



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

August 25, 1997

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

Administrative Order NSL-1141-A

Dear Mr. Hoover:

Reference is made to: (i) your original application dated July 11, 1997 (received by the Division in Santa Fe on July 14, 1997) that was found to be incomplete; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated July 17, 1997; (iii) your response by letter dated July 22, 1997 with supplemental information (received by the Division in Santa Fe on August 4, 1997) which served to complete your request; and, (v) to the records of the Division in Santa Fe: all of which concern Conoco, Inc.'s request for an unorthodox gas well location in both the Basin-Fruitland Coal (Gas) Pool and the Otero-Chacra Pool for the existing Federal Well No. 21 (API No. 30-045-24183), located 315 feet from the North line and 720 feet from the West line (Unit D) of Section 9, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. The subject well, formerly designated the Federal Well No. 16-E, was drilled by Mesa Petroleum Company in 1981 to test the Basin-Dakota Pool at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1141, dated January 14, 1980) within the existing 320-acre standard gas spacing and proration unit comprising the W/2 of said Section 9.

It is our understanding that Conoco, Inc. intends to downhole commingle both the Fruitland coal and Chacra gas producing intervals in said well under authority of Division Administrative Order DHC-1624, dated August 15, 1997; and, pursuant to Division General Rule 104.C(3) and Rule 7 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*", as promulgated by Division Order No. R-8768, as amended, said location is also unorthodox for both the Otero-Chacra and Basin-Fruitland Coal gas intervals, respectively.

The W/2 of said Section 9 being a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool and the NW/4 of said Section 9 being a standard 160-acre gas spacing and proration unit for the Otero-Chacra Pool, are to be dedicated to said well.

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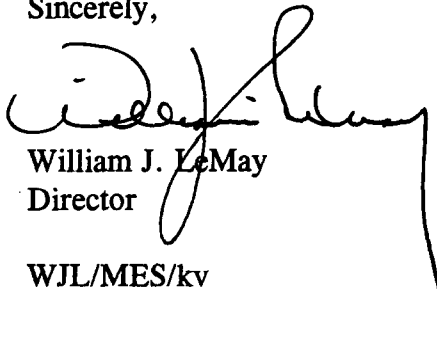
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By the authority granted me under the provisions of Rule 8 of said special Basin-Fruitland Coal (Gas) Pool rules and Division General Rules 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel - Santa Fe
Dave Wacker, Conoco, Inc. - Santa Fe
File: NSL-1141
DHC-1624 /