



**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