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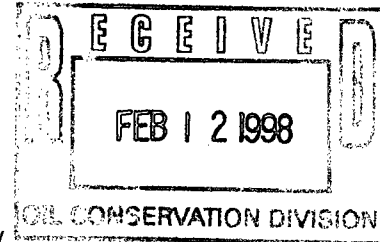
3/4/98

Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

February 8, 1998

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504



RE: Application For Non-Standard Location
For San Juan 28-7 Unit # 249M to Avoid Topography
Constraints & Carrizo Creek

Dear Mr. Stogner,

This proposed Mesaverde/Dakota well has been staked at a non-standard location of 855' FSL & 2265' FEL, Section 30, T28N, R7W, Rio Arriba County as shown by the attached C-102. The Blanco Mesaverde and Basin Dakota pool rules require a standard location to be located no closer than 790' from the Center section line. This staked location is only 275' from the Center section line. Please note that this non-standard location encroaches on the center half section line rather than towards the west line of the section, the 28-7 unit edge. Conoco, Inc is the sole operator of the 28-7 Unit. There are no other operators that would be affected by this unorthodox Mesaverde/Dakota location.

Figure 2A is a topo map showing the location of Carrizo Creek which is a large wash that bisects a significant portion of the legal staking options. Please find attached a letter from the BLM stating why they feel that a non-standard location is necessary and why they suggest this non-standard location be located below the bench and further away from the wash. Attached is a statement from the Neale C. Edward Survey Company also stating the reasons for our request of a non-standard location.

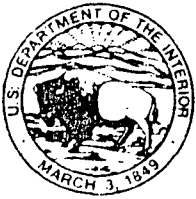
The proposed well will be completed and tested separately in the Mesaverde and Dakota formations. This well will eventually be downhole commingled following adequate testing and approval.

A non-standard location order is requested based on the reasons given in the following attachments. If there are further questions concerning this application please call me at (915) 686-5798.

Sincerely,

Kay Maddox
Regulatory Agent

cc: Oil Conservation Division - Aztec
William J LeMay, Director - OCD, Santa Fe



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

SF-078500A(07600)
3162.3-1

JAN 27 1998

Conoco Incorporated
Attn: Mike Mankin
10 Desta Drive, Suite 430E
Midland, TX 79705

Dear Mr. Mankin:

This is in reference to the placement of the proposed San Juan 28-7 Unit number 249M Mesaverde/Dakota well, located 855' FSL, 2365' FEL, Sec. 30, T. 28 N., R. 7 W., lease number SF 078500A. After attempting to find a suitable location within the windows established by the New Mexico Oil Conservation Commission, we suggest you submit for a nonstandard location. A suitable orthodox location was not found because of major topographical constraints in the area. A large portion of the spacing options for a standard location was bisected by Carrizo Creek. Putting a pad in this area would have required constant dirt work to keep the location from eroding away. The other alternative for constructing a well pad was located on a wooded, sandstone bench. That area was inaccessible due to steep topography. Considerable environmental surface damage would have occurred with the construction of a pad and access road in such steep terrain. For these reasons a nonstandard location below the bench and further away from the wash would be more suitable. There the pad and access road could be built on more level terrain. Construction would require less dirt work, create less resource damage, and would be easier to maintain.

In the past it has been discussed that nonstandard locations would probably be proposed more frequently as the more desirable locations are developed. It is our desire to find the best possible locations for new wells and access roads being proposed, with minimal environmental impacts. Therefore, we will be glad to support your nonstandard proposal for the San Juan 28-7 Unit number 249M well to the NMOCC.

If there is any way we can be of further assistance, please contact Jackie Neckels of the Environmental Compliance Staff at (505) 599-6323.

Sincerely

Senior Technical Advisor
Environmental Compliance

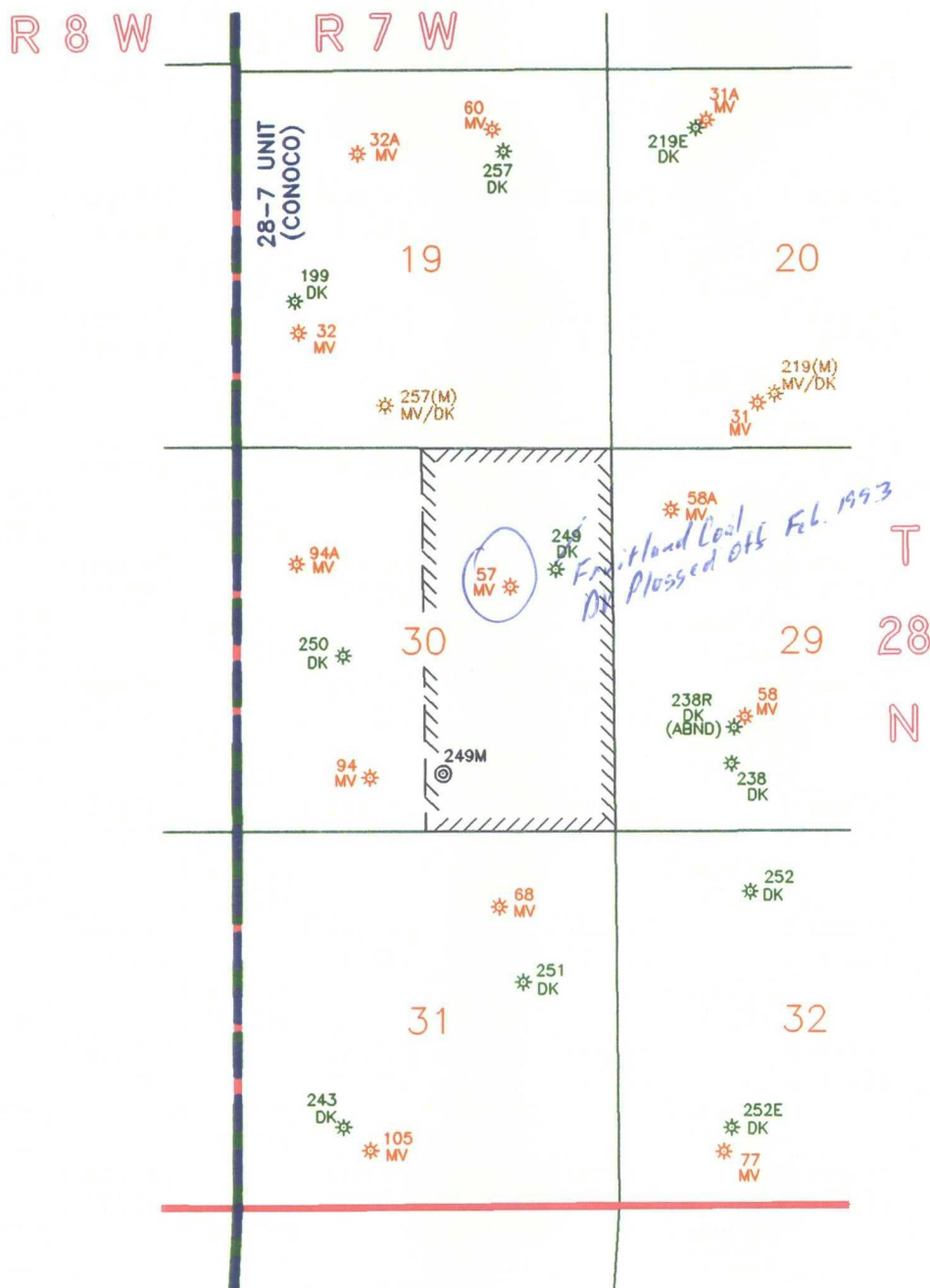
NOVEMBER 15, 1997

CONOCO, INC.
SAN JUAN 28-7 UNIT #249M
855' FSL, 2365' FEL,
SEC.30, T28N, R7W, NMPM
RIO ARRIBA COUNTY, NM


TO WHOM IT MAY CONCERN @ CONOCO, INC.:

REASONS FOR NON-STANDARD LOCATION:

THE PRIMARY REASON FOR THE NON-STANDARD STAKING OF THE SAN JUAN 28-7 UNIT #249M IS THE DRASTIC RELIEF IN THE TOPOGRAPHY WHICH EXISTS IN THIS AREA. FURTHERMORE, A LARGE WASH KNOWN AS CARRIZO CREEK BISECTS A SIGNIFICANT PORTION OF THE LEGAL STAKING OPTIONS. THE ONLY AREA WHICH PROVIDES FOR A REASONABLY CONSTRUCTABLE WELLPAD IS VIRTUALLY INACCESSIBLE DUE TO A STEEP ROCK SHELF WHICH ISOLATES THE AREA MENTIONED. FOR THESE REASONS, THE LOCATION STAKED AT 855' FSL AND 2365' FEL WILL HOPEFULLY BE ACCEPTABLE.



