



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

July 9, 1997

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

*Administrative Order NSL-658-A*

Dear Mr. Hoover:

Reference is made to your application dated June 11, 1997, for a non-standard Blanco-Mesaverde gas well location in an existing standard 320-acre gas spacing and proration unit ("GPU") for said Blanco-Mesaverde Pool comprising the W/2 of Section 20, Township 28 North, Range 7 West, NMPM, San Juan County, New Mexico, which currently has dedicated thereon the San Juan "28-7" Unit Well No. 31 (API No. 30-039-07344), located 681 feet from the South line and 2024 feet from the West line (Unit N) of said Section 20 and the San Juan "28-7" Unit Well No. 31-A (API No. 30-039-25341), located an unorthodox infill gas well location (approved by Division Administrative Order NSL-3317, dated October 6, 1993) 670 feet from the North line and 1340 feet from the West line (Unit C) of said Section 20.

It is our understanding that the subject well to be considered in this application, the San Juan "28-7" Unit Well No. 219 (API No. 30-039-20866), which was drilled in 1977 by El Paso Natural Gas Company and completed in the Basin-Dakota Pool at an unorthodox gas well location (approved by Division Administrative Order NSL-658, dated April 12, 1974) 810 feet from the South line and 2260 feet from the West line (Unit N) of said Section 20, is to be recompleted at this time by perforating the Blanco-Mesaverde interval whereby both Basin-Dakota and Blanco-Mesaverde gas production will be commingled downhole under authority of Division Administrative Order DHC-1550, dated May 2, 1997.

Pursuant to the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", as promulgated by Division Order No. R-8170, as amended, the location for the San Juan "28-7" Unit Well No. 219 is also unorthodox.

By the authority granted me under the provisions of Rule 2(d) of said special pool rules, the above-described unorthodox gas well location in the Blanco-Mesaverde Pool is hereby

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Conoco Inc.

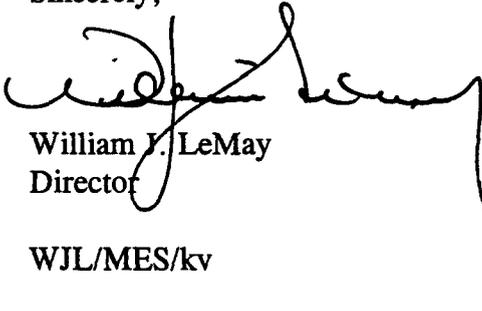
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approved. Further, Conoco is authorized to simultaneously dedicate Blanco-Mesaverde gas production on the subject GPU from the San Juan "28-7" Unit Well No. 219 with the two existing San Juan "28-7" Unit Well Nos. 31 and 31-A. Said wells and GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

Sincerely,



William J. LeMay  
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington  
File: NSL-3317  
NSL-658  
DHC-1550 /