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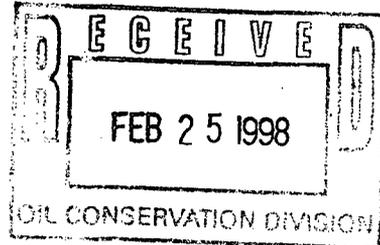
NSL 3/17/98

Mid-Continent Region
Exploration/Production

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

February 23, 1998

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



RE: Application for Non-Standard Location
San Juan 28-7 Unit Well # 261

Dear Mr. Stogner,

The proposed recompletion of this well in the Mesaverde requires a non-standard order. This well is located in Section 5, T-27-N, R-7-W Rio Arriba County, New Mexico and is currently producing from the Basin Dakota. The Mesaverde/ Dakota pool rules require a standard location to be 790' from the center Section line. This well is located 2153' FWL & 1240' FSL. The well is only 485' from the center section line. After searching all files a call was placed to the OCD to see if a non-standard location order was granted for the Dakota. No order could be found. We would like to request a non-standard location order be given for the Dakota and the Mesaverde.

As shown on the attached production for the Dakota, there is insufficient evidence to justify drilling stand alone wells. Utilization of the San Juan 28-7 Well #261 will prevent economic waste by allowing access to the Mesaverde in an existing wellbore. An application to downhole commingle production utilizing the subtraction method has been filed.

The offset operator plat shows the operators that could be affected by this non-standard location. Conoco, Inc is the only offset operator.

A non-standard location order is requested based on the reasons given. If there are further questions concerning this application please call me at (915) 686-5798.

Sincerely,
Kay Maddox
Kay Maddox
Regulatory Agent

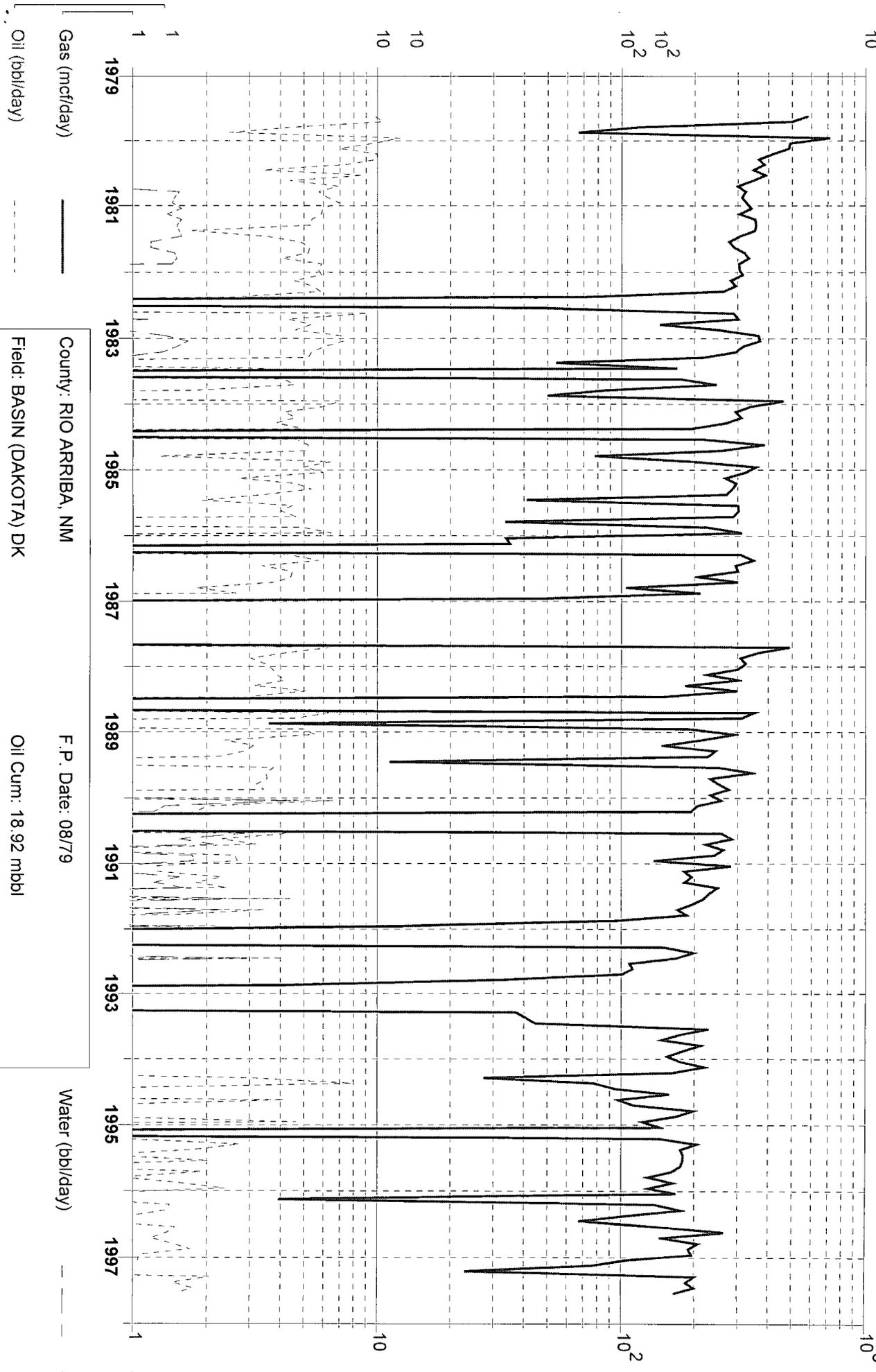
cc: Oil Conservation Division - Aztec
William J LeMay, Director - OCD, Santa Fe

