



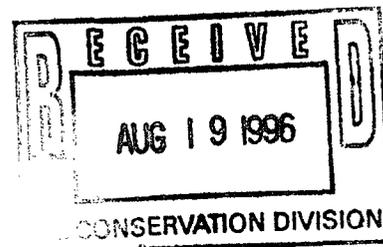
9/9/96

Midland Division
Exploration Production

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

August 16, 1996

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



Re: Unorthodox Location Approval for the San Juan 28-7 No. 234,
2150' FSL & 1840' FEL, Sec. 15, T-28N, R-7W, Rio Arriba

Gentlemen:

The subject well was drilled in 1975 by El Paso Natural Gas Company in the east half of section 15, T-28N, R-7W as shown by the original C-102 which is submitted as EXHIBIT A. It was completed and produced in the Dakota formation with the 320 acres of the east half of section 15 dedicated to production from the Basin Dakota Pool.

According to the Basin Dakota Pool Rules a well "shall not be located closer than 790' to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary." This location is unorthodox only in respect to the northern boundary of the SE quarter-section of section 15 where it is only 490' from this boundary instead of the required 790'.

While I do not have the complete history of this well, it has more recently been operated by Amoco until Conoco assumed operator ship of the San Juan 28-7 Unit a couple of years ago. Since the Dakota is essentially depleted, Conoco has proposed recompleting the wellbore to the Mesaverde. In pursuing this recompletion with the Aztec District OCD Office, neither they nor Conoco has been able to determine that this location, which is unorthodox according to both the Dakota and Mesaverde Pool rules, was ever approved as an unorthodox location for production from the Dakota. It appears that this well has produced for twenty years from the Dakota without approval for its unorthodox location.

In light of the potential for additional recovery from the Mesaverde formation, Conoco requests an exception to the well location requirements of rules 104.B and 104.C and the Mesaverde Pool rules based on geographic conditions that obviously prevented El Paso from drilling at a standard location in 1975.

EXHIBIT B is a topographic map of Section 15, T-28N, R-7W which shows the location of well No. 234. Examination of this map shows that the well was located on the floor of Delgadita Canyon in a ravine descending from the top of Delgadita Mesa to the south. It appears that El Paso was constricted by topographical conditions in moving the location far enough south to produce a standard location.

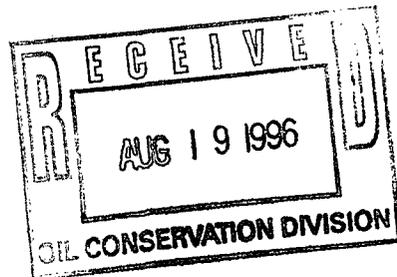
The most efficient and valid way to maximize hydrocarbon recovery from this quarter-section for its interest and royalty owners from this depleted Dakota completion is to recomplete for salvage reserves from the Mesaverde formation. Approval of this unorthodox location to allow that recompletion will prevent waste and be in the best interests of the correlative rights of all affected parties.

Section 15 and this spacing unit is located in the interior of the San Juan 28-7 Unit and is offset only by Conoco as operator of the unit. Therefore, no offset notice is required for this application.

If there are any further questions concerning this application please contact me at (915) 686-6548. Thank you.

