

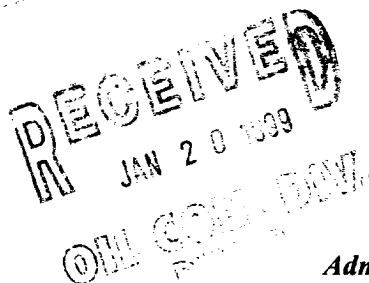


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 11, 1999

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



Administrative Order NSL-4194


Dear Ms. Maddox:

Reference is made to your application dated December 1, 1998, which was received by the Division on December 22, 1998, for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Lackey "B-LS" Well No. 14-E (API No. 30-045-24052), located 1120 feet from the North line and 1850 feet from the West line (Unit C) of Section 30, Township 28 North, Range 9 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 Lackey "B-LS" Well No. 14-E was initially drilled in 1980 by El Paso Natural Gas Company and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 302.62-acre gas spacing and proration unit comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 30.

It is our understanding that Conoco, Inc. intends to abandon the Dakota interval in this well at this time and to recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. The location of this well is considered to be unorthodox, pursuant to the "Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool," as promulgated by Division Order No. R-8768, as amended. Further, the N/2 equivalent of Section 30 is to be dedicated to this well in order to form a standard 302.62-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 these special pool rules, the above-described unorthodox coal gas well location for the Lackey "B-LS" Well No. 14-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

December 1, 1998

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

Re: Unorthodox Coal Location
Lackey B LS #14E
API # 30-045-24052
Section 30, T-28-N, R-9-W, C
1120' FNL & 1850' FWL
San Juan, New Mexico

RECEIVED
DEC 21 1998
OIL CON. DIV.
DIST. 3

Dear Mr. Stogner,

The subject well is currently producing 25 mcf/d. This well has historically been a poor producer regardless of the fact that a large frac job was instigated. The Lackey B LS #14E has remaining Dakota reserves of 165 MMCF. It has been proposed to install a CIBP over the Dakota with the intent of producing this zone again in the future. Conoco would like to test the Fruitland coal in this unorthodox NW/4 location not only because of the poor performance of the Dakota but also because this wellbore is tax-credit qualified which enhances the economics of attempting to complete and produce the Fruitland Coal. The Lackey B LS #14E meets the set back requirements but is situated in the NW/4 of Section 30; an orthodox North half location would be in the NE/4.

The offset operator plat shows that Burlington Resources & Taurus 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 any further questions concerning this application please call me at (915) 686-5798.

