



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

SANTA FE 11 8 52

January 31, 1996

Mr. Michael Stogner
State of New Mexico
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

Case 11502

**Re: Application for Administrative NSL Approval for Conoco's
Proposed San Juan 28-7 Unit No. 159M, located at 1605' FSL
& 330' FEL, Sec. 22, T-28N, R-7W, Rio Arriba County, for
Topographical Relief.**

Dear Mr. Stogner:

EXHIBIT A is the C-102 survey plat for the proposed San Juan 28-7 Unit Well No. 159M to be located at 1605' FSL and 330' FEL, Section 22, T-28N, R-7W. This southeast quarter of section 22 is undeveloped in both the Mesaverde and Dakota formations and Well No 159M will be the infill well for both formations in the E/2 spacing unit. Following the drilling of this well and the acquisition of sufficient production test data for allocation purposes this well will be downhole commingled in these two formations as already approved by OCD Order No. R-10476.

Section 22 is located on the edge of the Delgadita Mesa in Rio Arriba County and also contains numerous archeological sites, which has made it difficult to find a drilling location in its southeast quarter. EXHIBIT B is a letter Conoco received from the BLM concerning its efforts to find a standard drilling location. As the letter states, Conoco first attempted to use a standard location that had previously been staked by Amoco prior to Conoco assuming operatorship of this federal unit. However, as the letter states, the BLM inspectors disallowed that location and were unable to find a standard location anywhere in the southeast quarter that would avoid undesirable environmental and cultural impacts.

EXHIBIT C is a topographic map of the area showing (a) Section 22 outlined by the dashed line, (b) numerous archeological sites, (c) a "Special Management Area Boundary, and (d) the proposed well pad highlighted in pink. After several months and extensive survey, archeological, and environmental inspections this appears to be the only area that can be cleared for drilling.

This spacing unit is interior to the San Juan 28-7 Federal Unit and is totally surrounded by unit acreage operated by Conoco that is all wholly contained within the Mesaverde and Dakota Participating Areas. Therefore, there are no offset operators to be notified of this application. The BLM, the royalty owner, has already approved this location for drilling in its on-site inspection for our federal APD.

Conoco desires to begin drilling this well as soon as weather permits late in March and requests approval of an administrative NSL order for this location. If I can be of further assistance to you in evaluating this application please contact me at (915) 686-6548.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jerry W. Hoover".

Jerry W. Hoover
Sr. Conservation Coordinator

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
		72319/71599		Blanco Mesaverde/Basin Dakota	
4 Property Code		5 Property Name			6 Well Number
016608		San Juan 28-7 Unit			159M
7 OGRID No.		8 Operator Name			9 Elevation
005073		Conoco Inc.			6656'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	22	28 N	7 W		1605	South	330	East	R.A.

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Jerry W. Hoover
 Signature
 Jerry W. Hoover
 Printed Name
 Sr. Conservation Coordinator
 Title
 1/30/98
 Date

18 SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-13-95
 Date of Survey
 Signature and Seal of Professional Surveyor:

 Certificate Number

EXHIBIT A



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

SEP - 8 1995

Conoco Incorporated
Attn: Mr. Ellis Grey
10 Desta Drive, Suite 100W
Midland, TX 79705

Dear Mr. Grey:

This is in reference to your Notice of Staking for the farmout of the San Juan 28-7 Unit well #159M, 1585' FSL, & 1965 FEL, Sec.22, T-28-N, R-7-W, Lease No. SF-079289-A. Amoco Production Co. had previously submitted Notice of Staking for the same well in the NWSE1/4 and was requested to move the center stake approximately 100 foot to the east because of cultural sites in the area. Amoco Notice of Staking was rescinded 28 April, 1994.

After working to find a suitable location within the windows established by the New Mexico Oil Conservation Commission, we suggest you submit for a non-standard location. A suitable location was not found because of topographical constraints and environmental surface damage with the construction of the well pad and 1000 foot of access road, with additional disturbance of the pipeline. The well pad was located on a sandstone outcrop, on a mesa top near the canyon rim with cultural sites all along the rim. The sandstone outcrop would require major disturbance to construct and would never heal. A location approximately 2000' FSL, & 2100' FEL would be most suitable. This area does not affect any cultural sites, is on a sage brush, sandy, flat area. The access road and pipeline would be approximately 500 foot with less surface damage.

In the past we have discussed that non-standard locations would probably be proposed more frequently as the more desirable locations are developed. It is our desire to find the best possible locations for new wells and access roads being proposed with minimal environmental and cultural impacts. Therefore we will be glad to support your non-standard proposal for the San Juan 28-7 Unit #159M to the NMOCC.

