



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

July 10, 1997

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

Administrative Order NSL-2064-A

Dear Mr. Hoover:

Reference is made to your application dated June 11, 1997, for a non-standard Blanco-Mesaverde gas well location in an existing standard 316.32-acre gas spacing and proration unit ("GPU") for said Blanco-Mesaverde Pool comprising Lots 1 and 2, the NE/4, and the N/2 SE/4 (E/2 equivalent) of Section 33, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, which currently has dedicated thereon the San Juan "28-7" Unit Well No. 1 (**API No. 30-039-07274**), located 660 feet from the North and East lines (Unit A) of said Section 33 and the San Juan "28-7" Unit Well No. 191 (**API No. 30-039-20591**), located a standard gas well location 890 feet from the South line and 1780 feet from the East line (Lot 2/Unit O) of said Section 33.

It is our understanding that the subject well to be considered in this application, the San Juan "28-7" Unit Well No. 191-E (**API No. 30-039-23753**), which was drilled in 1985 by El Paso Natural Gas Company and completed in the Basin-Dakota Pool at an unorthodox infill Basin-Dakota gas well location (approved by Division Administrative Order NSL-2064, as amended) 1010 feet from the North line and 320 feet from the East line (Unit A) of said Section 33, is to be recompleted at this time by perforating the Blanco-Mesaverde interval whereby both Basin-Dakota and Blanco-Mesaverde gas production will be commingled downhole under authority of Division Administrative Order DHC-1549, dated May 2, 1997.

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. 191-E 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, Conoco is authorized to simultaneously dedicate Blanco-Mesaverde gas production on the subject GPU from the San Juan "28-7" Unit Well No. 191-E with the two existing San Juan "28-7" Unit Well Nos. 1 and 191. Said wells and GPU will be subject to all existing rules, regulations,

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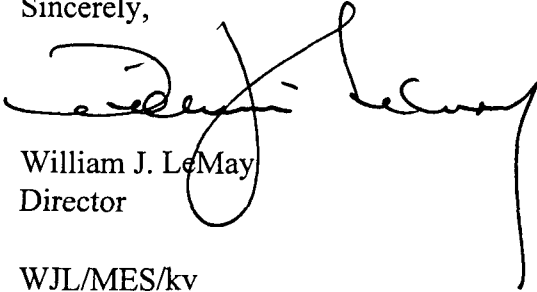
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policies, and procedures applicable to prorated gas pools in Northwest New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay". The signature is fluid and cursive, with a large loop at the end of the last name.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-2064
DHC-1549