Very truly yours,


Jerry W. Hoover
Sr. Conservation Coordinator



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

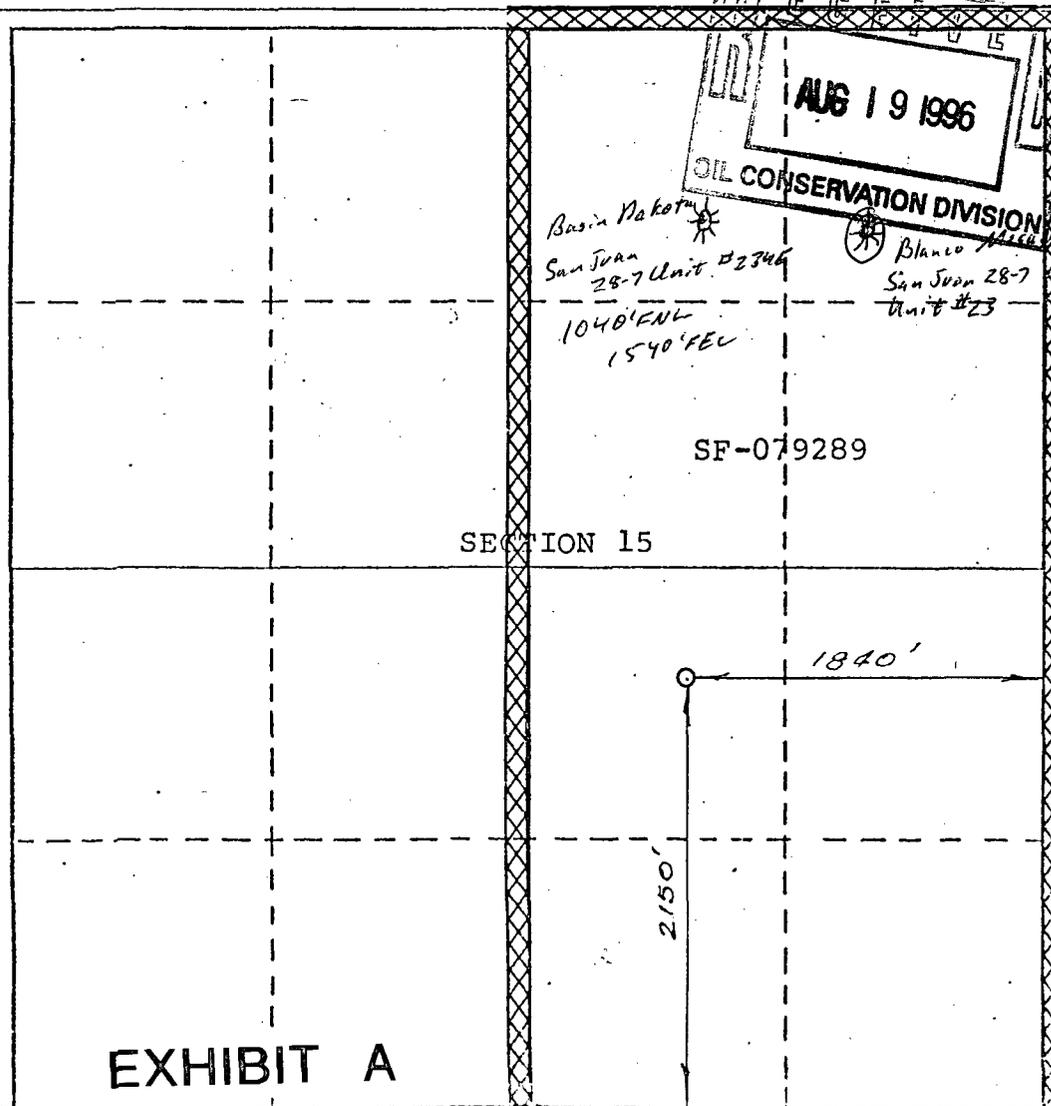
Operator EL PASO NATURAL GAS COMPANY		Lease SAN JUAN 28-7 UNIT (SF079289)		Well No. 234
Unit Letter J	Section 15	Township 28-N	Range 7-W	County RIO ARRIBA
Actual Footage Location of Well: 2150 feet from the SOUTH line and 1840 feet from the EAST line				
Ground Level Elev. 6177	Producing Formation DAKOTA	Pool BASIN DAKOTA	Dedicated Acreage: 320.00 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 Unitization

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.



RECEIVED

CERTIFICATION

AUG 30 1975

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

Original Signed by
Name **D. G. Briscoe**

Position **Drilling Clerk**

Company **El Paso Natural Gas Co.**

Date **January 29, 1975**

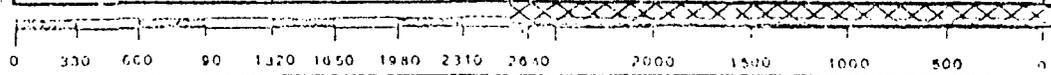
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

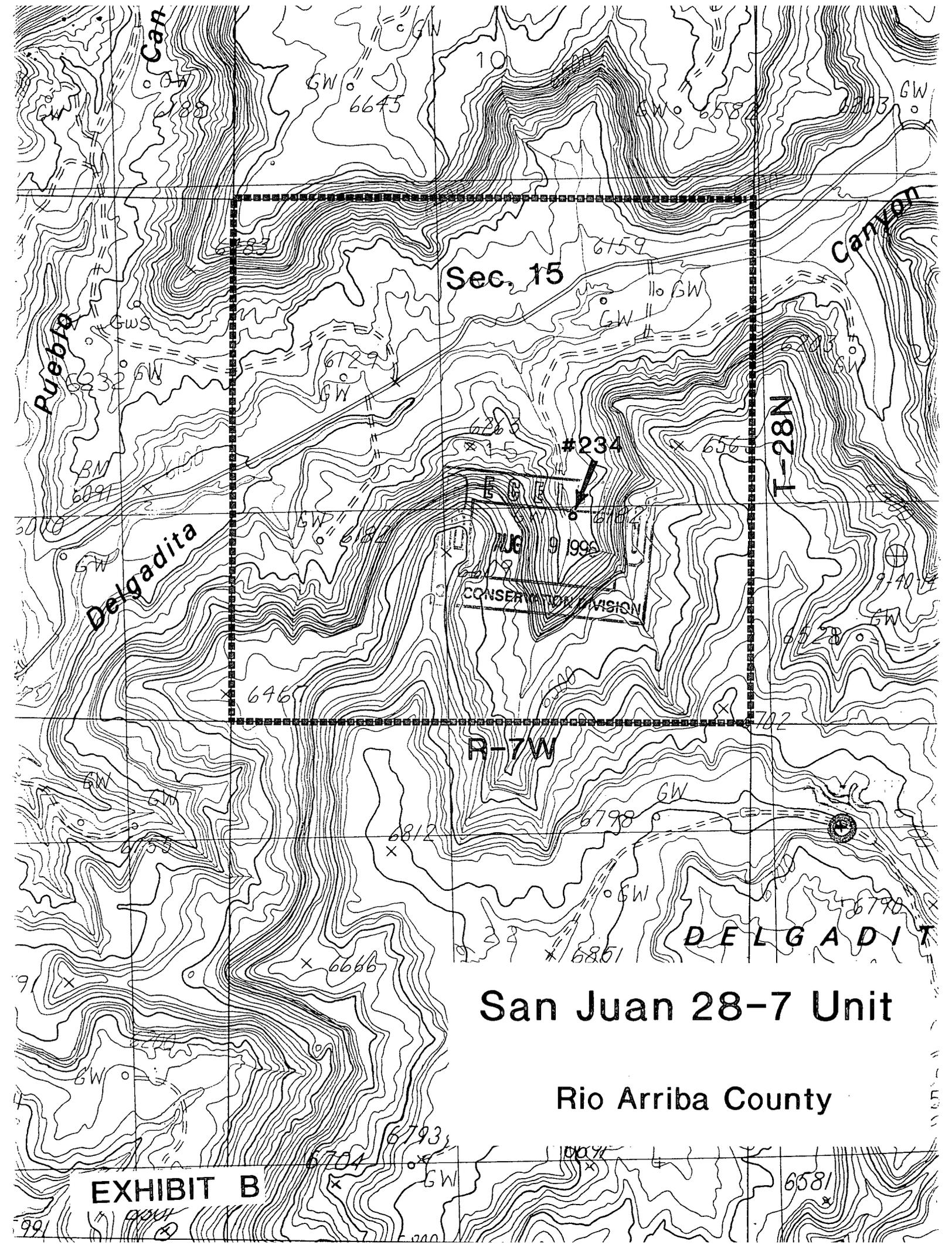
Date Surveyed
AUGUST 12, 1974

Registered Professional Engineer and/or Land Surveyor

[Signature]

Certificate No. **1760**





Sec. 15

#234

JUG 9 1996
CONSERVATION DIVISION

R-7W

T-28N

DELGADITA

San Juan 28-7 Unit

Rio Arriba County

EXHIBIT B

Mike Stogner

From: Mike Stogner
To: Ernie Busch
Subject: RE: CONOCO (NSL)
Date: Tuesday, August 27, 1996 11:12AM

Got your phone message from this morning concerning this application, which was received on the 19th of August. I was in fact working on an order in Case 11567 (application by Conoco), I've put case 11567 aside and am now reviewing the subject administrative application. If there is any problem with it I'll contact you, if you don't hear from me by this afternoon then all is okay.

From: Ernie Busch
To: Mike Stogner
Subject: CONOCO (NSL)
Date: Tuesday, August 27, 1996 10:54AM
Priority: High

SAN JUAN 28-7 UNIT #234
J-15-28N-07W
2150' FSL; 1840' FEL
RECOMMEND: APPROVAL

Mike Stogner

From: Ernie Busch
To: Mike Stogner
Subject: CONOCO (NSL)
Date: Tuesday, August 27, 1996 10:54AM
Priority: High

SAN JUAN 28-7 UNIT #234
J-15-28N-07W
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