



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 22, 1998

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

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Conoco Inc.

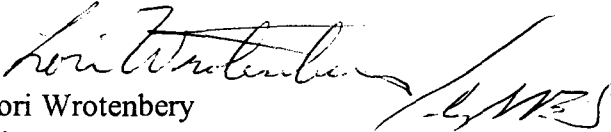
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approved. Both of the aforementioned Johnston "LS" Well No. 6-X and Jackson Well No. 3 and this 270.36-acre GPU in the Blanco-Mesaverde Pool will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools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