



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 24, 2002

Conoco, Inc.
P. O. Box 2197 - DU3084
Houston, Texas 77252-2197
Attention: Yolanda Perez
Yolanda.Perez@usa.conoco.com

Administrative Order NSL-4739

Dear Ms. Perez:

Reference is made to the following: (i) your application (*application reference No. pKRV0-213541083*) submitted to the New Mexico Oil Conservation Division ("Division") on May 14, 2002; and (ii) the Division's records in Santa Fe and Aztec: all concerning Conoco, Inc.'s request for an unorthodox gas well location in the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools for its proposed Jicarilla "E" Well No. 16 to be drilled at an unorthodox gas well location 380 feet from the North line and 880 feet from the East line (Unit A) of Section 21, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

It is our understanding that Conoco, Inc. intends to dually complete this well and that: (i) the E/2 of Section 21, being a standard 320-acre stand-up gas spacing and proration unit for the Blanco-Mesaverde Pool; and (ii) the NE/4 of Section 21, being a standard 160-acre gas spacing and proration unit for the Tapacito-Pictured Cliffs Pool, are to be dedicated to the subject Jicarilla "E" Well No. 1.

This application has been duly filed under the provisions of: (i) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; (iii) the "*Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 on February 1, 1999; and (iv) the "*Special Rules for the Tapacito-Pictured Cliffs Pool*," as promulgated by Division Order No. R-10987, issued in Case No. 11705 on May 7, 1998.

It is the Division's understanding that all of Sections 15, 16, 21, and 22, all in Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico is within a single Jicarilla Apache tribal oil and gas lease (Jicarilla Contract No. 104); therefore, there are no adversely affected offset mineral interests to the proposed well.

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Conoco, Inc.

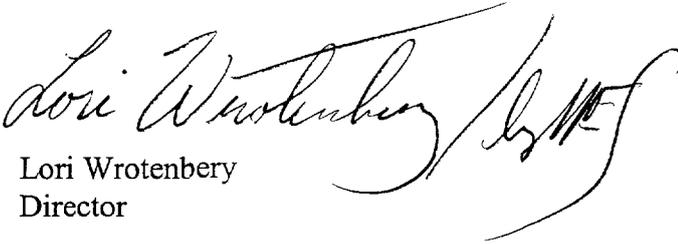
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By the authority granted me under the provisions of Division Rule 104.F (2), as revised, Division Rule 605.B (2) (b), and the applicable provisions of the special pool rules governing both the Blanco-Mesaverde and Tapacito-Pictured Cliffs Pools, the above-described unorthodox gas well location for Conoco, Inc.'s proposed Jicarilla "E" Well No. 1 is hereby approved.

Further, both the Blanco-Mesaverde and Tapacito-Pictured Cliffs intervals within the aforementioned well and respective spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery" followed by a stylized flourish or initials.

Lori Wrotenbery
Director

LW/MES/kv

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