Dwights

Lease: SAN JUAN 28 7 UNIT (261)

02/19/98

Retrieval Code: 251,039,27N07W05N00DK



County: RIO ARriba, NM

F.P. Date: 08/79

Field: BASIN (DAKOTA) DK

Oil Cum: 18.92 mbbl

Reservoir: DAKOTA

Gas Cum: 1290 mmcf

Operator: CONOCO INC

Location: 5N 27N 7W

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

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 30-039-21670		2 Pool Code 72319		3 Pool Name Blanco Mesaverde	
4 Property Code 016608		5 Property Name San Juan 28-7 Unit			6 Well Number 261
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 6752' GL

10 Surface Location

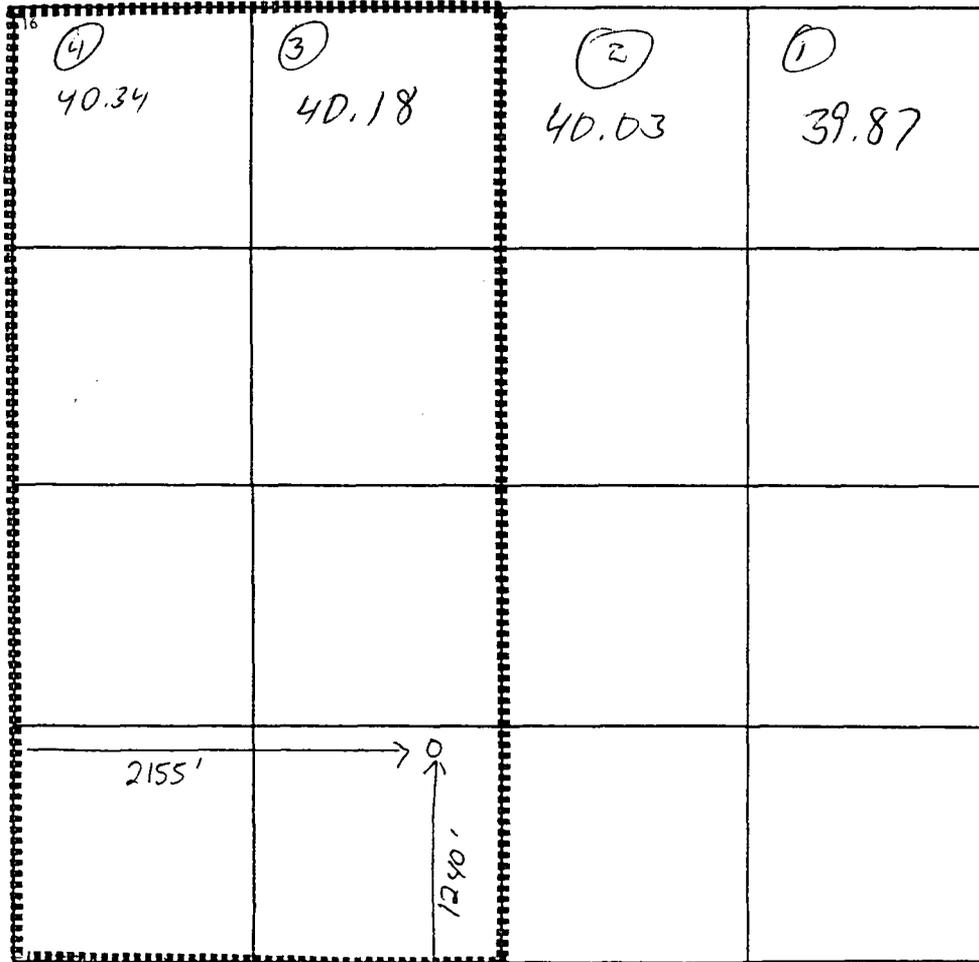
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	5	27N	7W		1240	South	2155	West	Rio Arriba

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

Kay Maddox
 Signature
 Kay Maddox
 Printed Name
 Regulatory Agent
 Title
 January 6, 1998
 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

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.

