



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 26, 1998

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

Administrative Order NSL-3984

Dear Ms. Maddox:

Reference is made to your application dated March 23, 1998, for a non-standard Blanco-Mesaverde infill gas well location in an existing standard 315.36-acre gas spacing and proration unit ("GPU") for said Blanco-Mesaverde Pool comprising Lots 3 and 4, the NW/4, and the N/2 SW/4 (W/2 equivalent) of Section 32, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to the San Juan "28-7" Unit Well No. 77 (API No. 30-039-07219), located 800 feet from the South line and 1460 feet from the West line (Unit N) of said Section 32.

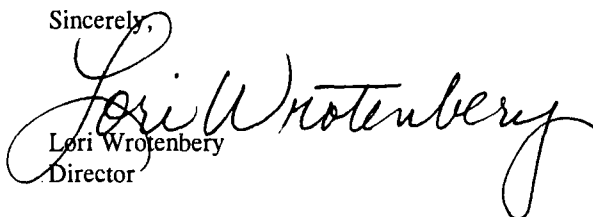
It is our understanding that the subject well to be considered in this application, the San Juan "28-7" Unit Well No. 252 (API No. 30-039-21653) was drilled in 1979 by El Paso Natural Gas Company and completed in the Basin-Dakota Pool at an unorthodox gas well location (approved by Division Administrative Orders NSL-1051, dated June 26, 1979, and NSL-1058, dated July 26, 1979) 790 feet from the North line and 1850 feet from the West line (Unit C) of said Section 32. At this time Conoco, Inc. intends to recomplete said wellbore by perforating up-hole into the Blanco-Mesaverde interval whereby both Basin-Dakota and Blanco-Mesaverde gas production will be commingled downhole under authority of Division Administrative Order DHC-1799, dated February 24, 1998.

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, the location for the San Juan "28-7" Unit Well No. 252 is also unorthodox.

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

Further, all provisions of said Administrative Orders NSL-1051, NSL-1058, and DHC-1799 shall remain in full force and effect until further notice.

Sincerely,


Lori Wrotenberg
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-1051
NSL-1058
DHC-1799