

OIL CONSERVATION DIVISION

March 6, 1996

Kellabin and Kellabin
 Attn: *W. Thomas Kellabin*
 P. O. Box 2265
 Santa Fe, New Mexico 87504

Conoco, Inc.
 Attn: *Jerry W. Hoover*
 10 Desta Drive - Suite 100W
 Midland, Texas 79705-4500

Case 11502

*Administrative Application For an Unorthodox Blanco-Mesaverde/Basin-Dakota Infill Gas Well Location:
 San Juan "28-7" Unit Well No. 159-M to be drilled 1605' FSL & 330' FEL (Unit I) of Section 22, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.*

Dear Messrs. Hoover and Kellabin:

The Division is in receipt of Conoco's letter dated February 26, 1996, which was a response to my request for further comments dated February 16, 1996. In reviewing this matter further, it is the Division's decision to settle this matter with an amendment to a hearing order; therefore, this issue will be docketed for the next available examiner's hearing scheduled for April 4, 1996. I am proposing the following advertisement for this case:

"Application of Conoco, Inc. to amend Division Order No. R-10476 for an additional unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10476, which order authorized the downhole commingling of Basin-Dakota Pool and Blanco-Mesaverde Pool gas production within 14 existing and 17 proposed wells within its San Juan 28-7 Unit located in portions of Townships 27 and 28 North, Range 7 West. The No. 159-M unit well is to be drilled at an unorthodox "infill" gas well location for both zones 1605 feet from the South line and 330 feet from the East line (Unit J) of Section 22, Township 28 North, Range 7 West, the existing 320-acre standard gas spacing and proration units for both intervals consisting of the E/2 of said Section 22, which is located approximately 24 miles east by south of Bloomfield, New Mexico, is to be dedicated to said well. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT."

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To complete the record in this matter Conoco should comment on the reason why the original proposed location (1550' FSL & 1850' FEL), as shown on Exhibit "A" of said Order No. R-10476, dated October 6, 1995, was not mentioned in either of Conoco's letters dated January 31 and February 26, 1996.

Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec
William J. LeMay, Director - OCD, Santa Fe
U. S. Bureau of Land Management - Farmington