

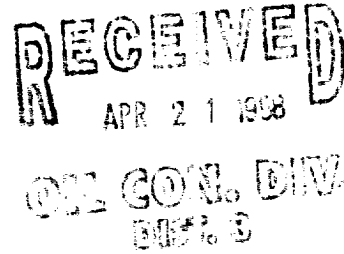


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 14, 1998

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-5400
Attention: Kay Maddox



Administrative Order NSL-4002

C. 97-26-8

Dear Ms. Maddox:

Reference is made to your application dated March 17, 1998 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Hodges Well No. 11-E (API No. 30-045-26177), located 830 feet from the North line and 1510 feet from the West line (Unit C) of Section 27, Township 26 North, Range 8 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico. According to the well records on file with the New Mexico Oil Conservation Division in Santa Fe, the Hodges Well No. 11-E was initially drilled in 1985 by Southern Union Exploration Company and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 320-acre gas spacing and proration unit comprising the W/2 of said Section 27.

It is our understanding that the Dakota interval is to be abandoned and said well will be plugged back and recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool. This location, 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 considered to be unorthodox. Further, the W/2 of said Section 27 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of said special pool rules, the above-described unorthodox coal gas well location for the Hodges Well No. 11-E is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington



Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

March 17, 1998

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 Pacheco
Santa Fe, New Mexico 87504

RECEIVED
MAR 23 1998

RE: Application for Unorthodox Coal Location
Hodges # 11 E
API # 30-045-26177

OIL CON. DIV.
DIST. 3

Dear Mr. Stogner,

Conoco's Hodges #11E is located in Section 27, T-26-N, R-8-W San Juan County, New Mexico. In addition to standard 790' set-back requirements, orthodox locations for 320 acre spaced, Basin Fruitland Coal requires that locations be situated in the NE/4 and/or SW/4 of any given Section. The Hodges #11E meets set-back requirements but is situated in the NW/4 of Section 27; an orthodox west half location would be in the SW/4.

In order to prevent economic waste by allowing access to Basin Fruitland Coal reserves in an existing wellbore, and to help mitigate mechanical risk in a newer wellbore (1985 completion) ; Conoco, respectfully requests that a NW/4, unorthodox location be approved for completion in the Basin Fruitland Coal Pool. Note that Fruitland Coal is untested in direct offset 320's. Conoco, Inc. plans to complete the Hodges #11E as a single zone Fruitland Coal producer (Dakota is inactive and no longer economic to produce). The BLM has approved Conoco's notice of intent to recomplete (see attached).

The offset operator plat shows that Burlington Resources, R. C. Resources, and Chateau are the offset operators that could be affected by this unorthodox location. Please find enclosed evidence that they have been notified of this application.

An unorthodox location order is requested based on the reasons given in the preceding paragraphs. If there are further questions concerning this application please call me at (915) 686-5798.

