

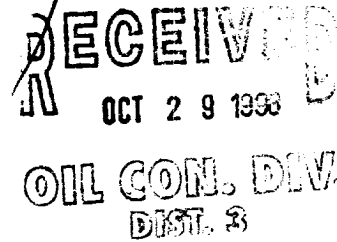


NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 22, 1998

I-10-28-9w



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

Administrative Order NSL-1001-B

Dear Ms. Maddox:

Reference is made to the following: (i) your application filed with the Division on October 2, 1998; and, (ii) the records of the Division in Aztec and Santa Fe: all concerning Conoco, Inc.'s ("Conoco") request for a non-standard Blanco-Mesaverde infill gas well location in an existing non-standard 270.36-acre gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool (approved by Division Administrative Order NWU-228, dated November 27, 1957) comprising all of irregular Section 10, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico. This GPU is currently dedicated to Conoco's Johnston "LS" Well No. 6-X (API No. 30-045-07562), located a standard gas well location 1168 feet from the South line and 1090 feet from the West line (Unit M) of Section 10.

It is our understanding that the subject well to be considered in this application, the Jackson Well No. 3 (API No. 30-045-25315) was drilled in 1982 by Tenneco Oil Company and completed in the Basin-Dakota Pool at an unorthodox gas well location (approved by Division Administrative Order NSL-1001, dated December 18, 1978) 1430 feet from the South line and 1140 feet from the East line (Lot 1/Unit I) of Section 10. In 1993 the Basin-Dakota interval was abandoned and this well was plugged back and recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool [see Division Administrative Order NSL-1001-A(NSP), dated December 15, 1992].

We also understand that the Blanco-Mesaverde Pool is to be perforated and the well will be recompleted such that gas production from both the Basin-Fruitland coal gas and Blanco-Mesaverde intervals are to be commingled downhole under authority of Division Administrative Order DHC-1889, dated April 9, 1998. Pursuant to the "*Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987, the location of the Jackson Well No. 3 is also considered to be unorthodox.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

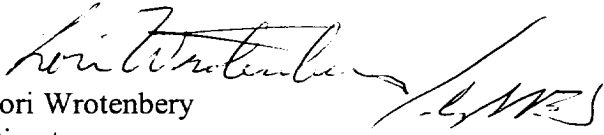
By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Blanco-Mesaverde infill gas well location for the Jackson Well No. 3 is hereby

Administrative Order NSL-1001-B
Conoco Inc.
October 22, 1998
Page 2

approved. Both of the aforementioned Johnston "LS" Well No. 6-X and Jackson Well No. 3 and this 270.36-acre GPU in the Blanco-Mesaverde Pool will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Further, all provisions of Division Administrative Orders NSL-1001-A(NSP) and DHC-1889 shall remain in full force and effect until further notice. Division Administrative Order NSL-1001 shall be placed in abeyance until further notice.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
File: NSL-1001
NSL-1001-A(NSP)
DHC-1889



Mid-Continent Region
Exploration/Production

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

September 30, 1998

Mr. Stogner
Oil Conservation Division
2040 Pacheco Street
Santa Fe, NM 87505

RE: Application to Amend NSL Order # 1001
Jackson #3
API # 30-045-25315
1430' FSL & 1140' FEL
Section 10, T-28-N, R-9-W, I
Blanco Mesaverde (72319)
San Juan County, NM

RECEIVED
OCT - 2 1998
OIL CON. DIV.
DIST. 3

Dear Mr. Stogner,

The proposed recompletion of this well in the Blanco Mesaverde requires a non-standard location order. This well is located in Section 10, T-28-N, R-9-W in San Juan County, NM. The well is located 1430' FSL & 1140' FEL thereby not leaving the required 130' distance from the inside quarter section lines. This well is currently producing from the Fruitland Coal.

Conoco Inc. requests that the NSL Order # 1001 issued to Tenneco Oil Co in 1978 for the Basin Dakota be amended to include the Blanco Mesaverde. Please find attached a copy of the Downhole Commingle Order # 1889 which permits us to recomplete this well in the Mesaverde and Downhole Commingle the Mesaverde with the Fruitland Coal. Also attached is a copy of Amoco's letter asking for the NSL Order # 1001 to be amended to include the unorthodox location for the Fruitland Coal. The C-102 for the Mesaverde is attached.

A copy of this letter has been sent to the offset operators that could be affected by this non-standard location request. Please find enclosed evidence that they have been notified.

Conoco, Inc respectfully requests that the Administrative approval granted under the NSL -1001 be modified to include the Blanco Mesaverde. If there are any further questions please call me @ (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent - Conoco, Inc.

Cc: Oil Conservation Division - Aztec
William J LeMay, Director - OCD, Santa Fe



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

December 18, 1978

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Tenneco Oil Company
The Galleria-Penthouse
720 South Colorado Blvd.
Denver, Colorado 80222

Attention: D. D. Myers

Administrative Order NSL-1001

Gentlemen:

Reference is made to your application for a non-standard location for your Johnston B Well No. 1 to be located 1430 feet from the South line and 1140 feet from the East line of Section 10, Township 28 North, Range 9 West, NMPM, Basin Dakota Pool, San Juan County, New Mexico.

By authority granted me under the provisions of Rule 3 of Order No. R-1670-C, the above-described unorthodox location is hereby approved.

Very truly yours,

JOE D. RAMEY,
Director

JDR/RLS/dr

cc: Oil Conservation Division - Aztec
Oil & Gas Engineering Committee - Hobbs
U. S. Geological Survey - Farmington

RECEIVED

JAN 13 1979

DIST. 3

** Jackson #3
orig app
under well*

RECEIVED
OCT - 2 1978
OIL CON. DIV.
DIST. 3



Amoco Production Company

Southern Rockies Business Unit
Amoco Building
1670 Broadway
Post Office Box 800
Denver, Colorado 80201
303-830-4040

November 4, 1992

William J. LeMay, Director
New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

RECEIVED
OCT - 2 1992
OIL CON. DIV.
DIST. 3

File: CAW-240-986.511

Application for Unorthodox Location
Jackson #3 Well
1,430' FSL and 1,140' FEL, Sec 10, T28N-R9W
Basin Fruitland Coal Pool
San Juan County, New Mexico

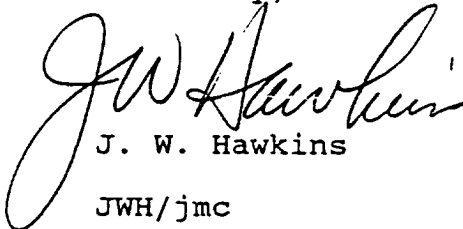
Amoco Production Company hereby makes application for unorthodox location for the Jackson #3 Well at the above referenced location in the Basin Fruitland Coal Pool, San Juan County, New Mexico. This well was originally drilled to the Basin Dakota Pool at an approved non-standard location under Administrative Order NSL-1001 dated December 8, 1978. Amoco now wishes to recompleate the well to the Basin Fruitland Coal Pool. This location would be unorthodox since it does not conform to the NE/SW pattern in the pool. Under Rule 8 of Order No. R-8768, the Division Director may grant exception to the location requirements without hearing for recompletion of wells previously drilled to deeper horizons at approved unorthodox location for such horizons.

In addition, this well will be dedicated to a non-standard unit consisting of the S/2 Section 10, T28N-R9W. This is necessitated by variation in legal subdivision of the U.S. Public Land Survey. The unit consists of an entire governmental section not less than 70% or more than 130% of a standard gas proration unit. Under Rule 5 of Order R-8768-A this non-standard unit may be approved by the Supervisor of the Aztec District office of the Division. Attached are copies of the form C-102.

William J. LeMay
November 4, 1992
Page 2

All operators offsetting the location will receive copies of this application by certified mail. These parties have 20 days to object to the application. If no objection is received within the 20 day notice period, Amoco respectfully requests administrative approval.

