



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

January 26, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (915) 686-5780

Administrative Order NSL-4543

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on November 17, 2000; (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"), including the files on Division Cases No. 12182 and 12532: 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 and dated July 12, 1999, in order to drill the proposed SEMU Well No. 154 at an unorthodox oil well location 1760 feet from the South line and 2310 feet from the East line (Unit J) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

The SE/4 of Section 30, 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 SEMU Well No. 154 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe [Telefax No. (505) 982-2047]