



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 18, 1998

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

Administrative Order NSL-1587-A

Dear Ms. Maddox:

Reference is made to the following: (i) Conoco, Inc.'s ("Conoco") original application dated February 23, 1998; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division in Santa Fe on Friday, March 6, 1998; and, (iii) the records of the Division in Santa Fe: all concerning Conoco's request for a non-standard Blanco-Mesaverde gas well location for the existing Jackson Com. Well No. 1-E (API No. 30-045-25592), located 1690 feet from the South line and 30 feet from the East line (Lot 1/Unit I) of irregular Section 8, Township 28 North, Range 9 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico. According to the well records on file with the New Mexico Oil Conservation Division in Santa Fe, the Jackson Com. Well No. 1-E was drilled in 1983 and completed in the Basin-Dakota Pool. By Division Administrative Order NSL-1587, dated October 12, 1982, this location was approved as an unorthodox infill gas well location in the Basin-Dakota Pool for a previously approved 340.52-acre non-standard gas spacing and proration unit ("GPU") comprising Lots 1 and 2 and the S/2 SE/4 of said irregular Section 8 and Lots 2, 3, and 4, the S/2 SW/4, and the SW/4 SE/4 of irregular Section 9, Township 28 North, Range 9 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico [see Decretory Paragraph (I)(20) of Division Order No. R-1814, issued in Case No. 2096 dated November 4, 1960].

It is our understanding that the Blanco-Mesaverde Pool will be perforated and said well will be recompleted such that gas production from both intervals will be commingled downhole. Pursuant to 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, said location is considered to be unorthodox. Further, all of said irregular Section 8 is to be dedicated to the Blanco-Mesaverde Pool thereby forming a standard 273.92-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 2(d) of said special Blanco-Mesaverde pool rules, the above-described unorthodox gas well location is hereby approved.

Further, all applicable provisions of said Order No. R-1814 and Administrative Order NSL-

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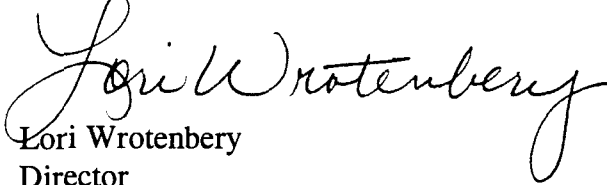
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1587 shall remain in full force and effect until further notice.

Sincerely,



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: NSL-1587 /