



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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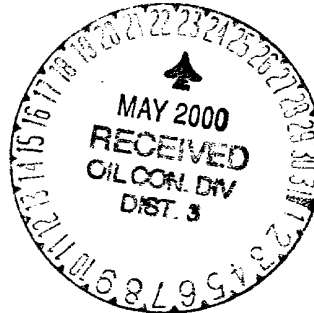
Director

Oil Conservation Division

May 22, 2000

**Conoco, Inc.
P. O. Box 2197
Houston, Texas 77252**

Attention: Yolanda Perez



**Re: Administrative Amendment to Division Order No.
R-11139 dated January 28, 2000.**

Dear Ms. Perez:

I have reviewed your letter to Mr. David Catanach dated May 1, 2000 concerning Conoco, Inc.'s request to amend Division Order No. R-11139 by allowing the San Juan "28-7" Unit Well No. 280-M to be drilled at an alternate location. By letter dated January 28, 2000 (see copy attached) the Division Director authorized such a move. I am at a loss as to what more Conoco, Inc. is seeking from the Division at this time. Could you be more specific please.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

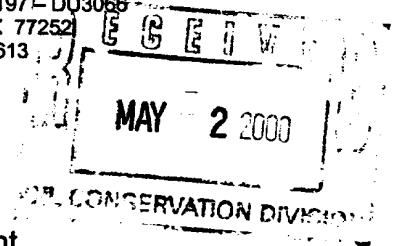
LW/MES/kv

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
David Catanach - NMOCD, Santa Fe
Lori Wrotenbery, Director - NMOCD, Santa Fe



Yolanda Perez
Sr. Regulatory Analyst
EPNA - Gulf Region
Lobo/San Juan Asset Unit

Conoco Inc.
P.O. Box 2197 • DU3068
Houston, TX 77252
(281) 293-1613



May 1, 2000

New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Attention: Mr. David Catanach

**RE: San Juan 28-7 #280
San Juan 28-7 Unit
NMOCD Case 12122 Order R-11139**

Dear Mr. Catanach,

This letter is to request that the subject NMOCD Order be amended to reflect the actual drilled location for SJ 28-7 #280 (1320' FSL & 10' FEL of Section 17, T28N-7W) and that the offset Dakota producer to #280, SJ 28-7 #256E, be permitted to continue producing at its current rate. The original #280 location was moved 20' west for the purpose of allowing Conoco an additional Mesaverde recompletion opportunity in the SW/4 of Section 16.

San Juan 28-7 #280 is one of the six Dakota pilot wells included in the original NMOCD order and was permitted as an unorthodox well location at 1320' FSL & 10' FWL of Section 16, T28N-R7W. The order also authorized to downhole commingle Basin-Dakota and Blanco-Mesaverde Gas Pool production within the six pilot infill wells. Each of the six locations was selected to test the Dakota interval in 80-acre locations in the north half of the San Juan 28-7 Unit. As part of the ordinary development of the unit, Conoco is also recompleting various existing Dakota wells to the Mesaverde and producing both zones as downhole-commingled completions, replacing some of the original, open-hole Mesaverde wells. Upon further examination of Sections 16 and 17 following the hearing, moving #280 only 20' west across the section line provided an additional Mesaverde recompletion opportunity in #231E, a Dakota producer located in the SW/4 of Section 16. This recompletion supplants the production from SJ 28-7 #6, a #231E offset open-hole Mesaverde producer.

San Juan 28-7 #280, cont.

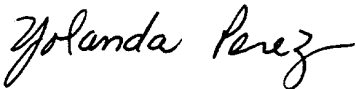
SJ 28-7 #231E was recompleted in February and turned to sales on February 22, 2000 at approximately 760 MCFD. This well is currently producing approximately 500 MCFD from the Mesaverde and 50 MCFD from the Dakota. #280 is now drilled and testing the Dakota interval. After testing, the Mesaverde interval will be completed and commingled with the Dakota.

Offsetting #280 in the SE/4 of Section 17, #256E is currently producing approximately 85 MCFD from the Dakota. Since Sections 16 and 17 are completely covered by the Dakota Participating Area, Conoco respectfully requests that the NMOCD permit the continued production of the #256E from the Dakota, and, amend the Dakota Pilot Order (NMOCD Order #R-11139) to reflect the change in #280's location. Since these sections are also interior to the unit and no offset operators and/or interest owners will be affected, correlative rights will continue to be protected with this request.

Thank you for your consideration of this request. Should you have any questions, please contact me at (281) 293-1613 or Marc Shannon at (281) 293-6564.

Sincerely yours,

CONOCO INC.

A handwritten signature in black ink that reads "Yolanda Perez". The signature is written in a cursive, flowing style.

Yolanda Perez
Sr. Regulatory Analyst
Lobo/San Juan Asset

Cc: NMOCD - Aztec



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

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

January 28, 2000

**Conoco, Inc.
P. O. Box 2197
Houston, Texas 77252**

Attention: Marc Shannon

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

Dear Mr. Shannon:

Reference is made to your letter of application dated January 21, 2000 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 a certain well previously approved by Division Order No. R-11139, issued in Case No. 12122 and dated February 18, 1999.

Division Order No. R-11139 authorized Conoco, Inc. to conduct an 80-acre pilot infill drilling program 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.

At this time Conoco, Inc. is seeking to change the proposed location for its San Juan "28-7" Unit Well No. 280-M in order to complete an infill drilling plan for Blanco-Mesaverde gas production in the immediate area and to utilize an existing wellbore for this development. The San Juan "28-7" Unit Well No. 280-M was originally to have been drilled 1310 feet from the South line and 10 feet from the West line (Unit M) of Section 16, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

The 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), Conoco, Inc.'s proposed well, currently designated the San Juan "28-7" Unit Well No. 280-M, to be drilled at an unorthodox infill gas well location 1310 feet from the South line and 10 feet from the East line (Unit P) of Section 17, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, is hereby approved.

Further, the above-described San Juan "28-7" Unit Well No. 280-M and existing: (i) San Juan "28-7" Unit Well No. 256 (**API No. 30-039-21731**), located at a standard gas well location 850 feet from the North line and 1845 feet from the East line (Unit B) of Section 17; and (ii) San Juan

Conoco, Inc.

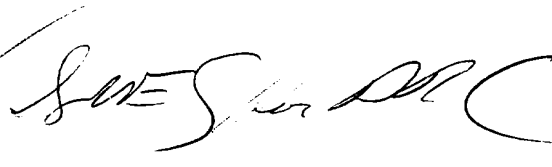
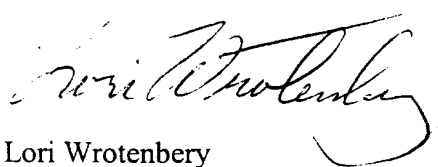
Administrative Amendment to Division Order No. R-11139

January 28, 2000

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"28-7" Unit Well No. 256-E (**API No. 30-039-22363**), located at a standard infill gas well location 1960 feet from the South line and 1390 feet from the East line (Unit J) of Section 17: are to be dedicated to the existing standard 320-acre stand-up gas spacing and proration unit comprising the S/2 of Section 17. These three wells and existing 320-acre unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the provisions of Division Order No. R-11139.

Sincerely,



Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Case No. 12122