



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 24, 2001

Lori Wrotenbery
Director
Oil Conservation Division

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

Administrative Order NSL-4574

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated March 23, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Conoco, Inc.'s request for an exception to the well location requirements (Rule 4) provided within the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*," as promulgated by Division Order No. R-2765, issued in Case No. 3097 dated September 8, 1964, for the existing Elvis Well No. 2 (API No. 30-025-33854), located 770 feet from the South line and 2306 feet from the East line (Unit O) of Section 17, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico, whereby the W/2 SE/4 of Section 17 is to be dedicated to this well in order to form a standard 80-acre stand-up oil spacing and proration unit for the Baish-Wolfcamp Pool.

It is our understanding that the Elvis Well No. 2 was originally drilled in 1997 to a total depth of 14,000 feet to test the Ellenburger and Devonian formations for oil production at a location considered to be standard within a standard 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of Section 17. It is further understood that Conoco, Inc. completed this well in the Wolfcamp interval in November, 1999 and has been producing from the Baish-Wolfcamp Pool since December, 1999.

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.

By the authority granted me under the provision Rule 5 of these special pool rules and Division Rule 104.F (2), the above-described unorthodox oil well location is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

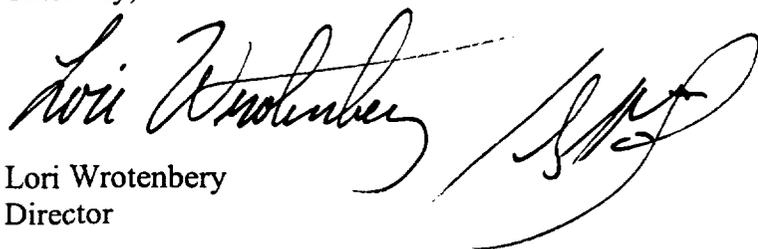
IT SHALL BE NOTED HOWEVER THAT Conoco, Inc. as a prudent operator should recognize that a well location is unorthodox prior to its drilling or recompletion and not wait a

Administrative Order NSL-4574
Conoco, Inc.
April 24, 2001
Page 2

period of 15 months after producing from the affected interval to seek the necessary regulatory exceptions. If, any future application by Conoco, Inc. for an unorthodox location is not filed in a more timely fashion, all such subsequent applications will be subject to the Division's hearing process until further notice.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or scribble.

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