



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

June 11, 2003

**Amerada Hess Corporation**  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

Telefax No. (505) 982-2151

*Administrative Order NSL-4898*

Dear Mr. Bruce:

Reference is made to the following: (i) Amerada Hess Corporation's ("Amerada Hess") initial application that was submitted to the New Mexico Oil Conservation Division ("Division") by Mr. Chad McGehee on May 13, 2003 (*administrative application reference No. pKRV0-313628147*); (ii) the Division's response by letter dated May 29, 2003 from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe, New Mexico **denying** this application; (iii) your re-submittal of this application on behalf of Amerada Hess with additional information to the Division on June 3, 2003; and (iv) the Division's records in Santa Fe and Hobbs: all concerning Amerada Hess's request for an unorthodox oil well location in the Undesignated West Nadine-Paddock Blinebry Pool (47400), Undesignated West Nadine-Tubb Pool (47530), and Undesignated Skaggs-Drinkard Pool (57000) for its proposed Turner "B" Well No. 4 or Fred Turner, Jr. "B" Well No. 4 to be drilled 1400 feet from the South line and 1900 feet from the East line (Unit J) of Section 17, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

The NW/4 SE/4 of Section 17, being a standard 40-acre oil spacing and proration unit for all three producing intervals, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Amerada Hess is seeking this location exception based on its engineering and geophysical interpretation of the Blinebry formation in the immediate area, being the primary zone of interest, which indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Blinebry interval than a well drilled at a location considered to be standard within the NW/4 SE/4 of Section 17, thereby increasing the likelihood of obtaining commercial production.

It is further understood that the working, overriding royalty, and royalty interest ownership within of the Fred Turner, Jr. "B" fee lease comprising the SW/4 NE/4, S/2 NW/4, SW/4, and W/2

Administrative Order NSL-4898  
Amerada Hess Corporation  
June 11, 2003  
Page 2

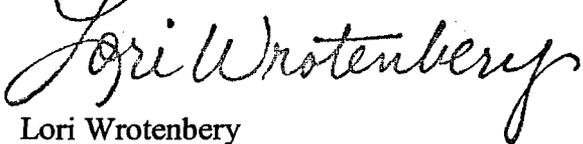
---

SE/4 of Section 17 and the NW/4 NW/4 of offsetting Section 20, both in Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are identical.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the proposed 40-acre unit comprising the NW/4 SE/4 (Unit I) of Section 17 for Amerada Hess's proposed Turner "B" Well No. 4 or Fred Turner, Jr. "B" Well No. 4 in the Undesignated West Nadine-Paddock Blinebry, Undesignated West Nadine-Tubb, and Undesignated Skaggs-Drinkard Pools is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs