



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 13, 1998

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

Administrative Order NSL-4000

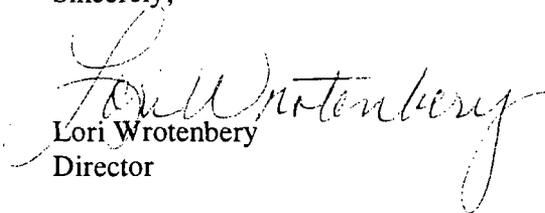
Dear Ms. Maddox:

Reference is made to your application dated March 17, 1998 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Hodges Well No. 1-Y (API No. 30-045-24354), located 1770 feet from the North line and 860 feet from the West line (Unit E) of Section 21, Township 26 North, Range 8 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 Hodges Well No. 1-Y was initially drilled in 1980 by Supron Energy Corporation and completed at a standard gas well location in the Ballard-Pictured Cliffs Pool within a standard 160-acre gas spacing and proration unit comprising the NW/4 of said Section 21.

It is our understanding that the Basin-Fruitland Coal (Gas) Pool is to be perforated and said well will be recompleted such that gas production from both intervals is to be commingled downhole. This location, pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, is considered to be unorthodox. Further, the W/2 of said Section 21 is to be dedicated to said well in order to form a standard 320-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 said special pool rules, the above-described unorthodox coal gas well location for the Hodges Well No. 1-Y is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington