



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

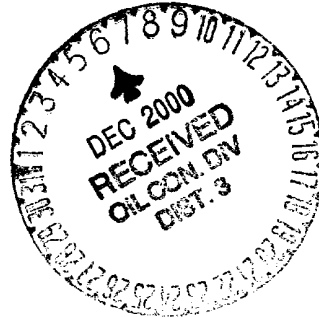
GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER DHC-2859

Conoco Inc.
P.O. Box 2197
DU 3066
Houston, Texas 77252-2197

Attention: Ms. Deborah Marberry



*San Juan 28-7 Unit No. 29
API No. 30-039-07459
Unit L, Section 7, Township 28 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Basin-Fruitland Coal (Gas – 71629),
Blanco-Pictured Cliffs (Gas – 72359) and
Blanco-Mesaverde (Prorated Gas - 72319) Pools*

Dear Ms. Marberry:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the well shall be allocated as follows:

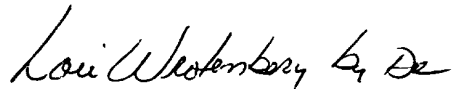
Oil and gas production from the Blanco-Mesaverde Gas Pool shall be determined by utilizing the production forecast submitted as an attachment to the downhole commingling application. Oil and gas production from the Basin-Fruitland Coal and South Blanco-Pictured Cliffs Gas Pools shall be determined by subtracting Blanco-Mesaverde Gas Pool production from the well's total monthly oil

and gas production. (Note: Subsequent to completion and production testing, the applicant shall consult with the supervisor of the Division's Aztec District Office in order to establish a fixed allocation of production for the Basin-Fruitland Coal and South Blanco-Pictured Cliffs Gas Pools. After approval by the Division's Aztec District Office, the applicant shall provide this fixed allocation to the Santa Fe Office of the Division.)

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 4th day of December, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a stylized flourish or initial.

LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec /
Bureau of Land Management-Farmington