



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

March 2, 1999

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

Administrative Order NSL-4222

Dear Ms. Maddox:

Reference is made to your application dated February 25, 1999 for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-10987, for a non-standard Basin-Dakota infill gas well location in an existing standard 319.80-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 1, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. This unit is currently dedicated to Conoco, Inc.'s San Juan "28-7" Unit Well No. 126 (API No. 30-039-07161), located a standard gas well location 990 feet from the South line and 1040 feet from the West line (Unit M) of Section 1.

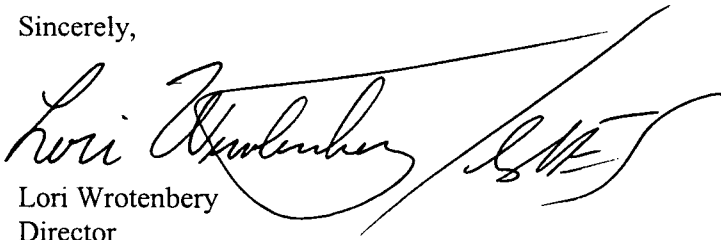
The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill gas well location in Section 1 is hereby approved:

**San Juan "28-7" Unit Well No. 126-M
1730' FNL & 2165' FWL (Unit F).**

Further, both of the aforementioned San Juan "28-7" Unit Well Nos. 126 and 126-M and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

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