



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 13, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Administrative Order NSL-5278

Dear Mr. Bruce:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-522745244*) of August 15, 2005 filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on behalf of the operator Amerada Hess Corporation ("Amerada"); and (ii) the Division's records in Hobbs and Santa Fe, including the files in Division Cases No. 245, 1937, 2142, 2943, and 8749: all concerning Amerada's request for an exception to the well location requirements [Rule 2 (b)] provided within the "*Special Rules for the Monument McKee-Ellenburger Gas Pool*," as promulgated by Division Order No. R-8170, as amended, for its existing J. R. Phillips Well No. 7 (API No. 30-025-04136), located 1980 feet from the North line and 760 feet from the East line (Unit H) of Section 1, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 104.F, 605.B, and 1207.A (2) and the applicable rules governing the Monument McKee-Ellenburger Gas Pool.

Lots 1, 2, 3, and 4, and the S/2 N/2 (N/2 equivalent) of Section 1, being a standard 320.28-acre lay-down gas spacing and proration unit for the Monument McKee-Ellenburger (Prorated) Gas Pool (81400) pursuant to Rule 2 (a) of the special pool rules, is to be dedicated to this well.

It is the Division's understanding that Amerada originally drilled this well in 1948 to a total depth of 10,214 feet and was initially completed in the Monument-Paddock Pool (47080) at a standard oil well location within a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of Section 1. In 1977 the Paddock interval was permanently abandoned and the well was recompleted into the deeper Monument-Abo Pool (46970), within the same 40-acre unit, where it produced until April, 1985. This well has been temporarily abandoned since that time.

It is further understood that Amerada now intends to re-enter the wellbore and attempt a recompletion into the Monument McKee-Ellenburger (Prorated) Gas Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), 605.B (2) and the applicable provisions of the special pool rules governing the Monument McKee-Ellenburger (Prorated) Gas Pool, the above-described unorthodox gas well location for Amerada's J. R. Phillips Well No. 7 is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in New Mexico.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish or "MEF".

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Santa Fe