled at an unorthodox Pictured Cliffs gas well location 600 feet from the North line and 1220 feet from the West line (Unit D) of Section 12, Township 27 North, Range 7 West, NMPM, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.*

Dear Ms. Marberry:

It appears that your application is incomplete with respect to notice. As you are aware Division Rule 1207.A (2) (a) states:

"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit".

According to your "28-7" Unit land plat, Section 12 is within the Pictured Cliffs participating area while the offsetting Section 1 is not; therefore, ownership is not common. Please identify the working interests within the SW/4 of Section 1 and provide adequate notice to them or explain why notice is not required in this case. Thank you for your cooperation.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe
Ms. Lori Wrotenbery, Director NMOCOD - Santa Fe
Ms. Yolanda Perez, Conoco, Inc. - Houston