



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

December 17, 1998

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OIL CON. DIV.
DIST. 3

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

Administrative Order NSL-922-A

Dear Ms. Maddox:

Reference is made to your application dated October 13, 1998, which was received by the New Mexico Oil Conservation Division ("Division") on October 26, 1998, for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987, for an unorthodox infill gas well for the existing San Juan "28-7" Unit Well No. 251 (30-039-21652) located 2025 feet from the North line and 1325 feet from the East line ~~Section 31, Township 28 North, Range 7 West~~, NMPM, Rio Arriba County, New Mexico.

According to the well records on file with the Division, the San Juan "28-7" Unit Well No. 251 was drilled in 1979 by El Paso Natural Gas Company and completed in the Basin-Dakota Pool. By Division Administrative Order NSL-922, dated February 6, 1973, this unorthodox location was approved as an initial gas well location in the Basin-Dakota Pool for a previously approved 316.50-acre non-standard gas spacing and proration unit comprising the SE/4 SW/4 of Section 30 and Lot 1, the NE/4, and the E/2 NW/4 of Section 31, both in Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico (see Division Order No. R-2948, as amended).

Production from the Blanco-Mesaverde Pool is to be included in an existing standard 315.00-acre gas spacing and proration unit comprising Lots 6 and 7, the NE/4, and the N/2 SE/4 (E/2 equivalent) of Section 31, which is currently dedicated to Conoco Inc.'s San Juan "28-7" Unit Well No. 68 (API No. 30-039-60071), located at a standard gas well location 990 feet from the North line and 1650 feet from the East line (Unit B) of Section 31. It is our understanding that Conoco Inc. intends to downhole commingle both the Blanco-Mesaverde and Basin-Dakota Pools in the San Juan "28-7" Unit Well No. 251.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division.

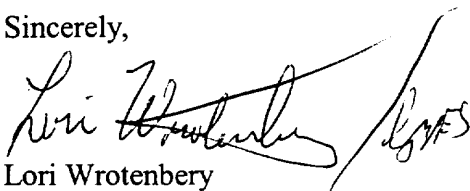
By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde "infill" gas well location for the San Juan "28-7" Unit Well No. 251 is hereby approved. Both of the aforementioned wells and GPU will be subject to all

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existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

All provisions of Division Order No. R-2948, as amended, and Division Administrative Order NSL-922 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", with a large, sweeping flourish extending to the right.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel - Santa Fe
File: NSL-922