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

March 2, 1998

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

Attention: Kay Maddox

Administrative Order NSL-3954

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 for both the Blanco-Mesaverde and Basin-Dakota Pools for the existing San Juan "28-7" Unit Well No. 261 (API No. 30-039-21679) located 1240 feet from the South line and 2155 feet from the West line (Unit N) of Section 5, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 5, being a standard 320.52-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, is to be dedicated to said well. The S/2 of said Section 5, being a standard 320-acre gas spacing and proration unit in the Basin-Dakota Pool, is to be dedicated to said well.

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-1798, 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 Dakota/Mesaverde gas well location for the San Juan "28-7" Unit Well No. 261 is hereby approved.

Sincerely,

You Wrotenlung
Lori, Wrotenbery

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-1798



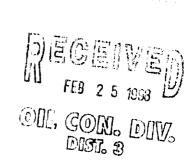
Mid-Continent Region Exploration/Production Conoco Inc. 10 Desta Drive, Suite 100W Midland, "X 79705-4500 (915) 686-5400

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.

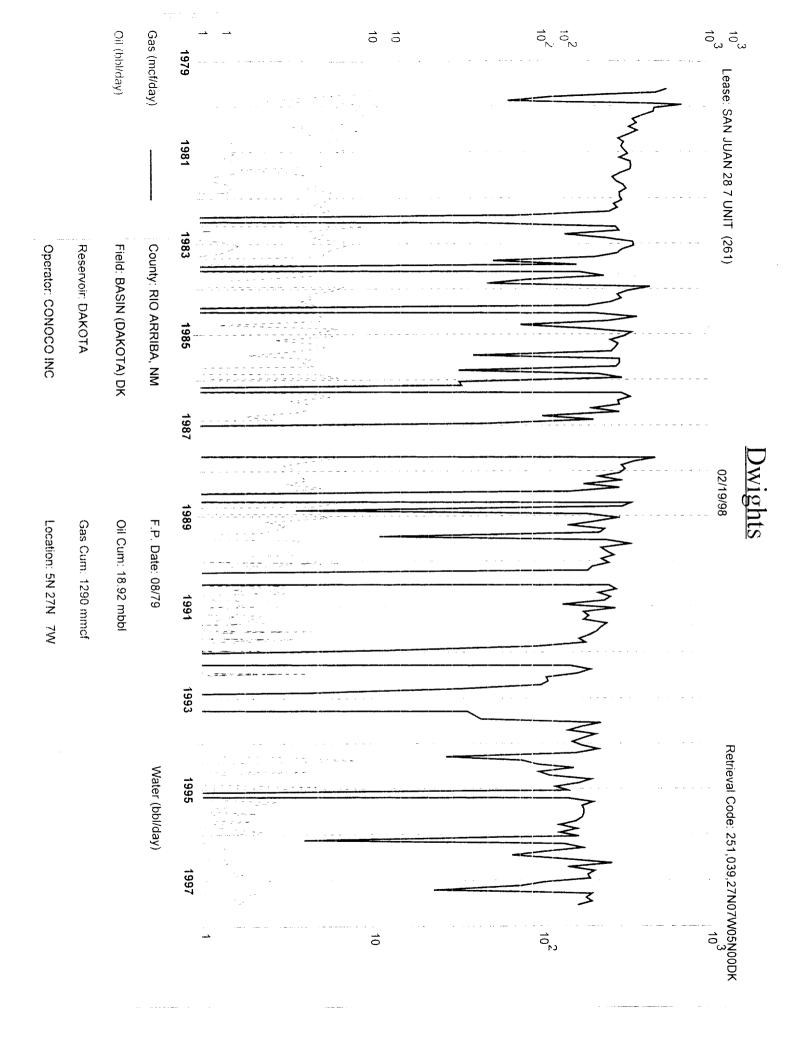
A non-standard location order is requested based on the reasons given. If there are further questions concerning this application please call me at (915) 686-5798.

Syxcerely,

Kay Maddox Regulatory Agent

cc: Oil Conservation Division - Aztec

William J LeMay, Director - OCD, Santa Fe



District I PO Box 1980, Hobbs, NM 88241-1980 State of New Mexico Energy, Minerals & Natural Resources Department

