



5/17/00

p. MESD-500459854

Mid-Continent Region
Exploration/Production

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

April 25, 2000

Mr. Michael Stogner
New Mexico Oil Conservation
2040 Pacheco
Santa Fe, NM 87504



RE: Amend location For NSL Order # 4412
State 25-A # 3 New Drill
Section 25, T-20-S, R-37-E, N
API # 30-025-34953
Lea County, New Mexico

Dear Mr. Stogner,

On February 4, 2000 Conoco, Inc. submitted an application for an unorthodox location. On February 18, 2000 that application was granted by NSL Order # 4412. The location staked was 1980' FWL and 510' FSL. Conoco would like to amend that location to 2310' FWL and 330' FSL. This request comes from our partners, Atlantic Richfield (Arco) and Chevron. Please see attached waiver letter with explanation. Attached is an amended C-102 showing the amended proposed location.

If you have any additional questions please call me at (915) 686-5798.

Sincerely,

Kay Maddox - Conoco, Inc
Regulatory Agent

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994
instructions on back

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

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

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088
Santa Fe, NM 87504-2088

District IV
PO Box 2088, Santa Fe. NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34953		2 Pool Code 96893		3 Pool Name North Hardy Strawn			
4 Property Code		5 Property Name State 25 A				6 Well Number #3	
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500				9 Elevation 3506'	

10 Surface Location

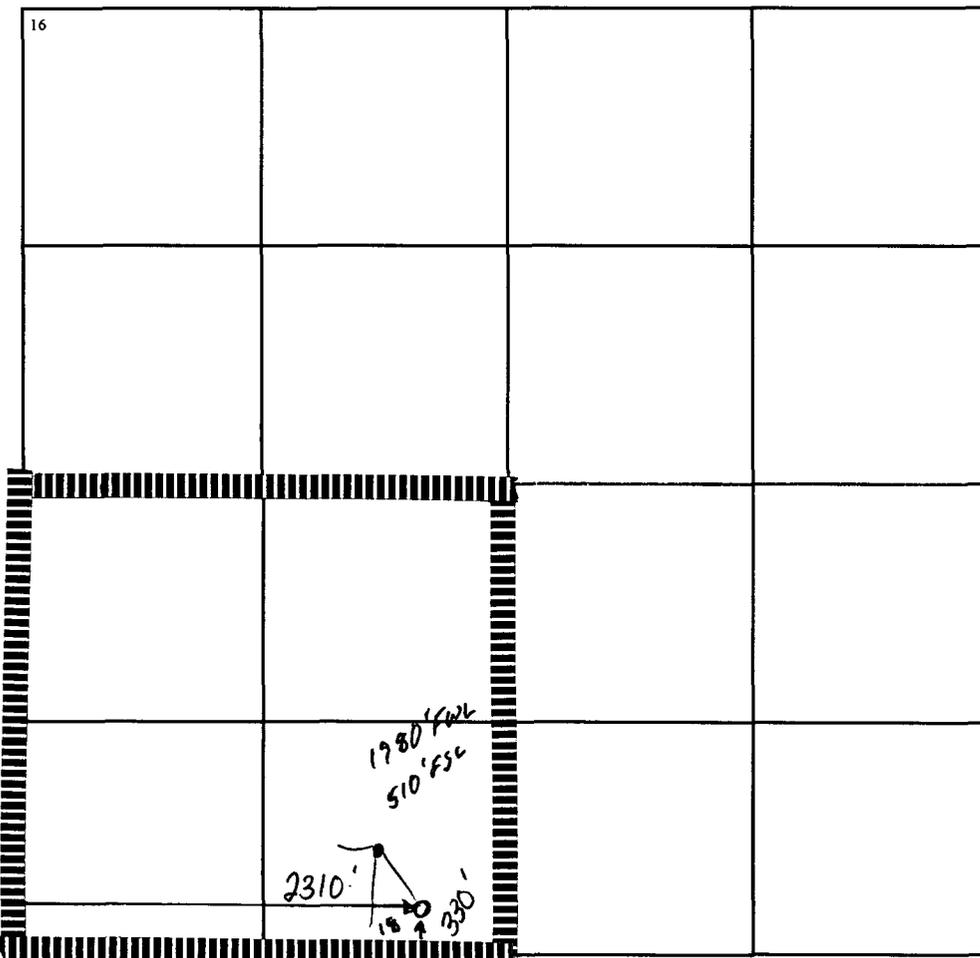
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	20S	37E		330'	South	2310'	West	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

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

Kay Maddox
Signature
Kay Maddox
Printed Name
Regulatory Agent
Title
April 25, 2000
Date

18 SURVEYOR CERTIFICATION

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

Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number



Mid-Continent Region
Exploration/Production

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

April 13, 2000

Atlantic Richfield Company
Mr. Lee Scarborough
P.O. Box 1610
Midland, TX 79702

Chevron U.S.A. Production Company
Mr. James Baca
P.O. Box 36366
Houston, TX 77236

RE: Letter Agreement/Waiver
State "KL" 36 #29
State 25-A #3
Lea County, NM

Gentlemen:

Atlantic Richfield Company ("ARCO") and Chevron U.S.A. Production Company ("Chevron"), as offset lease owners, hereby agree to waive any objections they may have to Conoco Inc. ("Conoco") drilling its 100% owned State "KL" 36 #29 well to the Strawn formation at an unorthodox location 330' FNL and 2310' FWL of Section 36, T20S-R37E, Lea County, New Mexico, pursuant to the following terms and conditions.

In return for such a waiver, Conoco, (i) as a co-venturer with ARCO and Chevron, agrees to drill, and test as necessary, the State 25-A #3 well to the Strawn formation at a similarly unorthodox location 330' FSL and 2310' FWL of Section 25, T20S-R37E, Lea County, New Mexico. Said well will be drilled prior to Conoco drilling its State "KL" 36 #29 well. Conoco agrees to drill, operate and produce the State 25-A #3 well as a prudent operator so as to, as nearly as possible, protect all parties from material drainage due to the unorthodox location of its State "KL" 36 #29 well; and (ii) as the offset Section 36 lease owner to said Section 25 well, agrees to waive any objections to the drilling and location of said well in Section 25 by Conoco, Chevron and ARCO as provided herein.

If this document meets with your understanding of our agreement, please so indicate by signing in the appropriate space below and returning one copy of this letter to the undersigned at the letterhead address. If you have any questions, please contact Mr. Charles Rule at 915-686-6512.

Very truly yours,
CONOCO INC.

Peter J. Miller
Asset Manager *CR*

April 13, 2000

ARCO Permian
Mr. Lee Scarborough
P.O. Box 1610
Midland, TX 79702

Chevron U.S.A. Production Company
Mr. James Baca
P.O. Box 36366
Houston, TX 77236

RE: Letter Agreement/Waiver
State "KL" 36 #29
State 25-A #3
Lea County, NM

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Very truly yours,
CONOCO INC.

Peter J. Miller
Asset Manager

ACCEPTED and AGREED to this _____ day of _____, 2000.

ARCO PERMIAN

By: _____
Title: _____

ACCEPTED and AGREED to this _____ day of _____, 2000.

CHEVRON U.S.A. PRODUCTION COMPANY, A
DIVISION OF CHEVRON U. S. A. INC.

By: *James Baca*
Title: *Asset Manager - Non-Operated Joint Ventures*

ACCEPTED and AGREED to this 20th day of April, 2000.

April 13, 2000
Letter Agreement
Page 2

ACCEPTED and AGREED to this 24th day of APRIL, 2000.

ATLANTIC RICHFIELD COMPANY

By: [Signature]
Title: LANDMAN

ACCEPTED and AGREED to this _____ day of _____, 2000.

