

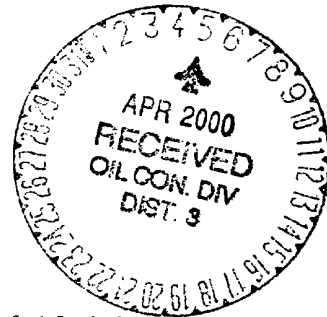


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
7040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 31, 2000

Conoco, Inc.
P. O. Box 2197
Houston, Texas 77252
Attention: Yolanda Perez



**Re: *Second Administrative Amendment
to Division Order No. R-11139***

Dear Ms. Perez:

Reference is made to the following: (i) your letter of application dated March 10, 2000; (ii) the New Mexico Oil Conservation Division's ("Division") initial response from Mr. Michael E. Stogner, Engineer in Santa Fe on March 15, 2000 as noted on your original cover letter; (iii) your response by letter dated March 23, 2000 with the required data to complete this application; and (iv) the records of the Division: all concerning Conoco, Inc.'s request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987, for three certain wells previously approved by Division Order No. R-11139, issued in Case No. 12122 dated February 18, 1999.

Division Order No. R-11139 authorized Conoco, Inc. to conduct an 80-acre pilot infill drilling program in the Basin-Dakota Pool within its San Juan "28-7" Unit, located in portions of Townships 27 and 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, by permitting six certain wells to be drilled at unorthodox infill gas well locations.

Division Order No. R-11139 provided, at Conoco, Inc.'s request, for these three wells to be drilled at the following described locations all in Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico:

- (i) San Juan "28-7" Unit Well No. 135-E
(API No. 30-039-026171)
1270' FNL & 1850' FWL (Unit C) of Section 27;
- (ii) San Juan "28-7" Unit Well No. 219-M
(API No. 30-039-26172)
1365' FSL & 690' FWL (Unit L) of Section 20; and

- (iii) San Juan "28-7" Unit Well No. 225-E
(API No. 30-039-26173)
1340' FSL & 2020' FEL (Unit J) of Section 34.

It appears that Conoco, Inc. requested the Division consider the locations of the three above-described wells prior to on site reviews with the archeologist and representatives of the U. S. Bureau of Land Management, being the surface resources management agency for Sections 20, 27, and 34, all in Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. In the future such required surface inspections should be performed and well site selections should be finalized prior to seeking exceptions to the Division's well location and spacing requirements.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2) Ordering Paragraph No. (1) of Division Order No. R-11139 shall be amended to reflect the following described actual unorthodox locations that Conoco, Inc. drilled all in Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico:

- (i) San Juan "28-7" Unit Well No. 135-E
(API No. 30-039-026171)
1285' FNL & 1845' FWL (Unit C) of Section 27,
which represents a move of approximately 16 feet
south of the original location;
- (ii) San Juan "28-7" Unit Well No. 219-M
(API No. 30-039-26172)
1480' FSL & 790' FWL (Unit L) of Section 20
which represents a move of approximately 152 feet
northeast of the original location; and
- (iii) San Juan "28-7" Unit Well No. 225-E
(API No. 30-039-26173)
1350' FSL & 2330' FEL (Unit J) of Section 34
which represents a move of approximately 310 feet
west of the original location.

These three wells and their corresponding existing 320-acre, more or less, units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools

Second Administrative Amendment to Division Order No. R-11139

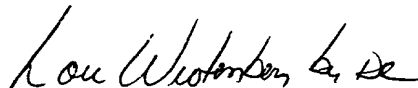
Conoco Inc.

March 31, 2000

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in Northwest, New Mexico and to the provisions of Division Order No. R-11139.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

Lori Wrotenbery

Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /

U. S. Bureau of Land Management - Farmington

File: Case No. 12122

W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe