



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 30, 1999

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

Administrative Order NSL-3698-A

Dear Ms. Maddox:

Reference is made to your application dated March 26, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987, for a non-standard gas well location in an existing standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 15, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. This unit is currently dedicated to Conoco, Inc.'s: (i) San Juan "28-7" Unit Well No. 234 (API No. 30-039-21063), the initial well on this unit, located at an unorthodox gas well location (approved by Division Administrative Order NSL-3698, dated August 27, 1996) 2150 feet from the South line and 1840 feet from the East line (Unit J) of Section 15; and, (ii) San Juan "28-7" Unit Well No. 234-E (API No. 30-039-22396), located at a standard infill gas well location 1040 feet from the North line and 1540 feet from the East line (Unit B) of Section 15.

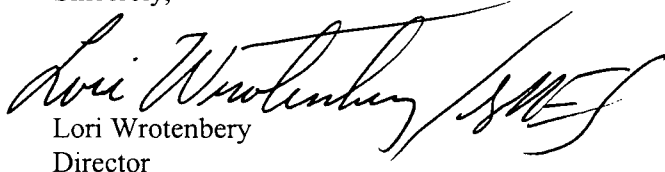
The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox gas well location in Section 17 is hereby approved:

**San Juan "28-7" Unit Well No. 234-M
805' FSL & 160' FEL (Unit P)**

Further, Conoco, Inc. is authorized to dedicate Basin-Dakota gas production on the subject unit from the proposed San Juan "28-7" Unit Well No. 234-M with the two existing San Juan "28-7" Unit Well Nos. 234 and 234-E. These three wells and the existing 320-acre unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management – Farmington
File: Case No. 12122
NSL-3698