



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury
Cabinet Secretary

November 5, 2001

Lori Wrotenbery

Director

Oil Conservation Division

Conoco, Inc.

P. O. Box 2197 - DU3084

Houston, Texas 77252-2197

Attention: Yolanda Perez

Yolanda.Perez@usa.conoco.com

Administrative Order NSL-565-A

Dear Ms. Perez:

Reference is made to the following: (i) your application dated October 22, 2001 (*application reference No. pKRV0-130448636*); (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter dated November 1, 2001 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your telefaxed response on November 5, 2001 with the required information; and (iv) the records of the Division in Santa Fe and Aztec: all concerning Conoco, Inc.'s request for a replacement Pictured Cliffs gas well at an unorthodox location within an existing standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 20, Township 25 North, Range 4 West, NMPM, South Blanco-Pictured Cliffs Pool (72439), Rio Arriba County, New Mexico.

Initial development of South Blanco-Pictured Cliffs Pool gas production within the subject 160-acre gas spacing and proration unit commenced in 1960 when El Paso Natural Gas Company drilled its Jicarilla "E" Well No. 7 (**API No. 30-039-05907**) at a standard gas well location 1650 feet from the South and West lines (Unit K) of Section 20.

It is our understanding that the well to be considered at this time, Conoco, Inc.'s Jicarilla "20" Well No. 2 (**API No. 30-039-05873**), located 349 feet from the South line and 596 feet from the West line (Unit M) of Section 20, was initially drilled in 1958 and completed as an oil well in the Gallup formation at a standard oil well location. By Division Administrative Order NSL-565, dated July 28, 1972, Conoco, Inc. was granted authorization to re-complete this well in the Blanco-Mesaverde Pool within a standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 20 at an unorthodox gas well location therein. This well is currently producing from the West Lindrith-Gallup Dakota Oil Pool only and upon issuance of this order Conoco, Inc. intends to abandon the Gallup/Dakota interval and recomplete up-hole into the Pictured Cliffs formation.

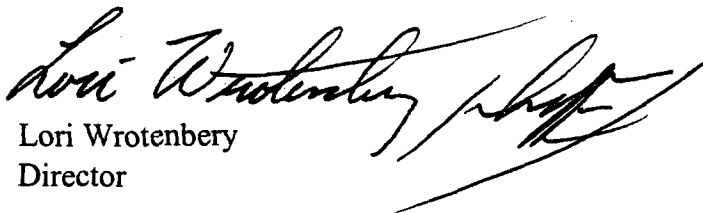
It is further understood that Conoco, Inc. intends to plug and abandon the Jicarilla "E" Well No. 7 once the Jicarilla "20" Well No. 2 has been successfully recompleted into the Pictured Cliffs interval.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the South Blanco-Pictured Cliffs Pool*", as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing the South Blanco-Pictured Cliffs Pool, the above-described Jicarilla "20" Well No. 2, to be recompleted into the South Blanco-Pictured Cliffs Pool as a replacement well on the existing 160-acre gas spacing and proration unit comprising the SW/4 of Section 20 at an unorthodox gas well location thereon, is hereby approved.

Further, Division Administrative Order NSL-565 shall be placed in abeyance until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Albuquerque
File: NSL-565 /