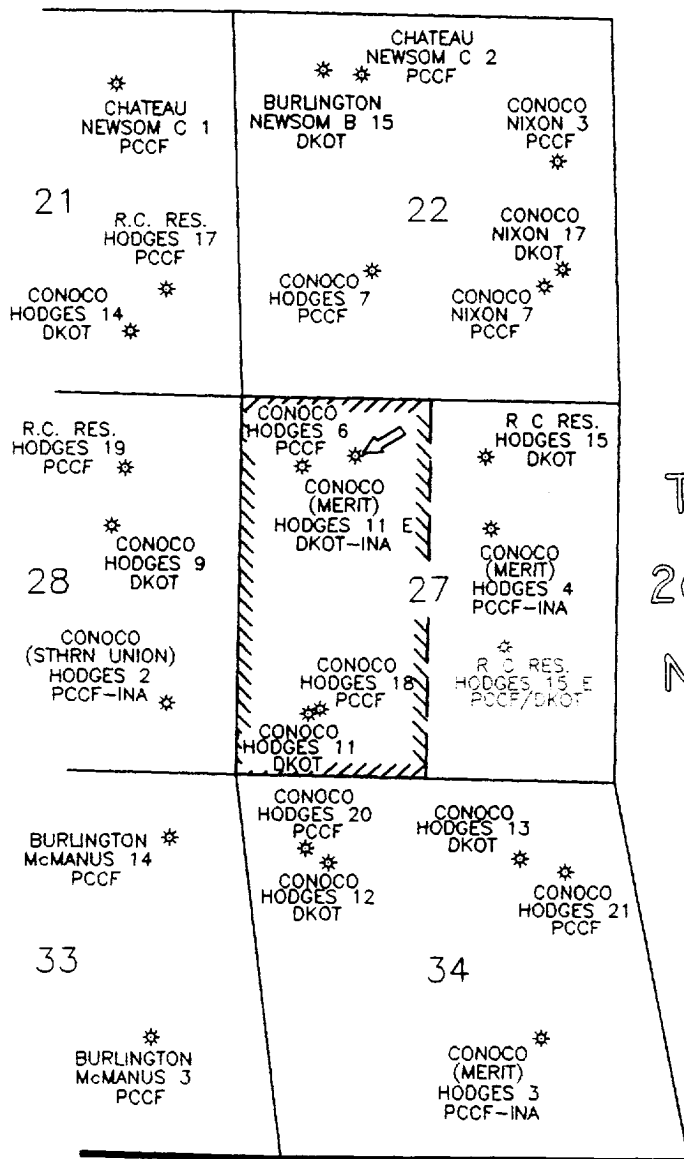
Sincerely,

Kay Maddox
Regulatory Agent/ Conoco, Inc.

KM/

cc: Oil Conservation Division - Aztec

R 8 W



NOTES

NOTE:

THE INACTIVE HODGES 11 E (DAKOTA LPD 12-93) WILL BE RECOMPLETED TO FRUITLAND COAL AS A SINGLE ZONE PRODUCER.

DATE: 3/06/98

DRAWN BY: GLG

CHECKED BY:

APPROVED BY:

SCALE: 1" = 2640'

STATE PLANE COORDINATES REFERRED TO
NAD27 - N.M. WEST
STATE PLANE COORDINATES
ZONE - 3003



EPNGNA
MIDLAND DIVISION

CONOCO HODGES 11 E
UNORTHODOX COAL LOCATION APPLICATION
PLAT SHOWS ALL WELLS IN OFFSET 320'S
SAN JUAN COUNTY, NEW MEXICO

STATE	API COUNTY	WELL
30	\ 045	\ 26177

DRAWING
HODG_11E

CONOCO INC. OFFICE
10 DESTA DRIVE WEST
MIDLAND, TEXAS 79705

All distances must be from the outer boundaries of the Section.

