



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 25, 2002

Conoco, Inc.
P. O. Box 2197 – DU3084
Houston, Texas 77252-2197
Attention: Yolanda Perez
Yolanda.Perez@usa.conoco.com

Administrative Order NSL-1862-A

Dear Ms. Perez:

Reference is made to the following: (i) your application (*application reference No. pKRV0-211352394*) submitted to the New Mexico Oil Conservation Division (“Division”) on April 22, 2002; and (ii) the Division's records in Santa Fe and Aztec: all concerning Conoco, Inc.’s request for an unorthodox gas well location in the Chacra formation for the existing Jicarilla “K” Well No. 22-A (API No. 30-039-23516) located 420 feet from the South line and 1850 feet from the East line (Unit O) of Section 2, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The SE/4 of Section 2 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Otero-Chacra Pool (82329).

By Division Administrative Order NSL-1862, dated August 9, 1984, Southern Union Exploration Company received authorization to drill to and complete the above-described Jicarilla “K” Well No. 22-A in the Blanco-Mesaverde Pool at an unorthodox infill gas well location within a standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 2. According to Division records, Conoco, Inc. became the operator of this well on November 1, 1995.

It is our understanding that Conoco, Inc. now intends to perforate the Chacra interval and recomplete the well such that production from both the Mesaverde and Chacra formations will be downhole commingled.

The location of this well within the Otero-Chacra Pool is also considered to be unorthodox, pursuant to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The application has been duly filed under the provisions of Division Rules 104.F, as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox gas well location within the Otero-Chacra Pool is hereby approved.

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Further all provisions of Division Order NSL-1862 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenberg / LMS".

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Division Administrative Order NSL-1862