



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 17, 1998

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500
Attention: Kay Maddox

Administrative Order NSL-3977

Dear Ms. Maddox:

Reference is made to your application dated February 23, 1998, which was received by the Division in Santa Fe on February 25, 1998, for an unorthodox gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools for the existing San Juan "28-7" Unit Well No. 250 (30-039-21637) located 2500 feet from the South line and 1475 feet from the West line (Unit K) of Section 30, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Production from the Blanco-Mesaverde Pool is to be included in an existing standard 305.76-acre gas spacing and proration unit comprising Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of said Section 30, which is currently dedicated to Conoco Inc.'s: (i) San Juan "28-7" Unit Well No. 94 (API No. 30-039-07282), located at a standard gas well location 800 feet from the South line and 1850 feet from the West line (Unit N) of said Section 30; and (ii) San Juan "28-7" Unit Well No. 94-A (API No. 30-039-22348), located at a standard gas well location 1520 feet from the North line and 820 feet from the West line (Lot 2/Unit E) of said Section 30. Production from the Basin-Dakota Pool is to be included in an existing non-standard 342.17-acre gas spacing and proration unit (approved by Division Order No. R-2948, dated August 16, 1965) comprising Lot 4 and the SE/4 SW/4 of Section 19 and Lots 1, 2, 3, and 4, the E/2 NW/4, and the NE/4 SW/4 of Section 30, both in Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to the aforementioned San Juan "28-7" Unit Well No. 250.

It is our understanding that Conoco Inc. intends to downhole commingle both the Blanco-Mesaverde and Basin-Dakota Pools in said well under authority of Division Administrative Order DHC-1800, dated February 24, 1998.

By the authority granted me under the provisions of Rule 2(d) of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox gas well location for the San Juan "28-7" Unit Well No. 250 is hereby approved. All of the aforementioned wells and both

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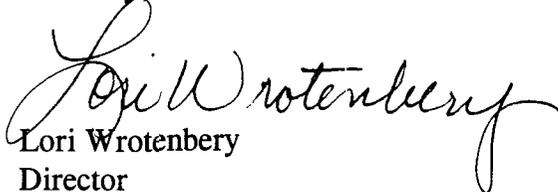
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GPU's will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrottenbery". The signature is written in black ink and is positioned above the printed name and title.

Lori Wrottenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel - Santa Fe
Jimmy D. Carlile, Conoco, Inc. - Midland, Texas
File: DHC-1800