



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 22, 1998

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

Administrative Order NSL-4061

Dear Ms. Maddox:

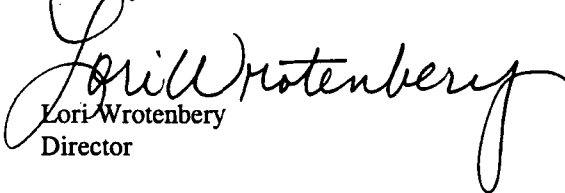
Reference is made to your application dated May 28, 1998 for an exception to the well location requirements provided within the "Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987, for Conoco, Inc.'s proposed San Juan "28-7" Unit Well No. 98-M to be drilled at an unorthodox "infill" gas well location in both the Blanco-Mesaverde and Basin-Dakota Pools 2005 feet from the North line and 2170 feet from the West line (Unit F) of Section 29, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included in an existing standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 29 which is currently dedicated to Conoco Inc.'s San Juan "28-7" Unit Well No. 99 (API No. 30-039-21729), located at a standard gas well location 795 feet from the South line and 1635 feet from the West line (Unit N) of Section 29. Gas production from the Basin-Dakota Pool is to be included in an existing standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 29, which is currently dedicated to Conoco Inc.'s San Juan "28-7" Unit Well No. 98 (API No. 30-039-06902), located at a standard gas well location 1800 feet from the North and East lines (Unit G) of said Section 29.

The application has been duly filed under the provisions of Rules 104.F and 605.B of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde "infill" gas well location for the San Juan "28-7" Unit Well No. 98-M is hereby approved. All of the aforementioned wells and both GPU's will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

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