



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

October 25, 2000

Lori Wrotenbery

Director

Oil Conservation Division

Conoco, Inc.

P. O. Box 2197 - DU3066

Houston, Texas 77252

Attention: Deborah Marberry, Regulatory Analyst

Administrative Order NSL-4518

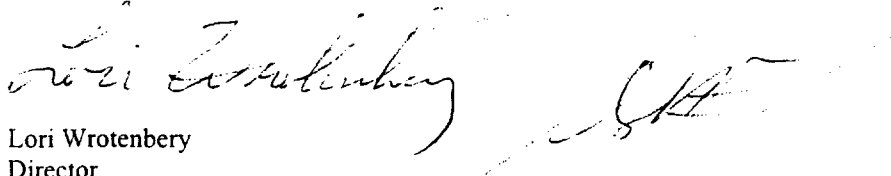
Dear Ms. Marberry:

Reference is made to the following: (i) your initial application dated October 5, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") response by letter dated October 20, 2000 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your prompt response by letter dated October 24, 2000 with the required information to complete this application; and (iv) the records of the Division in Aztec and Santa Fe: all concerning Conoco, Inc.'s request to drill its proposed San Juan "28-7" Unit Well No. 281 at an unorthodox Pictured Cliffs gas well location 600 feet from the North line and 1220 feet from the West line (Unit D) of Section 12, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. The NW/4 of Section 12 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the South Blanco-Pictured Cliffs Pool.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*", as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the South Blanco-Pictured Cliffs Pool, the above-described unorthodox gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
New Mexico State Land Office - Santa Fe
Mr. W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe
Ms. Jennifer A. Barber, Conoco, Inc. - Houston
Ms. Yolanda Perez, Conoco, Inc. - Houston