



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 26, 1998

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

Administrative Order NSL-3984

Dear Ms. Maddox:

Reference is made to your application dated March 23, 1998, for a non-standard Blanco-Mesaverde infill gas well location in an existing standard 315.36-acre gas spacing and proration unit ("GPU") for said Blanco-Mesaverde Pool comprising Lots 3 and 4, the NW/4, and the N/2 SW/4 (W/2 equivalent) of Section 32, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which is currently dedicated to the San Juan "28-7" Unit Well No. 77 (API No. 30-039-07219), located 800 feet from the South line and 1460 feet from the West line (Unit N) of said Section 32.

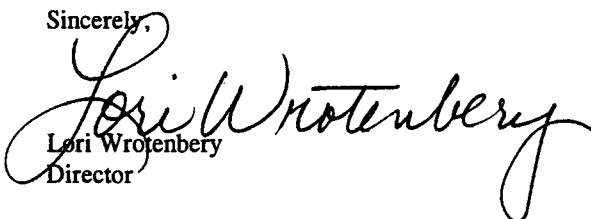
It is our understanding that the subject well to be considered in this application, the San Juan "28-7" Unit Well No. 252 (API No. 30-039-21653) was drilled in 1979 by El Paso Natural Gas Company and completed in the Basin-Dakota Pool at an unorthodox gas well location (approved by Division Administrative Orders NSL-1051, dated June 26, 1979, and NSL-1058, dated July 26, 1979) 790 feet from the North line and 1850 feet from the West line (Unit C) of said Section 32. At this time Conoco, Inc. intends to recomplete said wellbore by perforating up-hole into the Blanco-Mesaverde interval whereby both Basin-Dakota and Blanco-Mesaverde gas production will be commingled downhole under authority of Division Administrative Order DHC-1799, dated February 24, 1998.

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. 252 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 approved.

Further, all provisions of said Administrative Orders NSL-1051, NSL-1058, and DHC-1799 shall remain in full force and effect until further notice.

Sincerely,


Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel - Santa Fe
Jimmy D. Carlile, Conoco, Inc. - Midland, Texas
File: NSL-1051
NSL-1058
DHC-1799



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ADMINISTRATIVE ORDER DHC-1799

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

Attention: Ms. Kay Maddox

*San Juan 28-7 Unit No. 252
API No. 30-039-21653
Unit C, Section 32, Township 28 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319) and
Basin-Dakota (Prorated Gas - 71599) 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-Dakota Gas Pool shall be determined utilizing the mid-year 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-Dakota Gas Pool production from the well's total monthly oil and gas production.

Administrative Order DHC-1799

Conoco Inc.

February 24, 1998

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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 24th day of February, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

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