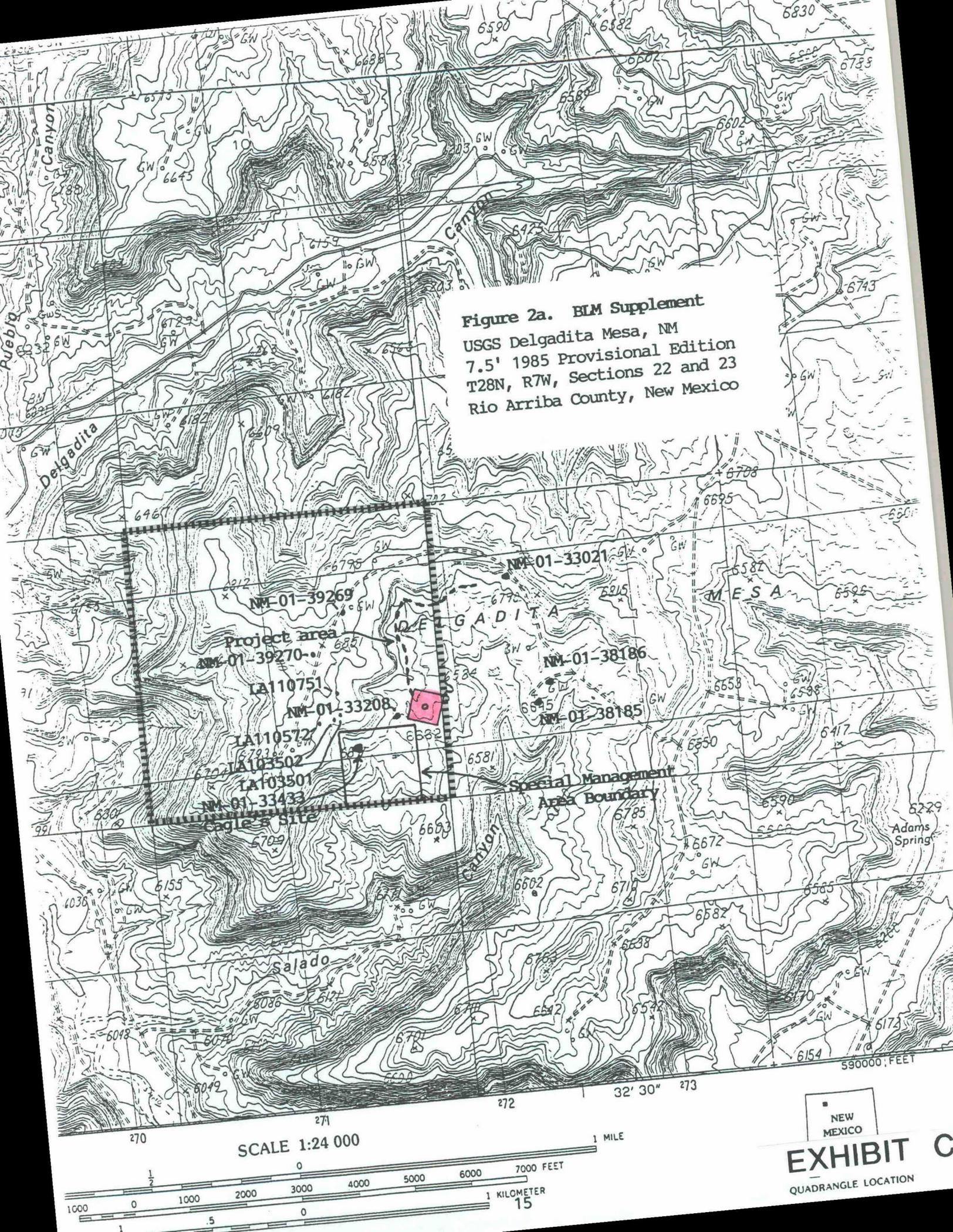
If there is any further way in which we can be of assistance, please contact me or Neel McBride of the Fluids Surface Management Staff at (505) 599-8900.

Sincerely

Illyse K. Gold
Chief, Branch of Lands,
Cultural, Recreation, and
Environmental Compliance

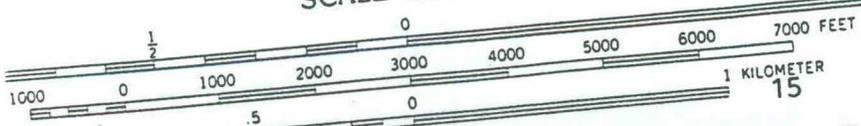
EXHIBIT B

Figure 2a. BLM Supplement
 USGS Delgadita Mesa, NM
 7.5' 1985 Provisional Edition
 T28N, R7W, Sections 22 and 23
 Rio Arriba County, New Mexico



SCALE 1:24 000

1 MILE



NEW MEXICO

EXHIBIT C

QUADRANGLE LOCATION