CHEVRON U.S.A. PRODUCTION COMPANY

By: _____
Title: _____



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 18, 2000

Conoco, Inc.
10 Desta Drive – Suite 100W
Midland, Texas 79705-4500
Attention: Kay Maddox

Telefax No. (915) 686-5558

Administrative Order NSL-4412

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 11, 2000; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Friday, February 18, 2000; and (iii) the Division's records, including the file in Case No. 12182: all concerning Conoco, Inc.'s request for an exception to Rule 4 of the "Temporary Special Pool Rules for the North Hardy-Strawn Pool," as promulgated by Division Order No. R-11221, issued in Case No. 12182 dated July 12, 1999, in order to drill the proposed State "25-A" Well No. 3 at an unorthodox oil well location 510 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The SW/4 of Section 25, being a standard 160-acre oil spacing and proration unit within the governing limits of the North Hardy-Strawn Pool, is to be dedicated to this well.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing this pool.

It is our understanding that Conoco, Inc. is seeking this location exception based on a 3-D seismic survey of the immediate area and by well control from recent drilling activity, which indicates that a well drilled at this location will be at a more favorable geologic position within the Undesignated North Hardy-Strawn Pool underlying the subject 160-acre unit.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2), the unorthodox oil well location of the proposed State "25-A" Well No. 3 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 12182

10 Desta Drive, Suite 100W
Midland, Texas 79705
Phone: (915) 686-5400



FAX

To: <i>Mr. Stogner</i>	From: <i>Kay Maddox</i>
Phone No:	Phone No: <i>(915) 686-5798</i>
Fax No:	Fax No:
Date:	Pages: _____ + COVER
Re:	CC:

Urgent **For Review** **Please Comment**

Please Reply **Please Recycle**

Comments:

*Please call me after you review
this - thanks!*



Mid-Continent Region
Exploration/Production

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

April 25, 2000

Mr. Michael Stogner
New Mexico Oil Conservation
2040 Pacheco
Santa Fe, NM 87504

RE: Amend location For NSL Order # 4412
State 25-A # 3 New Drill
Section 25, T-20-S, R-37-E, N
API # 30-025-34953
Lea County, New Mexico

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If you have any additional questions please call me at (915) 686-5798.

Sincerely,

A handwritten signature in cursive script that reads "Kay Maddox".

Kay Maddox - Conoco, Inc
Regulatory Agent

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd. Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-10

Revised February 21, 1999
instructions on back

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

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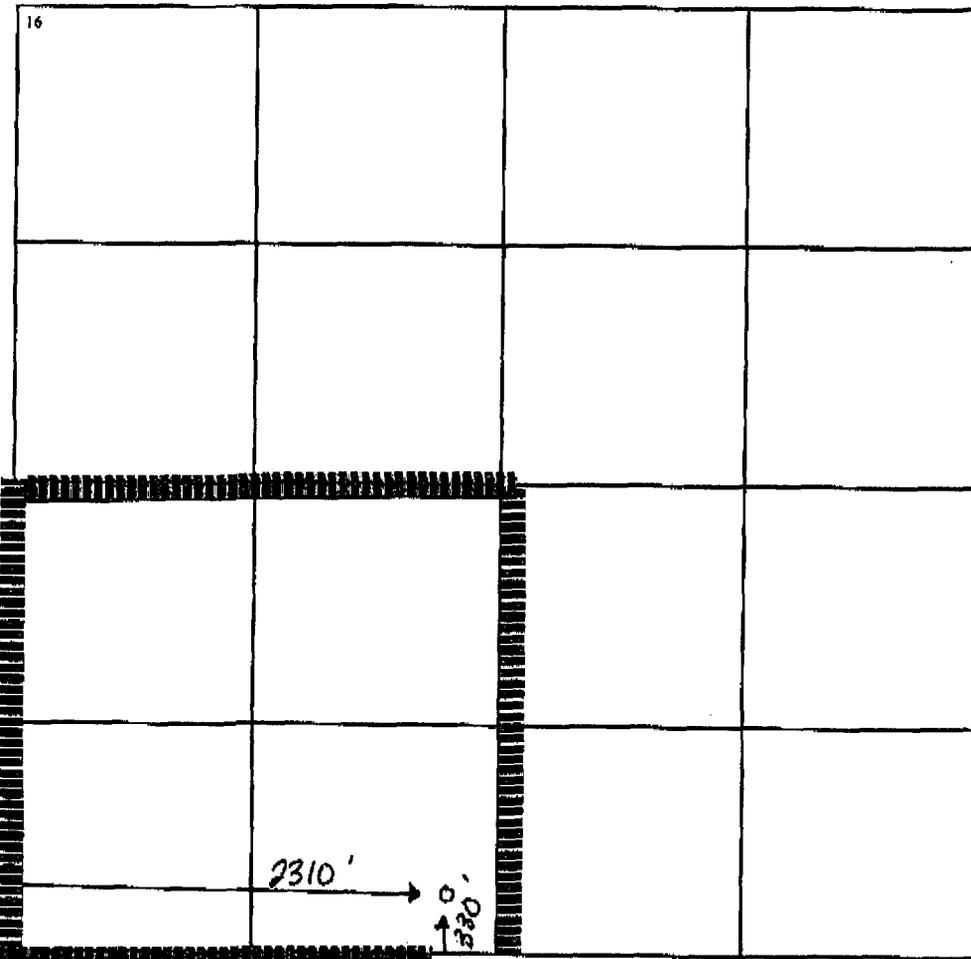
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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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