Sincerely,

Kay Maddox

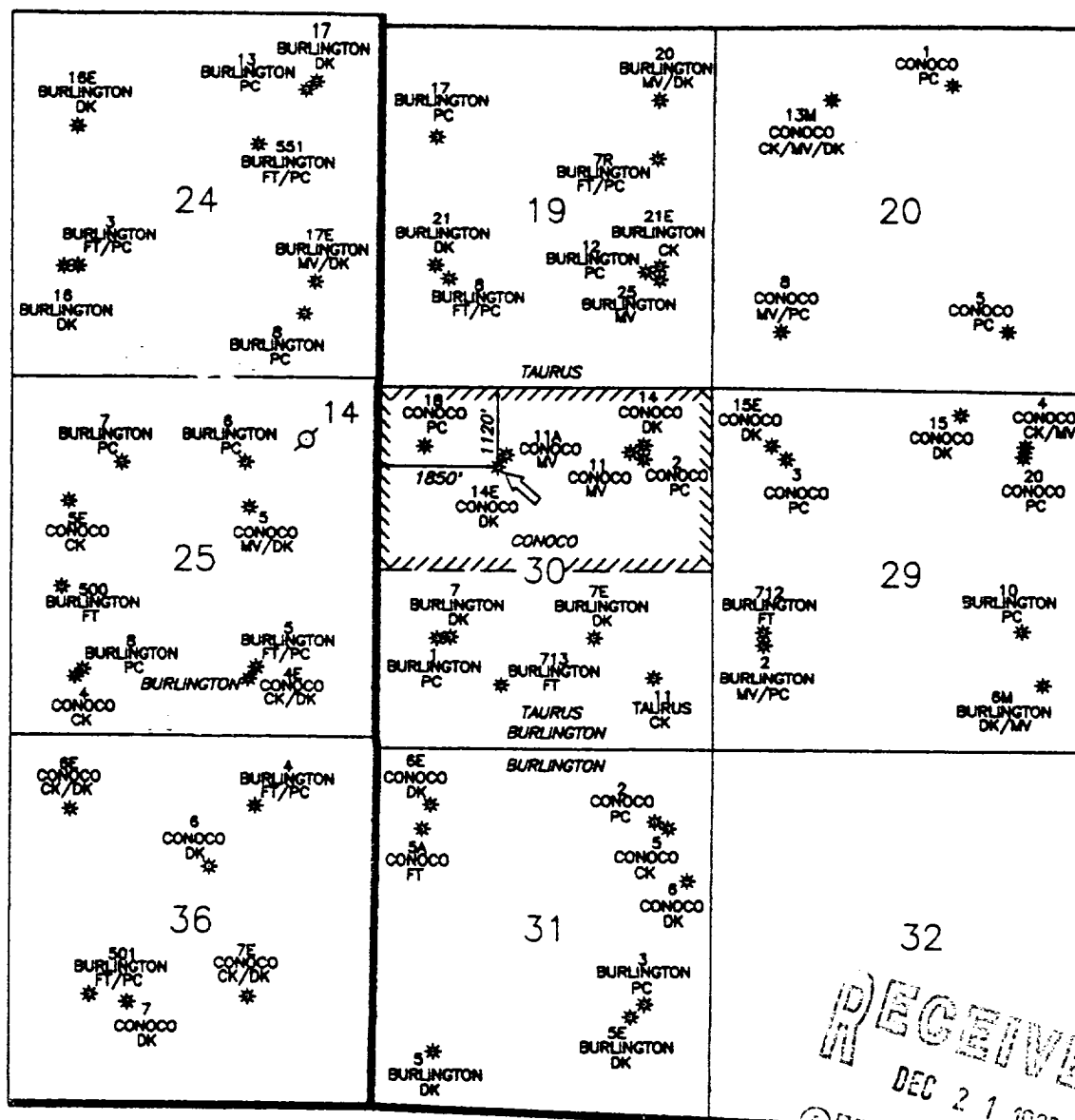
Kay Maddox
Regulatory Agent - Conoco, Inc.

KM/

Cc: Oil Conservation Division - Aztec

R 10 W

R 9 W

T
28
N

NOTES

DATE: 12/17/98

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

NON-ORTHODOX
FRUITLAND COAL

Lackey B LS No. 14E, Sec. 30, T28N, R9W
San Juan County, New Mexico

STATE	AP ¹	COUNTY	WELL	DRAWING
30	\	045	\	24052
				LACK_1E

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

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

PO Box 2088
Santa Fe, NM 87504-2088

Fee Lease - 3 Copies

☐ AMENDED REPORT

API Number 30-045-24052	2 Pool Code 71629	3 Pool Name Basin Fruitland Coal
4 Property Code 22395	5 Property Name Lackey B LS	6 Well Number #14E
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation

UL orig no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	28N	9W		1120'	North	1850'	West	San Juan

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.					

1850'

1120'

RECEIVED
DEC 21 1993
N. CON. DIV.

Certificate Number

December 11, 1998

RE: Application for Unorthodox Coal Location
Lackey B LS # 14E
API # 30-045-24052
Section 30, T-28-N, R-9-W, C
1120' FNL & 1850' FWL
San Juan, New Mexico

NOTIFICATION OF OFFSET OPERATORS:

Taurus Exploration
2101 6th Ave n
Birmingham, Al 35203-2784

Burlington Resources
PO Box 4289
Farmington, NM 87499

A copy of the Unorthodox location application has been sent to the above listed parties by certified mail – see attached evidence.

Z 137 527 964

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to <i>Burlington Resources</i>	
Street & Number <i>PO Box 4289</i>	
Post Office, State, & ZIP Code <i>Farmington, NM 87499</i>	
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

Z 137 529 963

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to <i>Taurus Exploration</i>	
Street & Number <i>2101 6th Ave N</i>	
Post Office, State, & ZIP Code <i>Birmingham, AL 35203-278</i>	
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