



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 12, 2001

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705
Attention: **Kay Maddox**
m-kay.Maddox@USA.Conoco.com

Telefax No. (915) 686-5780

Administrative Order NSL-4652

Dear Ms. Maddox:

Reference is made to your application dated October 1, 2001 (*application reference No. pKRV0-128237304*) for an exception to the well location requirements (Rule 4) provided within the "*Special Rules and Regulations for the Cass (Pennsylvanian) Pool*," as promulgated by Division Order No. R-2825, as amended, for Conoco, Inc.'s proposed SEMU Well No. 162 to be drilled 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 23, Township 20 South, Range 37 East, NMPM, Cass (Pennsylvanian) Pool (10450), Lea County, New Mexico.

The E/2 NW/4 of Section 23 is to be dedicated to this well in order to form a standard 80-acre stand-up oil spacing and proration unit for this pool (see Rule 2 of the special pool rules).

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 Conoco, Inc. is seeking this location exception based on a 3-D seismic survey of the immediate area, whereby it contends that a well drilled at this location, will be at a more favorable geologic position within the Strawn formation underlying the subject 80-acre unit.

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.

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