Kay Maddox
Signature

Kay Maddox
Printed Name

Regulatory Agent
Title

April 25, 2000
Date

Date

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

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number



Mid-Continent Region
Exploration/Production

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

April 13, 2000

Atlantic Richfield Company
Mr. Lee Scarborough
P.O. Box 1610
Midland, TX 79702

Chevron U.S.A. Production Company
Mr. James Baca
P.O. Box 36366
Houston, TX 77236

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State "KL" 36 #29
State 25-A #3
Lea County, NM

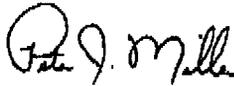
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Very truly yours,
CONOCO INC.


Peter J. Miller
Asset Manager 

April 13, 2000

ARCO Permian
Mr. Lee Scarborough
P.O. Box 1610
Midland, TX 79702

Chevron U.S.A. Production Company
Mr. James Baca
P.O. Box 36366
Houston, TX 77236

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CONOCO INC.

Peter J. Miller
Asset Manager

ACCEPTED and AGREED to this _____ day of _____, 2000.

ARCO PERMIAN

By: _____
Title: _____

ACCEPTED and AGREED to this _____ day of _____, 2000.

CHEVRON U.S.A. PRODUCTION COMPANY, A
DIVISION OF CHEVRON U. S. A. INC.

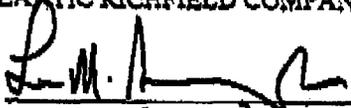
By: *Margo Best*
Title: *Lease Manager - don. Operated Joint Venture*

ACCEPTED and AGREED to this *20th* day of *April*, 2000.

April 13, 2000
Letter Agreement
Page 2

ACCEPTED and AGREED to this 24th day of APRIL, 2000.

ATLANTIC RICHFIELD COMPANY

By: 
Title: LAND MAN

ACCEPTED and AGREED to this _____ day of _____, 2000.

CHEVRON U.S.A. PRODUCTION COMPANY

By: _____
Title: _____

**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT****OIL CONSERVATION DIVISION**
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 18, 2000

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500
Attention: Kay Maddox

Telefax No. (915) 686-5558

Administrative Order NSL-4412

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The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing this pool.

It is our understanding that Conoco, Inc. is seeking this location exception based on a 3-D seismic survey of the immediate area and by well control from recent drilling activity, which indicates that a well drilled at this location will be at a more favorable geologic position within the Undesignated North Hardy-Strawn Pool underlying the subject 160-acre unit.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2), the unorthodox oil well location of the proposed State "25-A" Well No. 3 is hereby approved.

Sincerely,

Lori Wrotenberg
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 12182