

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

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)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

October 12, 2000

HAND DELIVERED

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.

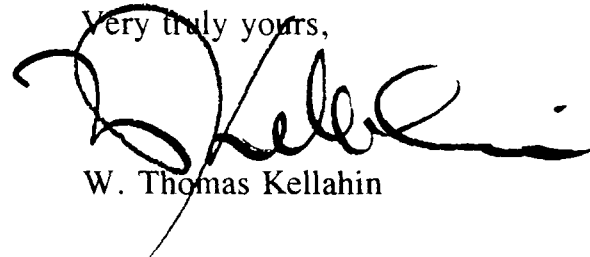
Re: NMOCD Case 12182 (Reopened)
Application on Conoco Inc. for special rules for
North Hardy-Strawn Pool, Lea County, New
Mexico.

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

ccx: Conoco, Inc.

Attn: Joe Miller (915-686-6586)

Attn: Kay Maddox (915-686-5780)

01 CONSERVATION DIV
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PROPOSED ADVERTISEMENT

CASE 2532 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. 12532

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.

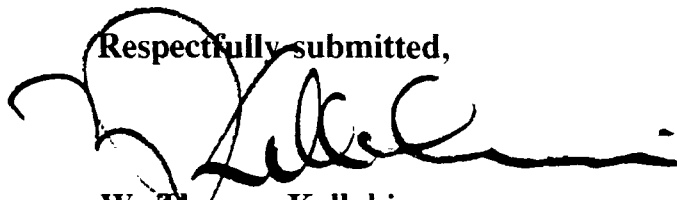
4. Based upon data from wells in the pool, Conoco has evidence which demonstrates that:

- (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**