



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

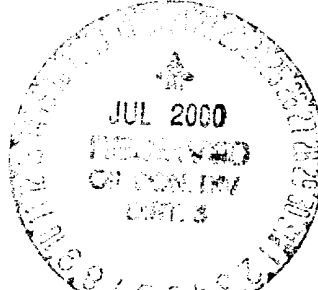
Lori Wrotenbery
Director
Oil Conservation Division

July 20, 2000

Conoco, Inc.
P. O. Box 2197 - DU3066
Houston, Texas 77252

Telefax No. (281) 293-5466

Attention: Deborah Marberry



Re: *Administrative application dated July 14, 2000 for an off-pattern non-standard Basin-Fruitland coal well location for the proposed San Juan "28-7" Unit Well No. 278 (API No. 30-039-26439) to be drilled 1840 feet from the South line and 1110 feet from the East line (Unit I) of Section 35, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.*

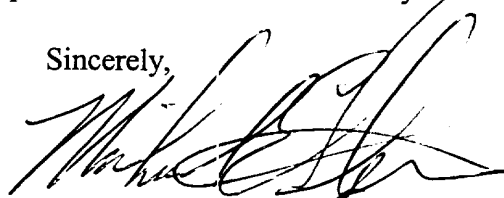
Dear Mr. Marberry:

In reviewing the subject application, I found that the E/2 equivalent (Lots 1 and 2, the NE/4 and the N/2 SE/4) of Section 35, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, being a standard 327.70-acre gas standard stand-up spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool, is currently dedicated to Conoco, Inc.'s San Juan "28-7" Unit Well No. 7 (API No. 30-039-07265), located at a standard coal gas well location 990 feet from the North and East lines (Unit A) of Section 35. The Basin-Fruitland Coal (Gas) Pool is an "unprorated gas pool" not subject to the provisions of Division Rules 601 through 605. However, this pool is subject to:

- (i) the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, which require standard 320-acre gas spacing and proration units, with wells to be located in either the NE/4 or SW/4 of a single governmental section and shall be no closer than 660 feet to any outer boundary of the proration unit nor closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary; and
- (ii) Division Rule 104.D (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which restricts the number of producing wells within a single gas spacing unit within non-prorated pools to only one (see also Division Notice dated October 25, 1999).

Your request to drill and complete the above-described San Juan "28-7" Unit Well No. 278 in the Basin-Fruitland Coal (Gas) Pool within the SE/4 equivalent of Section 35 is hereby **denied**.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Chief Hearing Officer/Engineer

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

CONOCO

NSL 8/7/00

July 14, 2000

New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

RE: San Juan 28-7 #278
Blanco P.C. South/Basin Fruitland Coal
Sec. 35, T28N, R7W
Rio Arriba County
API # - 30-039-26439

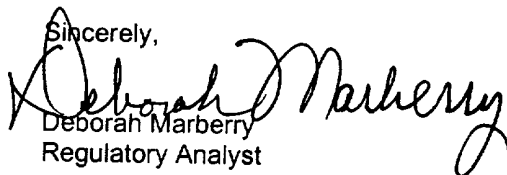
Dear Michael:

Conoco requests an unorthodox location for the above well located 1840' FSL & 1110' FEL Unit I. This well is located interior to the boundaries of the 28-7 Unit and does not affect any other unit. Conoco is the only operator in the 28-7 Unit.

This requests allows Conoco the ability to access the Fruitland Coal within a new wellbore removing the risk of mechanical complications in existing wellbores.

If you have any questions or need additional information please give me a call @ (281) 293-1005. Thank you for your time.

Sincerely,


Deborah Marberry
Regulatory Analyst

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

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

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72439 / 71629	SOUTH BLANCO PICTURED CLIFFS/BASIN FRUITLAND COAL
*Property Code	*Property Name		*Well Number
016508	SAN JUAN 28-7 UNIT		278
*GRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		6098'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 101	Feet from the	North/South line	Feet from the	East/West line	County
I	35	28N	7W		1840	SOUTH	1110	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

