



Midland Division
Exploration Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

March 29, 1996

Mr. Michael E. Stogner
Chief Hearing Officer/Engineer
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

**Re: CASE 11502: Application of Conoco, Inc. to amend Division Order No. R-10476
for an additional unorthodox gas well location, Rio Arriba County, New Mexico.**

Dear Mr. Stogner:

Since the proposed unorthodox location is interior to the San Juan 28-7 Unit and production will be from the same participating areas as the wells in the offsetting spacing units, Conoco has not received, nor anticipates any objection to its approval. Based on this premise of no objection and in keeping with the advertising format, "IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT", Conoco does not plan to make an appearance or presentation at the hearing on April 4, 1996.

However, I would like to respond to your request on page two of your March 6, 1996 letter (copy attached) setting this case for hearing. As you have undoubtedly perceived from my February 26, 1996 historical addendum to the original administrative application, attempts to drill a Mesaverde/Dakota well in the subject quarter-section first by Amoco and then by Conoco over the last two years have been frustrated and greatly delayed by repeated efforts to find a drillable location that would satisfy regulatory, archeological, topographical, and development constraints.

Since this application was initially filed as an administrative action, separate from the hearing that produced Division Order No. R-10476, we did not tie this effort all the way back to the first Amoco proposed location at 1550 FSL and 1850 FEL. At the time of the hearing we had not yet discovered that this standard location (Amoco's) would not be acceptable and included it as a potential standard location for this infill well. Subsequent inspections and evaluations led to a year long effort to find a location (assumed to be unorthodox) for this well.

I am attaching a copy of Amoco's filings (BLM Form 3160-3 and NMOCD C-102) for the location included in the hearing data. The fact that this Amoco location was later disallowed by the BLM and the permit to drill cancelled was not discovered by Conoco until after the hearing. At that time Conoco was in the process of taking over operatorship of the unit from Amoco who had communicated to us that they had an active approved permit to drill at the 1550 FSL and 1850 FEL location.

It soon became apparent from BLM and archeological inspections that it would not be possible to find an acceptable standard location. In spite of the confusion created by multiple inspections and proposed locations, the current proposed location at 1605 FSL and 330 FEL of Section 22, Township 28 North, Range 7 West best meets the requirements of topographical, archeological, and desirable drainage pattern constraints.

Conoco believes the drilling of this well, at this location, will be in the best interests of the prevention of waste and the protection of correlative rights and would like to spud this well by the last of April, 1996. Thank you for your assistance in resolving this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Jerry W. Hoover
Sr. Conservation Coordinator

OIL CONSERVATION DIVISION

March 6, 1996

Kellahin and Kellahin
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Conoco, Inc.
Attn: Jerry W. Hoover
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500

Administrative Application For an Unorthodox Blanco-Mesaverde/Basin-Dakota Infill Gas Well Location: San Juan "28-7" Unit Well No. 159-M to be drilled 1605' FSL & 330' FEL (Unit I) of Section 22, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Dear Messrs. Hoover and Kellahin:

The Division is in receipt of Conoco's letter dated February 26, 1996, which was a response to my request for further comments dated February 16, 1996. In reviewing this matter further, it is the Division's decision to settle this matter with an amendment to a hearing order; therefore, this issue will be docketed for the next available examiner's hearing scheduled for April 4, 1996. I am proposing the following advertisement for this case:

"Application of Conoco, Inc. to amend Division Order No. R-10476 for an additional unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10476, which order authorized the downhole commingling of Basin-Dakota Pool and Blanco-Mesaverde Pool gas production within 14 existing and 17 proposed wells within its San Juan 28-7 Unit located in portions of Townships 27 and 28 North, Range 7 West. The No. 159-M unit well is to be drilled at an unorthodox "infill" gas well location for both zones 1605 feet from the South line and 330 feet from the East line (Unit I) of Section 22, Township 28 North, Range 7 West, the existing 320-acre standard gas spacing and proration units for both intervals consisting of the E/2 of said Section 22, which is located approximately 24 miles east by south of Bloomfield, New Mexico, is to be dedicated to said well. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT."

Kellahin & Kellahin/Conoco, Inc.

March 6, 1996

Page 2

To complete the record in this matter Conoco should comment on the reason why the original proposed location (1550' FSL & 1850' FEL), as shown on Exhibit "A" of said Order No. R-10476, dated October 6, 1995, was not mentioned in either of Conoco's letters dated January 31 and February 26, 1996.

Sincerely,



Michael E. Stogner

Chief Hearing Officer/Engineer

*cc: Oil Conservation Division - Aztec
William J. LeMay, Director - OCD, Santa Fe
U. S. Bureau of Land Management - Farmington*

**UNITED STATES
DEPARTMENT OF THE INTERIOR**
BUREAU OF LAND MANAGEMENT

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 DRILL DEEPEN
 SINGL ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Amoco Production Company *778* Attention: Julie L. Acevedo

3. ADDRESS AND TELEPHONE NO.
 P.O. Box 800, Denver, Colorado 80201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1550 FSL 1850 FEL
 At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
 SF-079289-A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 San Juan 28-7 Unit

8. FARM OR LEASE NAME, WELL NO.
 1013 San Juan 28-7 Unit 159M

9. API WELL NO.
30-039-25370

10. FIELD AND POOL, OR WILDCAT
72514
 71599 Basin Dakota/Mesaverde

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 22
 Township 28N Range 7W

12. COUNTY OR PARISH
 Rio Arriba

13. STATE
 New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
43 miles from Aztec, N.M.

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
 (Also to nearest drilg. well line, if any)

16. NO. OF ACRES IN LEASE
 1252

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320 E/2 320

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
 8015

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR., etc.)
 6784' GR

22. APPROX. DATE WORK WILL START*
 3-24-94

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	DRILLING OPERATIONS AUTHORIZED ARE
14 3/4"	11 3/4"	47 #	250'	245' of CL B W/2% of C2 (Cement to surface)
10 5/8"	5 5/8"	24 #	3781'	2118' of CL B (Cement to surface)
7 7/8"	5 1/2"	15.5 #	8015'	1250' of CL B (Cmt to surface)

Notice of Staking was submitted on 2/24/94.

Lease Description: T28N-R7W
 Sec 11: Lots 1,2,3,4,S/2S/2
 Sec 14: W/2
 Sec 15: W/2
 Sec 32: E/2

RECEIVED
 MAR 31 1994
 OIL CON. DIV.
 DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Julie L. Acevedo* TITLE Sr. Staff Assistant DATE 02-24-1994

PERMIT NO. _____ APPROVAL DATE _____
 Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to the proposed program.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *[Signature]* TITLE NMOCO APPROVED **AS AMENDED** MAR 28 1994
 DISTRICT MANAGER
 *See Instructions On Reverse Side
 Title 43 CFR Section 1500 makes it unlawful for any person knowingly and willfully to make a false statement or omission to any officer or employee of the United States or any false, fictitious or fraudulent statement or omission to any person in the course of business, financial transaction or other activity under Federal or State law.

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RECEIVED

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

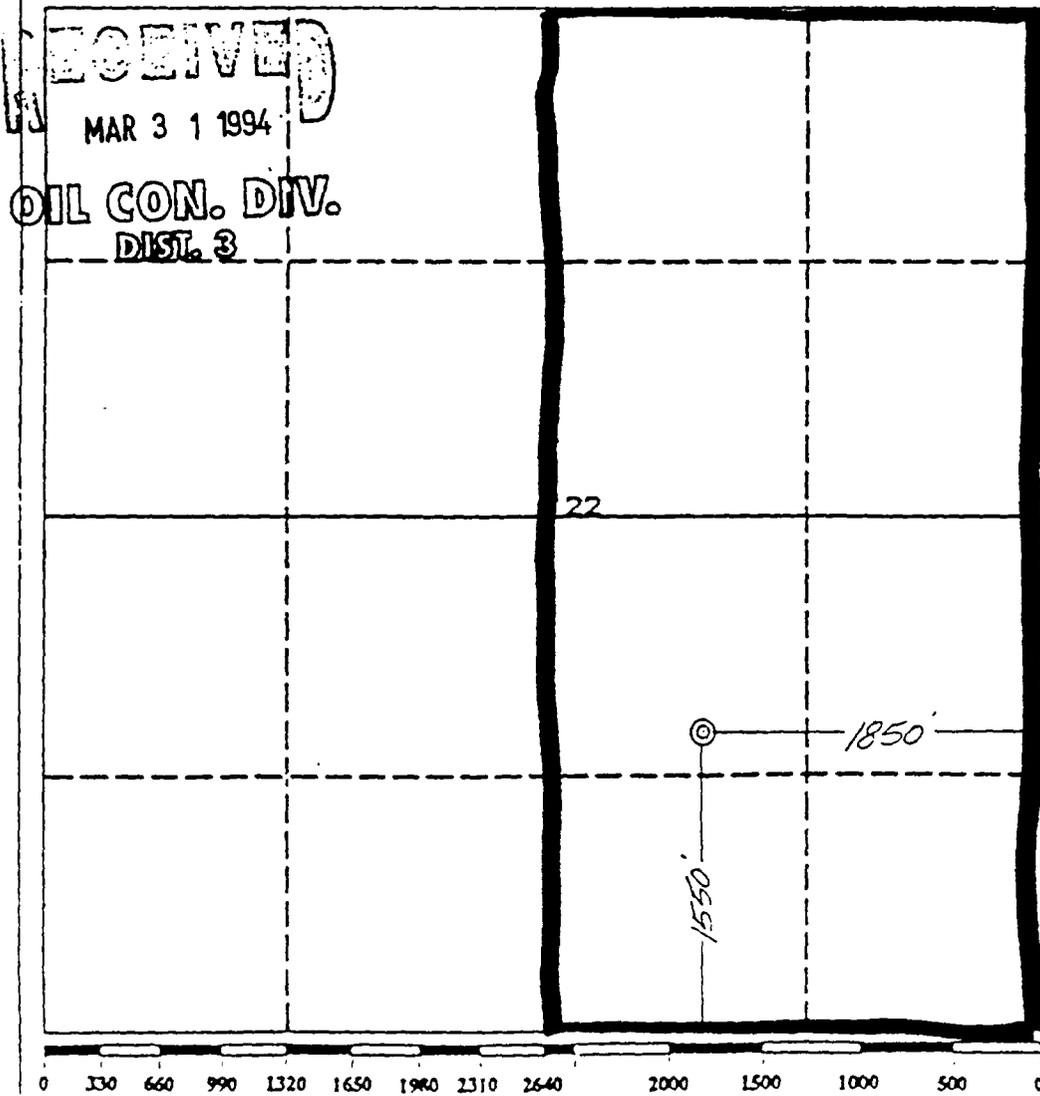
All Distances must be from the outer boundaries of the section

MAR 01 1994

BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA
#150M

Operator AMOCO PRODUCTION COMPANY			Lease San Juan 28-74		
Unit Letter J	Section 22	Township 28 NORTH	Range 7 WEST	County NMPM	RIO ARRIBA
Actual Footage Location of Well: 1550 feet from the SOUTH line and 1850 feet from the EAST line					
Ground level Elev. 6784	Producing Formation Basin Dakota		Pool Basin Dakota	Dedicated Acreage: 8.12 3-20 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No
 - If answer is "yes" type of consolidation _____
 - If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
- No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



RECEIVED
MAR 3 1 1994
OIL CON. DIV.
DIST. 3

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Julie L. Acevedo
 Printed Name: Julie L. Acevedo
 Position: Senior Staff Assistant
 Company: Amoco Production Company
 Date: February 2, 1994

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys made by me or under my supervision, and that the same is true or correct to the best of my knowledge or belief.

Date Surveyed: October 15, 1993
 Signature & Seal of Professional Surveyor: Gary D. Vann
 Gary D. Vann
 Registered Professional Land Surveyor
 7016

