

ATLANTIC RICHFIELD COMPANY

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October 31, 2000

New Mexico Oil Conservation Division
Attn: Lori Wrotenbery, Director
2040 South Pacheco Street
Santa Fe, New Mexico 87505

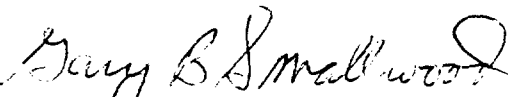
RE: Application of Conoco Inc. to Increase
The Special Depth Bracket Oil Allowable and
To Make Permanent Temporary Special Rules
For the North Hardy-Strawn Pool
Lea County, New Mexico

Ladies and Gentlemen:

Atlantic Richfield Company, as co-owner with Conoco Inc., et al in the development of the North-Hardy Strawn Pool, and as an offset operator, hereby supports Conoco Inc. in their application for an increase in the special depth bracket oil allowable from 600 BOPD to 900 BOPD, as well as their proposal to make permanent all temporary special rules granted by Order R-112221 on July 12, 1999. Conoco's development is located within portions of Sections 25 and 36, Township 20 South, Range 37 East and Sections 30 and 31, Township 20 South, Range 38 East, Lea County, New Mexico.

Conoco's engineering and geologic staff presented a technical overview of the North Hardy-Strawn Pool to the working interest owners in the Southeast Monument Unit on 12 September 2000. Geologic maps of the Strawn formation, a reservoir properties summary based on log and pressure build-up analysis and future proposed locations to complete development of the Pool were presented at this meeting. Step rate testing data was also shown which supports an increased allowable. We agree with Conoco's development plan and believe that it conforms to the ideals of protection of offsetting ownership rights and minimization of waste.

Very truly yours,
ATLANTIC RICHFIELD COMPANY


Gary Smallwood
Reservoir Engineer

BEFORE THE
OIL CONSERVATION DIVISION
Case #12532⾖ Exhibit No. 3
Submitted By:
Conoco, Inc.
Hearing Date: November 16, 2000