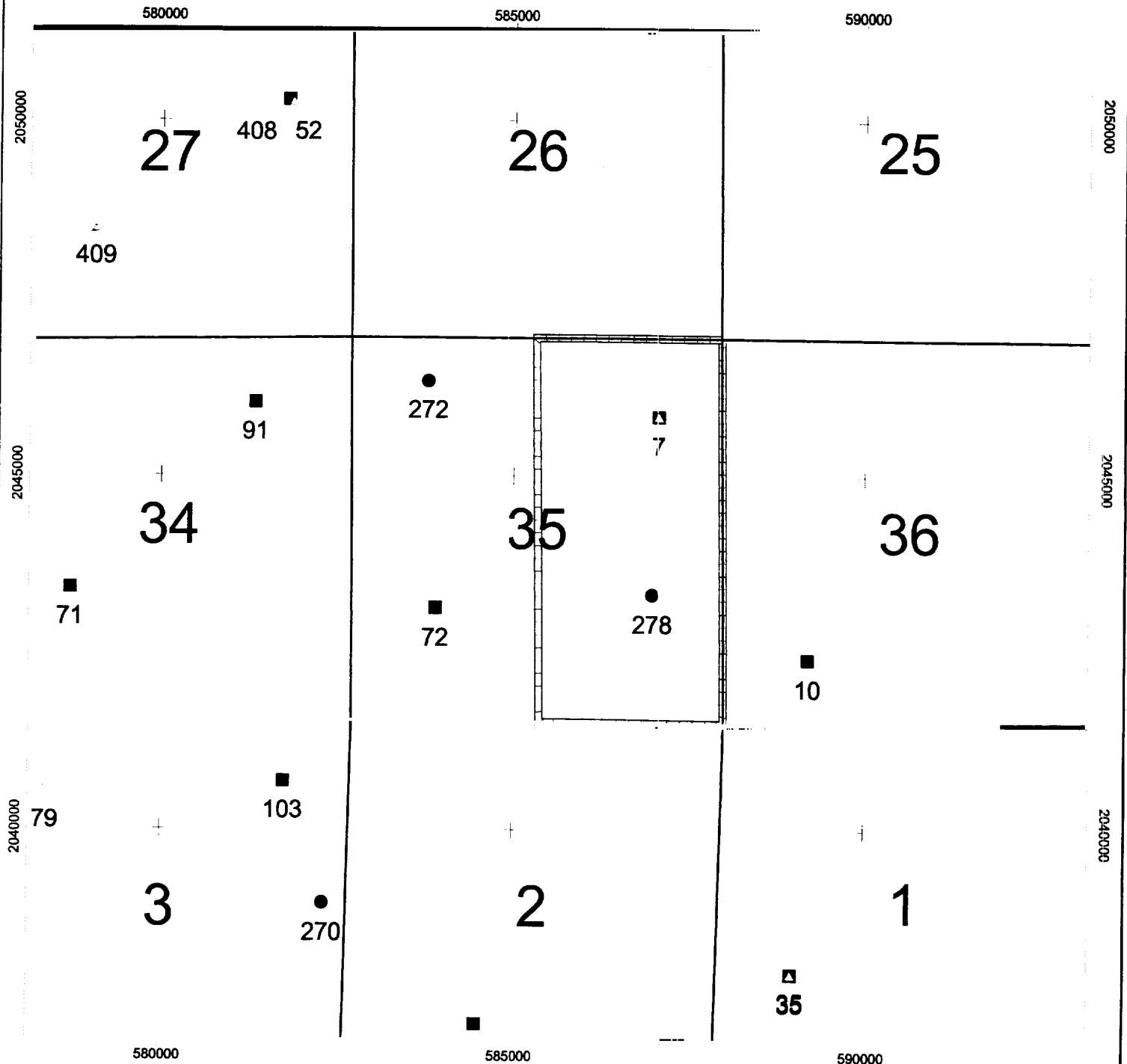
UL or lot no.	Section	Township	Range	Lot 101	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Initial	¹⁴ Consolidation Code	¹⁵ Order No.
327.70			

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

<p>5280.00'</p> <p>2640.00'</p> <p>1320.00'</p> <p>1372.80'</p> <p>LOT 4</p> <p>LOT 3</p> <p>LOT 2</p> <p>LOT 1</p> <p>5274.06'</p> <p>1840'</p> <p>1110'</p> <p>1320.00'</p> <p>1471.80'</p>				<p>¹⁶ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature</p> <p>JoAnn Johnson</p> <p>Printed Name</p> <p>Sr. Property Analyst</p> <p>Title</p> <p>Date</p> <p>¹⁷ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>MAY 19, 2000</p> <p>Signature and Seal</p> <p>NEALE C. EDWARDS</p> <p>NEW MEXICO</p> <p>6857</p> <p>Certificate Number</p> <p>6857</p>	
---	--	--	--	--	--

T28N R7W Section 35



NOTES

Conoco operates all wells within the 28-7 Unit. The wells represented show only Fruitland Coal and Pictured Cliffs wells. This well is interior to the 28-7 Unit. This unorthodox location is being requested in order to access Fruitland Coal reserves from this well bore removing the risk of mechanical complication in reworking existing well bores.

- Proposed Locations
- Fruitland Coal
- Pictured Cliff



CONOCO 28-7 UNIT
FC & PC PRODUCERS
 San Juan 28-7 #278
 Unorthodox Location

Author: Angela Whitfield	Date: 7/11/00
Compiled by:	Map 1 of 1