Sincerely,

A handwritten signature in cursive script, appearing to read "JW Hawkins".

J. W. Hawkins

JWH/jmc

Attachments

cc: E. Hadlock
J. Joyce

Aztec District III
Ernie Bush
1000 Rio Brazos Rd.
Aztec, New Mexico 87410



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

ADMINISTRATIVE ORDER DHC-1889

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Ms. Kay Maddox

*Jackson No. 3
API No. 30-045-25315
Unit I, Section 10, Township 28 North, Range 9 West, NMPM,
San Juan County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Fruitland Coal (Gas - 71629) Pools*

Dear Ms. Maddox:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas and oil production from the Basin-Fruitland Coal Gas Pool shall be determined utilizing the annual average production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas and oil production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Fruitland Coal Gas Pool production from the well's total monthly oil and gas production.

The allocation method established herein may be altered at some time subsequent to initiating

downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 9th day of April, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington

District IV
PO Box 2088, Santa Fe, NM 87504-2088

PO Box 2088
Santa Fe, NM 87504-2088

Fee Lease - 3 Copies

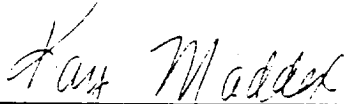
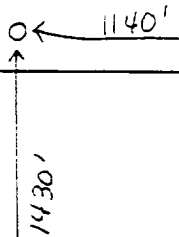
API Number 30-045-25315	2 Pool Code 72319	3 Pool Name Blanco Mesaverde
4 Property Code	5 Property Name Jackson	6 Well Number 3
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation 6022'

UL or Ldn	Section	Township	Range	Lot Ldn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	28N	9W		1430	South	1140	East	San Juan

UL Brd no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 270.36	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
"All" Section 10 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					
					<h3 style="text-align: center;">17 OPERATOR CERTIFICATION</h3> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div style="text-align: center; margin-top: 20px;">  </div> <p>Signature: <u>Kay Maddox</u></p> <p>Printed Name: <u>Kay Maddox</u></p> <p>Title: <u>Regulatory Agent</u></p> <p>Date: <u>2/24/98</u></p>
					<h3 style="text-align: center;">18 SURVEYOR CERTIFICATION</h3> <p>I hereby certify that the well location shown on this plot 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.</p> <p style="text-align: center; margin-top: 20px;">Date of Survey: _____</p> <p style="text-align: center;">Signature and Seal of Professional Surveyor: _____</p> <p style="text-align: center; margin-top: 20px;">Certificate Number: _____</p>
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <p style="font-size: 1.5em; margin: 0;">SECTION 10</p> </div>					