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

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

OIL CONSERVATION DIVISION PO Box 2088

		11		G : 577.03					⊥ AME	NDED REPO	
A	Pl Numbe		VELL LO	2 Pool (EAGE DEDI		··	 -		
	-039-216			72319			3 Pool Nan Blanco Mes				
4 Property		70		12.010	5 Proper	ty Name	Dianeo ivie.	6 Well Number			
01660	8							261			
7 OGRID No	١.					tor Name			9 Elevation		
00507	3	Co	опосо Inc.	, 10 Desta	Drive, Ste. 10	00W, Midland, T.	X 79705-4500		i	6752° GL	
					10 Surface	Location					
UL or lox no	Section	Townsh	nip Range	Lot lan	Feet from the	North/South line	Feet from the	East/We	st line	County	
N	5	27N	7W		1240	South	2155	We	est	Rio Arriba	
·····	-,.i				le Location	lf Different Fr	om Surface				
UL or lot no.	Section	Towns	hir Range	Lot ldn	Fee! from the	North/South line	Feet from the	Eas:/We	st line	County	
12 Dedicated Acre		nt or Infi	14 Consolidat								
		OR	A NON-ST	ANDARE	IS COMPLETION UNIT HAS BI	ON UNTIL ALL EEN APPROVED	INTERESTS H	AVE BEI	EN CO!	NSOLIDATE	
*********	111111111	 	**********	***			17 OPE	RATOR	CERT	TIFIC A TIO	
				Ī		17 OPERATOR CERTIFICATIO					
				‡						nowledge and bel	
				1							
				Ī				/			
				-			- Jay	11	udd	ex	
				ŧ			Signature	Signature/			
				Ī			Printed Nam	Printed Name		· A	
				Ŧ			Regulatory Agent Title January 6, 1998		gent		
,				Ī					98		
				Ī			Date	January 0, 1770			
				- •			18 SUR	VEYOR	CERT	ΓΙΓΙCΑΤΙΟ	
]		‡			i i			on shown on this p I surveys made by	
								supervision.	and that t	he same is true a	
				ŧ			Date of Surv	Pv.			
				<u> </u>			Signature an		essional :	Surveyor:	
21	55 ′		> ♀	ŧ							
,				Į.							
			, ,	Į.							
			80	ŧ							
			~	E	į						

Certificate Number

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	Leas			Well No.
El Paso Natural Gas Company	Sa	an Juan 28 -7 1	Init (SF-078565	-A) 261
Unit Letter Section Town	ship	Range	County	
N 5 2	711	7vi	Rio Arriba	
Actual Footage Location of Well:				
1240 feet from the South	line and 21	55 tee	from the West	line
	P∞l			Dedicated Acreage:
1		Basin Dal	kota	320.00 Acres
6752 Producing Formation 6752 Dakota 1. Outline the acreage dedicated t 2. If more than one lease is dedi interest and royalty). 3. If more than one lease of differe dated by communitization, unitiz	po the subject well be cated to the well, ou not ownership is dedication, force-pooling. It is "yes;" type of cours and tract description the well until all intotil a non-standard until a non-standard until a non-standard unitil a non-standar	Rasin Dales of colored pencil of the each and identified to the well, etc? Insolidation Unions which have a erests have been	cota control the ownership have the interests itization consolidated (by control the interests) there tained	Dedicated Acreage: 320.00 Acres the plat below. Thereof (both as to working of all owners been consolitionally acres and the approved by the Commission approximate approximat
	10. S. 65	2 1 1 7 2 7 2 4 1978 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Norme Dril Position El P Compon	aso Natural Gas
SF-C78565-A	SF-	-078565	show notes under	reby certify that the well location in on this plat was plotted from field of actual surveys made by me aring supervision, and that the same we and correct to the best of my ledge and belief.
1240'		 	Feb Hegisti	urveyed Omusing 23: 1079 Gred Professional Engineer Land Surveyor Call S. Karm Un Cate Inc.

R 8 W ⊅ 252 ⊅ DK 68 NP ₩V \$ **☆ 69 ☆** 251 28 32 31 M 229 **☆** DK MESAVERDE SPACING UNIT 85 MV ∤¢ - ☆-236 DK 6 ĸîv.≱ 27 N ‡ 253 DK 96 MV ☆ **‡** 216 DK 8 ‡- 228 DK

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

NOTES		CONOCO MIDLAND			
NOTE:	DATE: 02/21/98	CONOCO 28-7			
LOCATION IS NON-STANDARD TOWARDS	DRAWN BY: GLG	MESAVERDE & DAKOTA	PRODUCERS		
AN INTERIOR UNIT LINE. CONOCO OPERATES ALL WELLS IN SJ 28-7 UNIT.	CHECKED BY:	San Juan 28-7 Unit #261 Non-Standard Location			
0 C10 (120 1122 11220 11 00 20 1 0 1 1 1 1	APPROVED BY:	API STATE COUNTY WELL	DRAWING		
	SCALE: 1" = 2640'	30 \ 039 \ 21679	28-7_261		
	STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003	CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705			