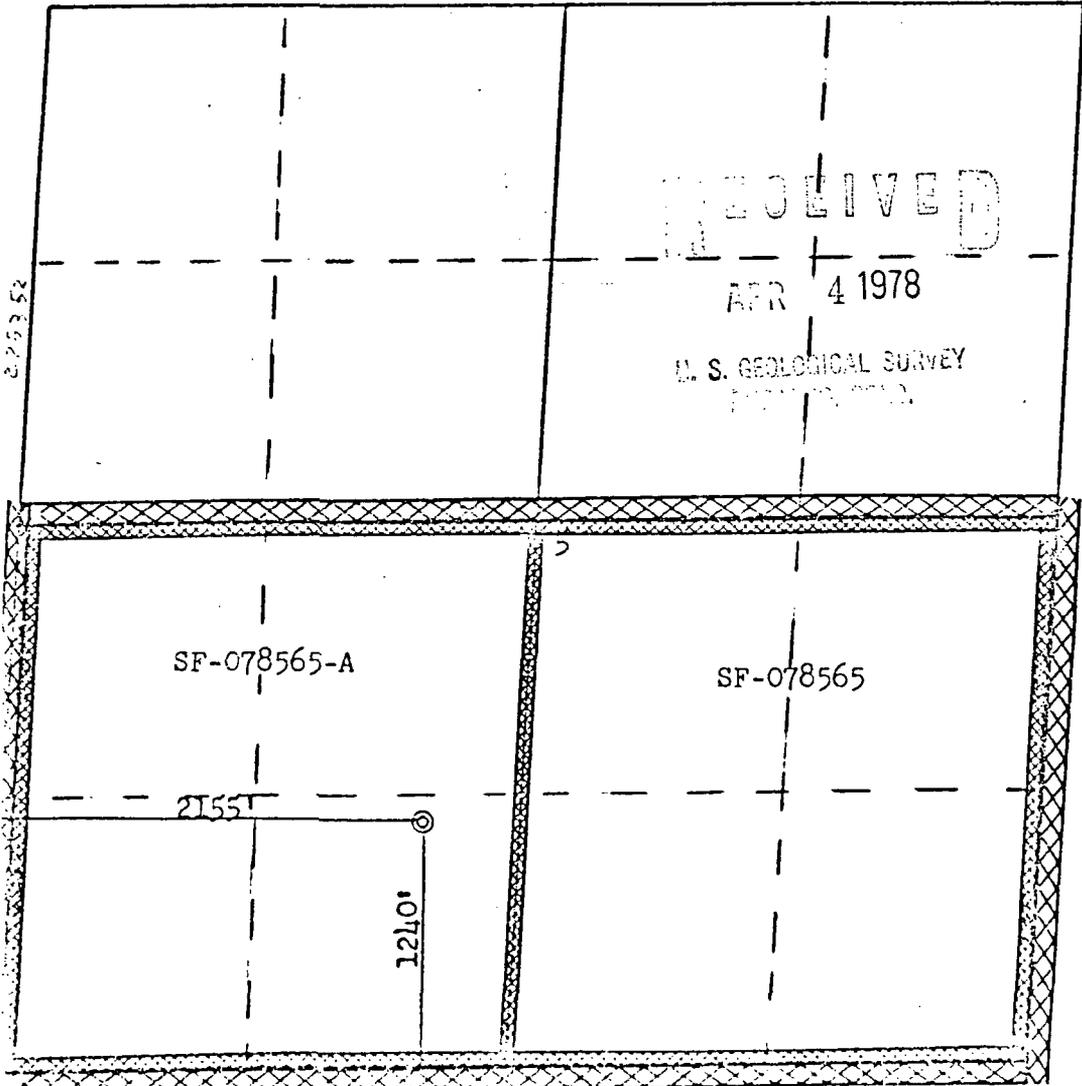
Operator El Paso Natural Gas Company			Lease San Juan 28-7 Unit (SF-078565-A)		Well No. 261
Unit Letter N	Section 5	Township 27N	Range 7W	County Rio Arriba	
Actual Footage Location of Well: 1240 feet from the South line and 2155 feet from the West line					
Ground Level Elev: 6752	Producing Formation 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. Dedication Changed 2-27-78