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2083

Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

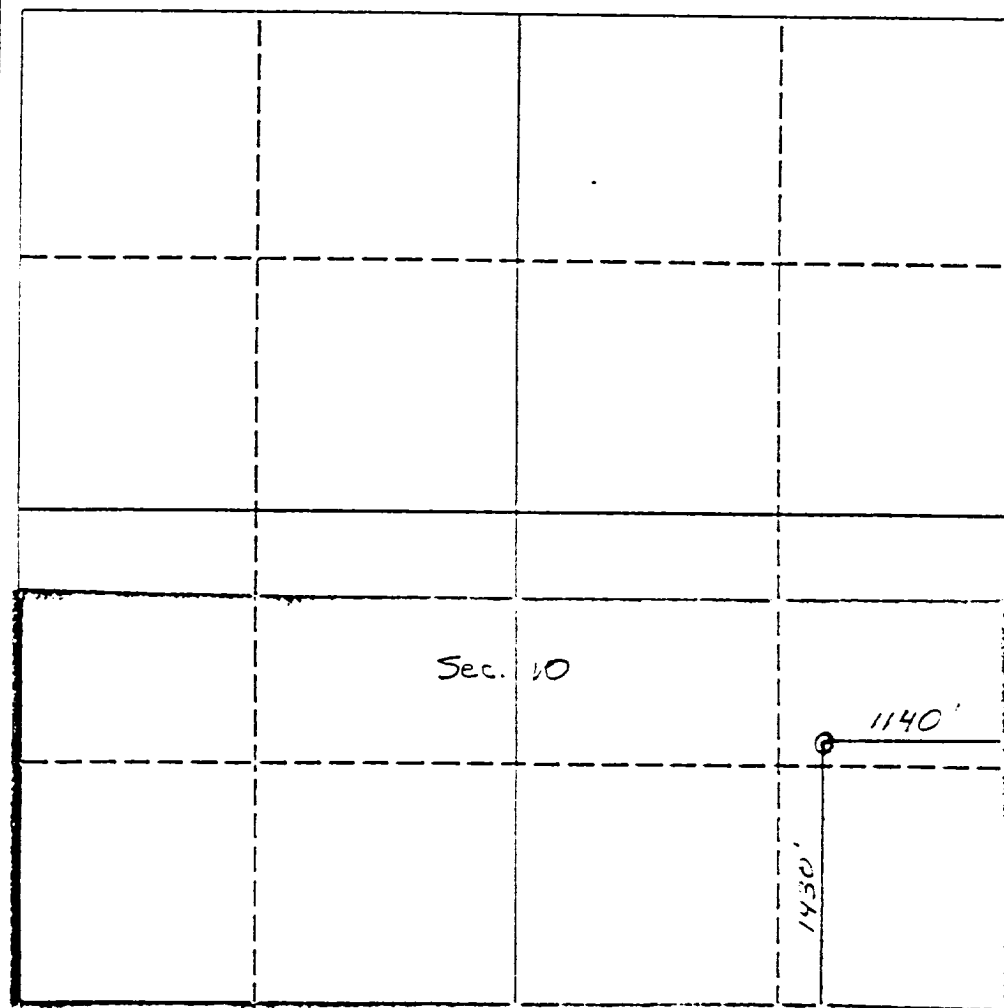
All Distances must be from the outer boundaries of the section

Operator <i>Amoco Production Company</i>			Lease <i>JACKSON</i>		Well No. <i>3</i>
Unit Letter <i>I</i>	Section <i>10</i>	Township <i>28 N</i>	Range <i>9W</i>	County <i>SAN JUAN</i>	

Actual Footage Location of Well:

<i>1430'</i> feet from the <i>South</i> line and <i>1140'</i> feet from the <i>FEL</i> line	Ground level Elev. <i>6910 KB</i>	Producing Formation <i>Eruitland Coal</i>	Pool <i>Basin Ervitland Coal</i>	Dedicated Acreage: <i>5/2</i> <i>270.36</i> Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
"ALL" Sec. 10
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).
No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature
Ed Hadlock
Printed Name
Ed Hadlock
Position
Admin. Analyst
Company
Amoco Production Co.
Date
11/2/92

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 knowledge and belief.

Date Surveyed
Signature & Seal of Professional Surveyor
"ON File"
Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Conoco, Inc.
10 Desta Dr Ste 100W
Midland, TX 79705

Re: Jackson #3 Section 10, T-28-N, R-9-W, M
San Juan County, New Mexico

Notification Of Offset Operators:

Amoco
PO Box 800
Denver, CO 80201

Burlington Resources
PO Box 4289
Farmington, NM 87499

West Largo Corp.
6638 W. Ottawa Ave STE 100
Littleton, Co 80123

S&G Interests
811 Dallas STE 1505
Houston, TX 77002

Z 137 529 926

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Amoco
Street & Number	PO Box 800
Post Office, State, & ZIP Code	Denver, CO 80201

Z 137 529 927

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Burlington Resources
Street & Number	PO Box 4289
Post Office, State, & ZIP Code	Farmington, NM 87499

Z 137 529 928

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	West Largo Corp
Street & Number	6638 W. Ottawa Ave STE 100
Post Office, State, & ZIP Code	Littleton, CO 80123

Z 137 529 929

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	S & G Interests
Street & Number	811 Dallas STE 1505
Post Office, State, & ZIP Code	Houston, TX 77002
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995