



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 20, 1998

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

Administrative Order NSL-4038

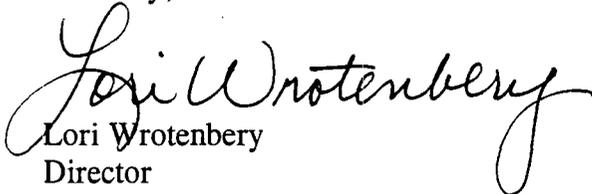
Dear Ms. Maddox:

Reference is made to your application dated April 17, 1998 for an off-pattern non-standard Basin-Fruitland coal gas well location for Conoco, Inc.'s existing Delhi Taylor "D" Well No. 1-E (API No. 30-045-23796), located 900 feet from the North and West lines (Lot 4/Unit D) of Section 3, Township 26 North, Range 11 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 Delhi Taylor "D" Well No. 1-E was initially drilled in 1979 by Tenneco Oil Company and completed at a standard infill gas well location in the Basin-Dakota Pool within a standard 320.01-acre gas spacing and proration unit comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 3.

It is our understanding that the Dakota interval is to be abandoned and said well will be plugged back and recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool. 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 equivalent of said Section 3 is to be dedicated to said well in order to form a standard 320.01-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 Delhi Taylor "D" Well No. 1-E is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

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