CERTIFICATION

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

H. P. Guice

Name
Drilling Clerk
Position
El Paso Natural Gas
Company
March 30, 1978
Date

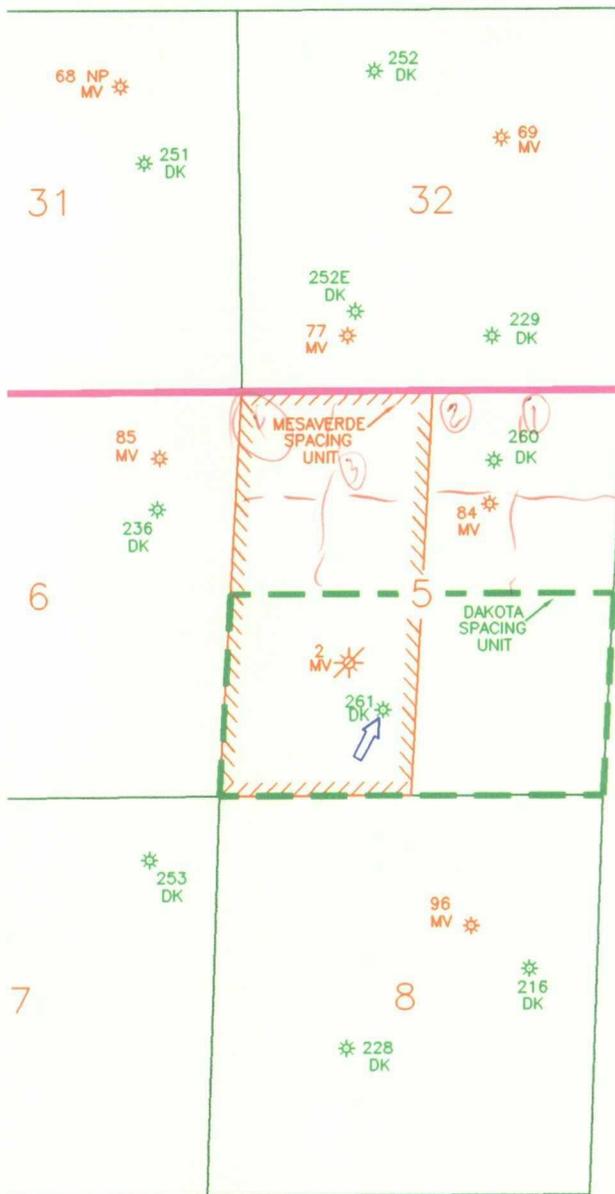
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
February 23, 1978
Registered Professional Engineer and Land Surveyor
Fred B. Karr Jr.
Fred B. Karr Jr.
Certificate No.

3950

R 8 W

T
28
N



T
27
N

**SAN JUAN 28-7 UNIT
RIO ARRIBA CO., N.M.**

<p>NOTES</p> <p>NOTE: LOCATION IS NON-STANDARD TOWARDS AN INTERIOR UNIT LINE. CONOCO OPERATES ALL WELLS IN SJ 28-7 UNIT.</p>	<p>DATE: 02/21/98</p>	<p>conoco EPNGNA MIDLAND DIVISION</p>		
	<p>DRAWN BY: GLG</p>			<p>CONOCO 28-7 UNIT MESAVERDE & DAKOTA PRODUCERS San Juan 28-7 Unit #261 Non-Standard Location</p>
	<p>CHECKED BY:</p>	<p>STATE API WELL</p> <p>30 \ 039 \ 21679</p>		<p>DRAWING</p> <p>28-7_261</p>
	<p>APPROVED BY:</p>	<p>CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705</p>		
	<p>SCALE: 1" = 2640'</p>	<p>STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003</p>		
	<p>STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003</p>	<p>CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705</p>		



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-1798

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Ms. Kay Maddox

*San Juan 28-7 Unit No. 261
API No. 30-039-21670
Unit N, Section 5, Township 27 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) Pools*

Dear Ms. Maddox:

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 subject well shall be allocated as follows:

Gas and oil production from the Basin-Dakota Gas Pool shall be determined utilizing the mid-year average production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly oil and gas production.

Administrative Order DHC-1798

Conoco Inc.

February 24, 1998

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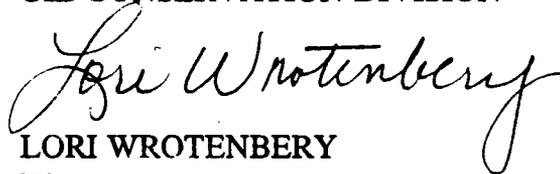
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., 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 24th day of February, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

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