



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 24, 1998

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-5400
Attention: Kay Maddox

Administrative Order NSL-4116

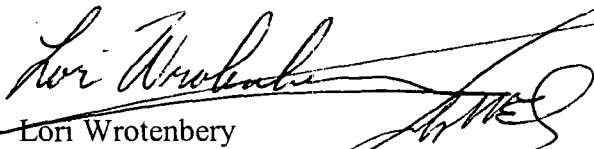
Dear Ms. Maddox:

Reference is made to your application dated July 29, 1998 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Buttram Well No. 3 (API No. 30-039-06426), located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 23, Township 26 North, Range 6 West, NMPM, Basin-Fruitland Coal (Gas) Pool, Rio Arriba County, New Mexico. According to the well records on file with the New Mexico Oil Conservation Division in Santa Fe, the Buttram Well No. 3 was initially drilled in 1953 by Pubco Development Inc. and completed at a standard gas well location in the Blanco-Pictured Cliffs Pool within a standard 160-acre gas spacing and proration unit comprising the NW/4 of Section 23.

It is our understanding that the Basin-Fruitland Coal (Gas) Pool is to be perforated and the well will be recompleted such that gas production from both intervals is to be commingled downhole. This location, pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, is considered to be unorthodox. Further, the W/2 of Section 23 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of said special pool rules, the above-described unorthodox coal gas well location for the Buttram Well No. 3 is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington