



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 21, 1999

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

Administrative Order NSL-4332

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated July 20, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division"), 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 SEMU Well No. 134 (API No. 30-025-34382) at an unorthodox oil well location 1650 feet from the South line and 450 feet from the West line (Lot 3/Unit L) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30, being a standard 160.50-acre oil spacing and proration unit within the governing limits of the North Hardy-Strawn Pool, is to be dedicated to this well.

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 Undesignated North Hardy-Strawn Pool underlying the subject 160.50-acre unit.

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.

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. 134 is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / MES for DMC".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: Case No. 12182