



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 4, 1998

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

Administrative Order NSL-4025
(Non-Standard Subsurface Location/Producing Area)

Dear Ms. Maddox:

Reference is made to your application dated April 9, 1998 for a non-standard infill subsurface gas producing area/bottomhole infill gas well location, pursuant to Division General Rules 104.F, 111.C(2), and 111.A(7), within an existing standard 323.89-acre gas spacing and proration unit ("GPU") comprising Lots 13 through 20 (the S/2 equivalent) of Section 30, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

It is our understanding that Conoco, Inc. proposes to recomplete the existing Hamilton Well No. 1-A (API No. 30-045-21644) by side tracking off of the vertical portion of the wellbore and drilling a high angle slant hole to a predetermined bottom-hole location in order to further develop the Blanco-Mesaverde Pool underlying said GPU by attempting to intersect naturally occurring fractures.

The Hamilton Well No. 1-A, located at a standard gas well location 1650 feet from the South and East lines (Lot 14/Unit J) of said Section 30, was originally drilled and completed in 1975 as an infill Blanco-Mesaverde gas well within the above-described 323.89-acre GPU.

Within this GPU Conoco, Inc. is also producing Blanco-Mesaverde gas from its Hamilton Well No. 1 (API No. 30-045-11214), located at a standard gas well location 990 feet from the South and West lines (Lot 17/Unit M) of said Section 30.

The applicable drilling window or "producing area" within the Blanco-Mesaverde Pool for said wellbore shall include that area within the subject 323.89-acre GPU that is:

- (a) no closer than 790 feet to the East, South, and West lines of the SE/4 equivalent (Lots 13, 14, 19, and 20) of said Section 30; and,
- (b) no closer than 633 feet to the North line of the subject unit boundary.

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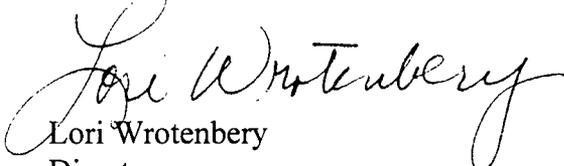
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By the authority granted me under the provisions of Rule **2(d)** of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-8170, as amended, the above-described non-standard subsurface infill gas producing area/bottomhole infill gas well location for the Hamilton Well No. 1-A is hereby approved.

Both the Hamilton Well Nos. 1 and 1-A are to be dedicated to the subject 323.89-acre GPU. Further both wells and GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

The operator shall comply with all provisions of Division General Rule 111 applicable in this matter.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

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