**SAN JUAN 28-7 UNIT
RIO ARriba CO., N.M.**

NOTES		<div>  <div>EPNGNA MIDLAND DIVISION</div> </div>		
CONOCO OPERATES ALL MESAVERDE AND DAKOTA WELLS WITHIN THE 28-7 UNIT. MAP SHOWS ONLY MESAVERDE AND DAKOTA WELLS	DATE: 02/06/98	<div> CONOCO 28-7 UNIT MESAVERDE & DAKOTA PRODUCERS San Juan 28-7 Unit #249M Non-Standard Location </div>		
	DRAWN BY: GLG			
	CHECKED BY:			
	APPROVED BY:			
	SCALE: 1" = 2640'	<div> <div>STATE</div> <div>API</div> <div>COUNTY</div> </div> <div>039 \ 30</div>		<div>DRAWING</div> <div>28-7_249</div>
	STATE PLANE COORDINATES REFERRED TO NAD27 - N.M. WEST STATE PLANE COORDINATES ZONE - 3003		CONOCO INC. OFFICE 10 DESTA DRIVE WEST MIDLAND, TEXAS 79705	

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72319/71599	Blanco Mesaverde/Basin Dakota
*Property Code	*Property Name		*Well Number
016608	SAN JUAN 28-7 UNIT		249M
*OGRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		5941'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	30	28N	7W		855	South	2365	East	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320	Y	U	Non-standard Location (to be applied for)

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

15 1 2 3 4	5161.86'	5163.18'
	5280.00'	5280.00'
	30	2365'
	855'	855'

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Mike L. Mankin

Signature

Mike L. Mankin

Printed Name

Right of Way Agent

Title

2-6-98

Date

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 6, 1997

Date of Survey

Signature and Seal

NEALE C. EDWARDS

NEW MEXICO

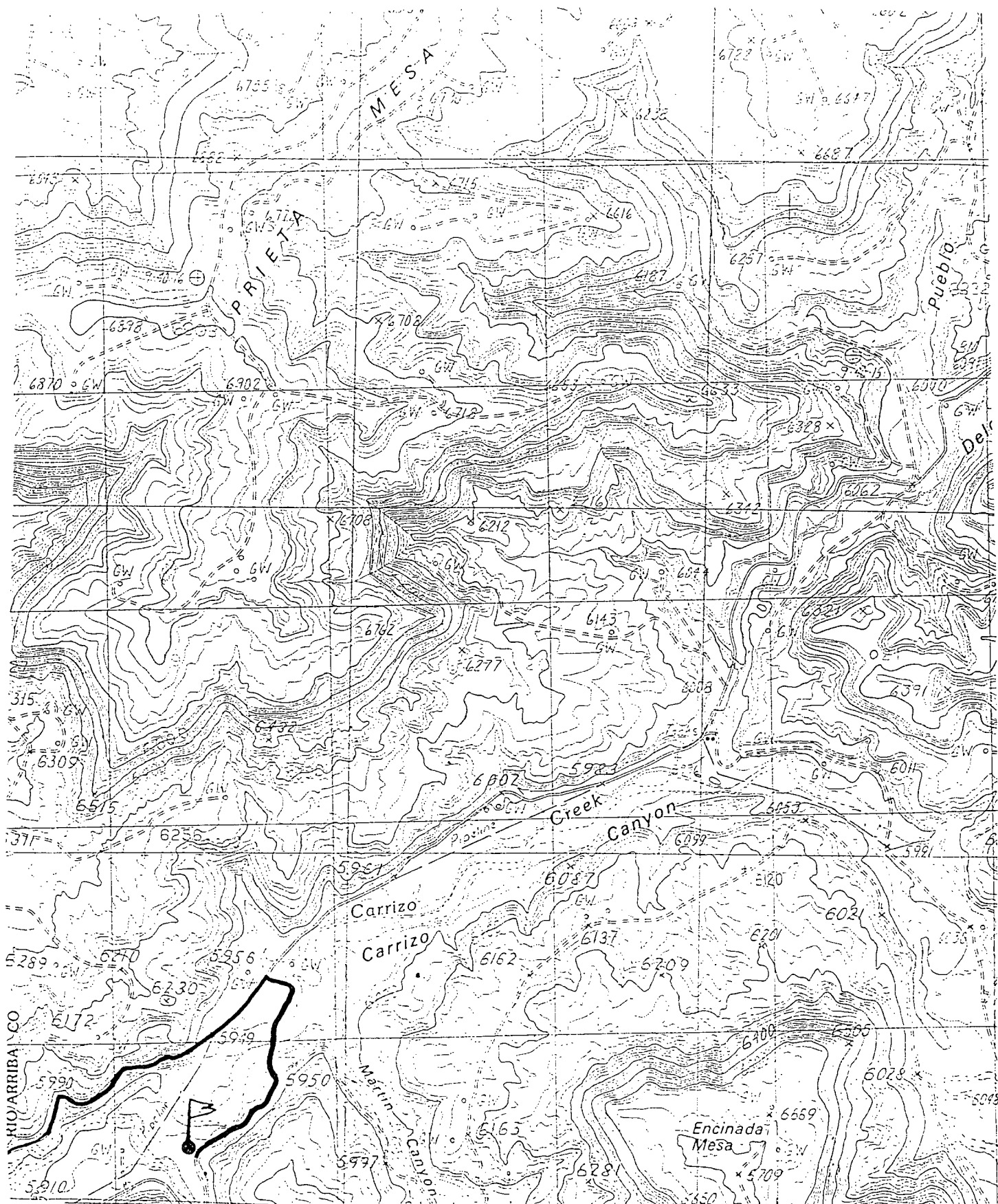
6857

REGISTERED PROFESSIONAL SURVEYOR

6857

Certificate Number

855' FSL 2365' FEL SEC 30, T28N, R7W
RIO ARriba COUNTY, NEW MEXICO

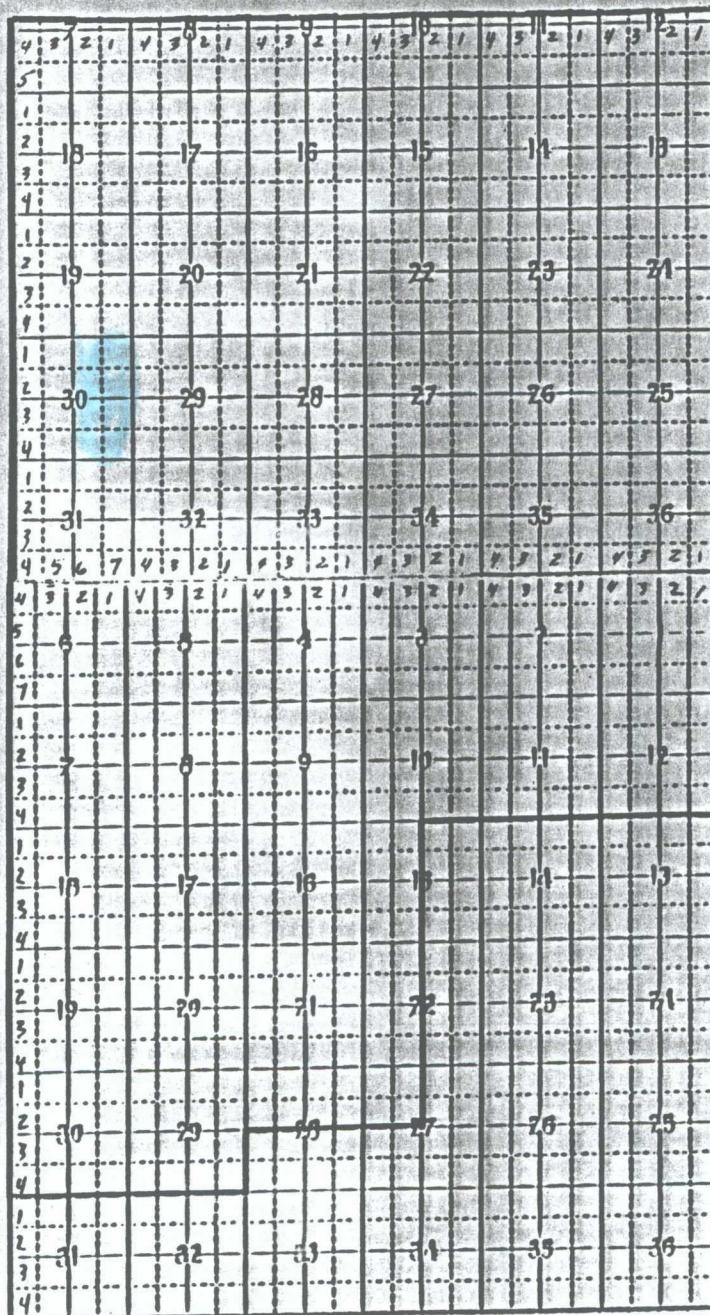


SAN JUAN 28-7

RIO ARRIBA COUNTY
NEW MEXICO

No. 14-08-001-459

EFFECTIVE 1-29-53



28 N

27 N

7 W

1-1-87