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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

October 12, 2000

HAND DELIVERED

OCT 12 AM 3:29

OIL CONSERVATION DIV.

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application of Conoco Inc. to increase
the special oil allowable for the
North Hardy-Strawn Pool,
Lea County, New Mexico.

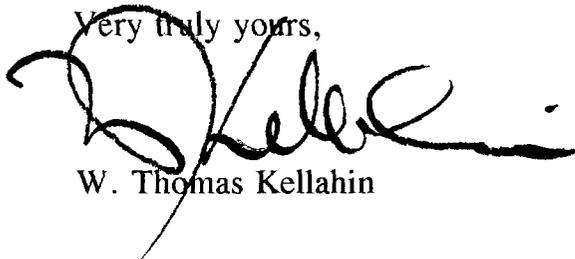
Re: NMOCD Case 12182 (Reopened)
Application on Conoco Inc. for special rules for
North Hardy-Strawn Pool, Lea County, New
Mexico.

Dear Ms. Wrotenbery:

On behalf of Conoco, Inc., please find enclosed our application to increase the oil allowable in this pool which we request be set for hearing on the Examiner's docket now scheduled for November 16, 2000. Also enclosed is our proposed notice for publication.

In addition, we request that Case 12182 be reopened on this same docket for consideration of making the pool rules permanent.

Very truly yours,



W. Thomas Kellahin

cfx: Conoco, Inc.

Attn: Joe Miller (915-686-6586)

Attn: Kay Maddox (915-686-5780)

PROPOSED ADVERTISEMENT

CASE _____ Application of Conoco Inc. to increase the special depth bracket oil allowable for the North Hardy-Strawn Pool, Lea County, New Mexico. Applicant seeks an order amending Rule 6 of the Special Rules for the North Hardy Strawn Pool to increase the depth bracket oil allowable from 600 barrels of oil per day to 900 barrels of oil per day. This pool is located within portions of Sections 25 and 36 T20S, R37E, and Sections 30 and 31, T20S, R38E, NMPM and is approximately 12 miles south southwest from Hobbs, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF CONOCO INC TO INCREASE
THE SPECIAL DEPTH BRACKET OIL ALLOWABLE
FOR THE NORTH HARDY-STRAWN POOL,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

A P P L I C A T I O N

**Conoco Inc, by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division for an order amending Rule 6 of the Special Rules for the North Hardy Strawn Pool to increase the depth bracket oil allowable from 600 barrels of oil per day to 900 barrels of oil per day;
and in support thereof states:**

1. On May 19, 1999, the Division entered Order R-11183 in Case 12184 and created the South Hardy-Strawn Pool, later redesignated as the North Hardy-Strawn Pool by Order R-11204.

2. On July 12, 1999, the Division entered Order R-11221 and granted Conoco Inc.'s application in Case 12182 for temporary special rules for the North Hardy-Strawn Oil Pool including 160-acre oil spacing and proration units and a depth bracket oil allowable of 600 barrels of oil per day.

3. This pool is located within portions of Sections 25 and 36, T20S, R37E, and Sections 30 and 31, T20S, R38E, NMPM and is approximately 12 miles south southwest from Hobbs, New Mexico.

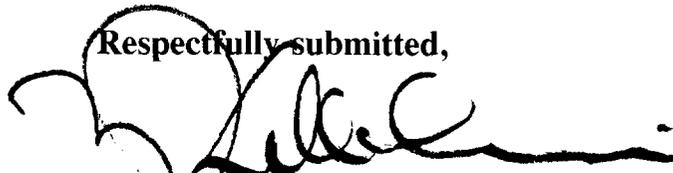
4. Based upon data from wells in the pool, Conoco has evidence which demonstrates that:

- (a) the pool is a solution gas drive reservoir;**
- (b) production at rates up to 900 barrels of oil per day has little or no effect on the producing GOR which is consistently at or below 2,000 cubic feet of gas per barrels of oil;**
- (c) wells are capable of effectively and efficiently producing Strawn formation oil at rates of up to 900 barrels of oil per day which is in excess of this pool's current maximum oil allowable of 600 barrels of day and can do so without causing the waste of reservoir energy, reducing ultimate recovery or impairing correlative rights.**

5. Conoco Inc is the only operator in the pool or of Strawn oil wells within one mile of the pool and in accordance with Division notice rules, Rule 1207.A(4)(b), notification of this application is not required to any other operator.

Wherefore, Applicant's request that, after notice and hearing, this application be granted.

Respectfully submitted,



**W. Thomas Kellahin
Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504**

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JASON KELLAHIN (RETIRED 1991)

October 11, 2000

Via Facsimile

Ms. Florene Davidson
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: *NMOCD Case No. 12182*
Application of Conoco Inc. for
pool creation and special rules
North Hardy Strawn Pool
Lea County, New Mexico

Dear Ms. Davidson:

I represented Conoco, the applicant in the referenced case, in which the Division issued Order R-11221 requiring that this case be re-opened in December, 2000.

I am preparing an application for Conoco to request a change in the oil allowable for this pool and like to schedule both hearings on the same docket to avoid making the same presentation at two different hearing dockets.

I was planning for the November 16th docket in order to avoid the December dockets which will conflict with holiday schedules. Conoco is the only operator in the pool. Please let me know if this is okay.

Very truly yours,



W. Thomas Kellahin

cfx: *Conoco, Inc.*
Attn: Yolanda Perez