



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 2, 1998

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

Administrative Order NSL-3954

Dear Ms. Maddox:

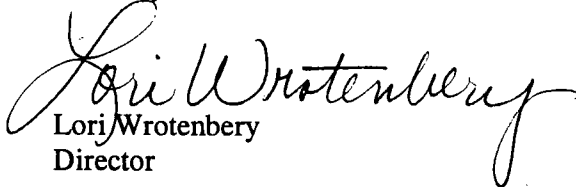
Reference is made to your application dated February 23, 1998, which was received by the Division in Santa Fe on February 25, 1998, for an unorthodox gas well location for both the Blanco-Mesaverde and Basin-Dakota Pools for the existing San Juan "28-7" Unit Well No. 261 (API No. 30-039-21679) located 1240 feet from the South line and 2155 feet from the West line (Unit N) of Section 5, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 5, being a standard 320.52-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, is to be dedicated to said well. The S/2 of said Section 5, being a standard 320-acre gas spacing and proration unit in the Basin-Dakota Pool, is to be dedicated to said well.

It is our understanding that Conoco Inc. intends to downhole commingle both the Blanco-Mesaverde and Basin-Dakota Pools in said well under authority of Division Administrative Order DHC-1798, dated February 24, 1998.

By the authority granted me under the provisions of Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox Dakota/Mesaverde gas well location for the San Juan "28-7" Unit Well No. 261 is hereby approved.

Sincerely,


Lori Wrotenbery
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: DHC-1798