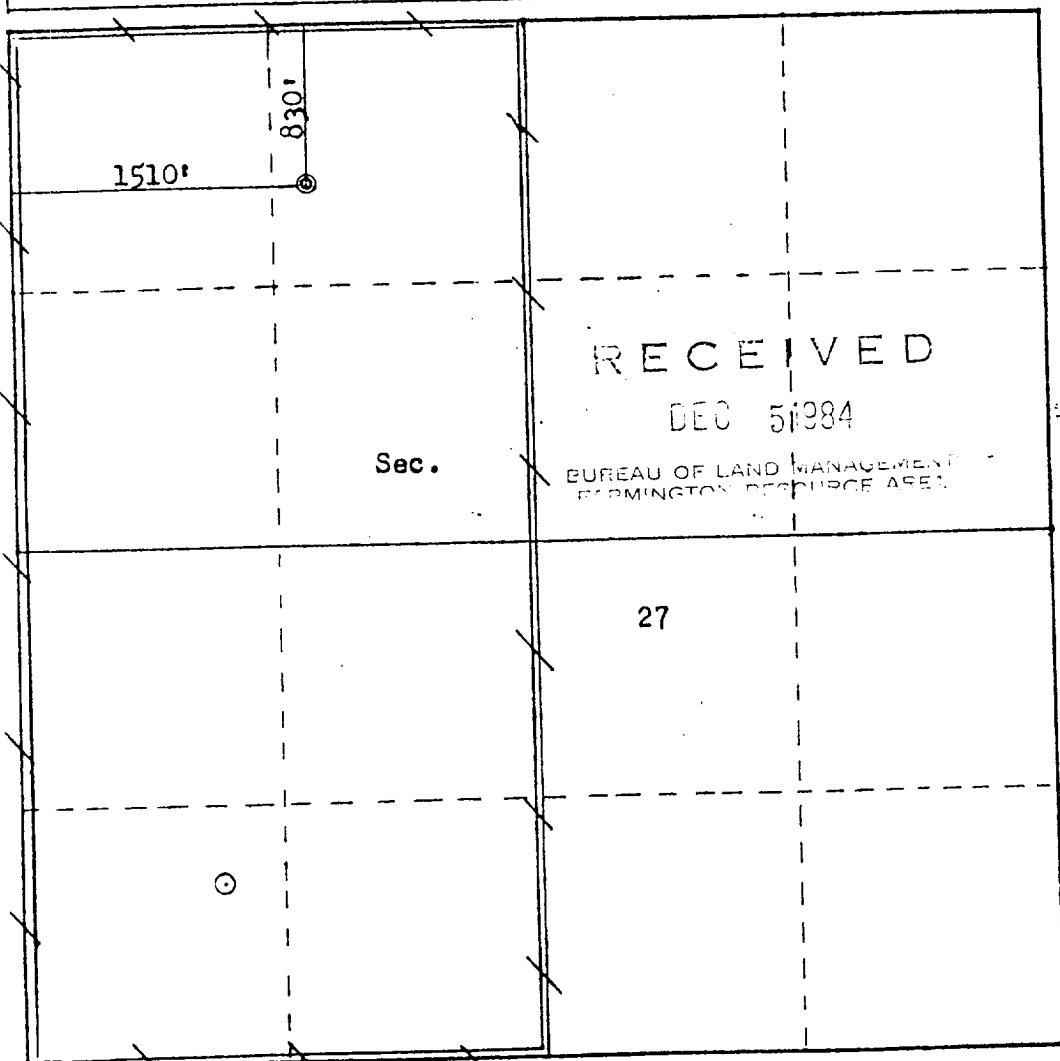
Operator SOUTHERN UNION EXPLORATION COMPANY		Lease HODGES		Well No. 11E
Unit Letter C	Section 27	Township 26N	Range 8W	County San Juan
Actual Footage Location of Well: 830 feet from the North line and 1510 feet from the West line				
Ground Level Elev: 6608	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

OPERATOR

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Jeffrey J. Bollschweiler

Name *J. Bollschweiler*

Position **Drig. & Prod. Engineer**

Company **Southern Union Exploration**

Date **December 4, 1984**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed **November 30, 1984**

Registered Professional Engineer and Land Surveyor

Fred B. Kerr Jr.
Fred B. Kerr Jr.

Certificate No. **3950**

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd. Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994
instructions on back

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-26177		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal			
4 Property Code 18106		5 Property Name Hodges				6 Well Number Well #11E	
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500				9 Elevation 6606' GL	

10 Surface Location

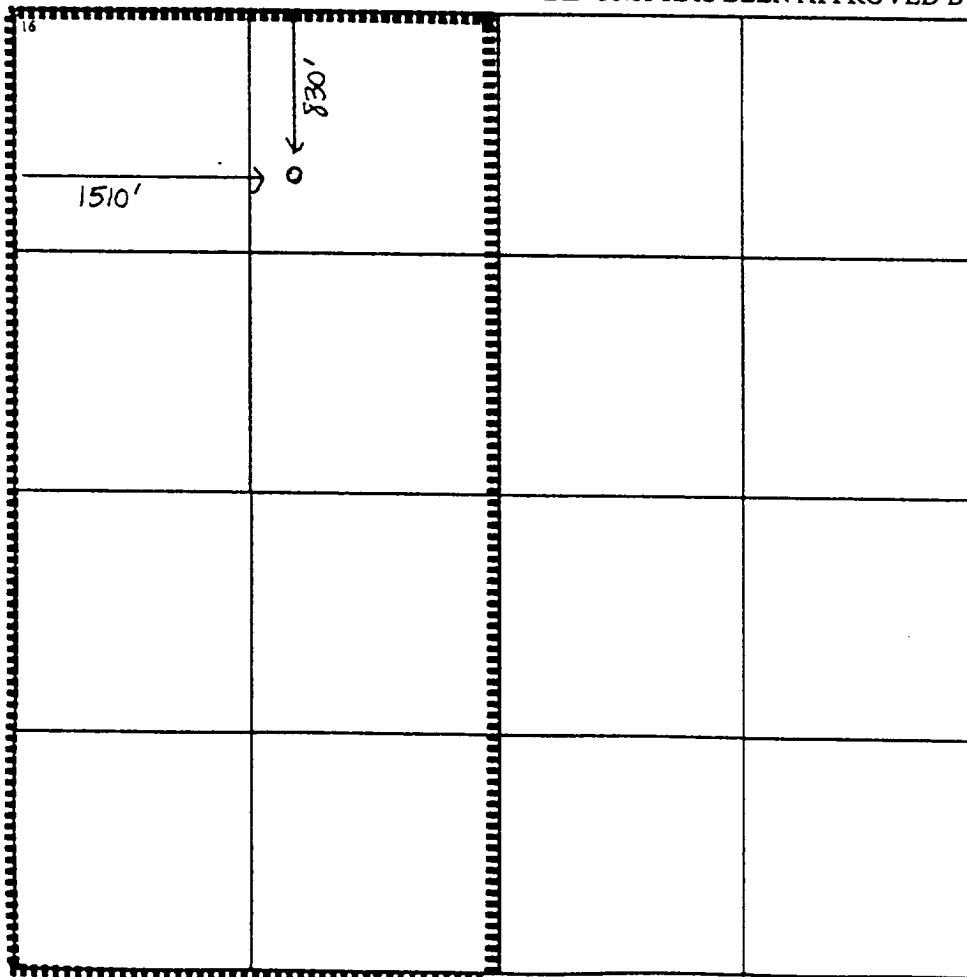
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	27	26N	8W		830	North	1510	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Jerry W. Hoover
Signature
Jerry W. Hoover
Printed Name

Sr. Conservation Coordinator
Title

Sept. 8, 1997
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number

Hodges #11E
 API # 30-045-26177
 Section 27, T-26-N, R-8-W
 San Juan County, NM

RE: Non-Orthodox location Request

Offset Operators:

Burlington Resources
 PO Box 4289
 Farmington, NM 87499

Chateau Oil & Gas
 2515 McKinney Ave STE 840
 Dallas, TX 75201

R C Resources
 8340 Meadow Rd STE 230
 Dallas, TX 75231

P 497 374 044

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	RC Resources
Street & Number	8340 Meadow Rd STE 230
Post Office, State, & ZIP Code	DALLAS, TX 75231

P 497 374 046

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for international Mail (See reverse)

Sent to	Burlington Resources
Street & Number	PO BOX 4289
Post Office, State, & ZIP Code	Farmington, Nm

P 497 374 045

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	Chateau Oil & Gas
Street & Number	2515 McKinney Ave STE 840
Post Office, State, & ZIP Code	DALLAS, TX 75201
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

SF 078432

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Hodges Well # 11E

9. API Well No.

30-045-26177

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone No.

10 DESTA DR. STE. 100W, MIDLAND, TX. 79705-4500 (915) 686-5424

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

830' FNL & 1510 FWL
Section 27, T-26-N, R-8-W

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Repon	<input checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracuring
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Repon results of multiple completion Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

It is proposed that this well be recompleted in the Fruitland Coal using the following procedure:

1. RIH w/CIBP set @ 6750', Dump 10' CMT on top of CIBP
2. RIH w/ GR/CCL logs, log from 2600-1800', perforate Fruitland Coal
3. Fruitland Coal Perforations: 2089-2348'
4. RIH w 2 3/8 tbg @ 2350', clean up perms w/700 gals 15% HCL
5. Fracture stimulate Fruitland Coal
6. RIH w/ 2 3/8" tbg land @ 2008'
7. Put well on production

Note: Amount of cement does NOT meet the requirements for PAA of the formation. (DR-TA)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

*** An unorthodox Fruitland Coal application will be filed with OCD

RECEIVED
FILED
SEP 11 AM 10:59
BLM BUREAU OF LAND MANAGEMENT

14. I hereby certify that the foregoing is true and correct

Signature

Jerry W. Hoover

Title

Jerry W, Hoover
Sr. Conservation Coordinator

Date

Sept 8, 1997

(This space for Federal or State office use)

Approved by

Dean Sp...

Title

Tom Lewis

Date

9/15/97

BLM(6), NMOCD(1), SHEAR, PONCA, COST ASST, FILE ROOM