



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 11, 1997

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
Attention: Jerry Hoover

Administrative Order NSL-3844(SD)

Dear Mr. Hoover:

Reference is made to your application dated July 17, 1997 for an unorthodox Eumont gas well location to be drilled in an existing non-standard 280-acre gas spacing and proration unit ("GPU") for said Eumont Gas Pool comprising the S/2 N/2, N/2 SE/4, and SW/4 SE/4 of Section 1, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-1711(SD)(L), dated January 26, 1995, which order also approved the simultaneous dedication of said GPU to the Lockhart "B-1" Well No. 4 (API No. 30-025-08725), located 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 1 and the Lockhart "B-1" Well No. 9 (API No. 30-025-24529), located 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 1.

A third well for this GPU, the proposed Lockhart "B-1" Well No. 10 is to be drilled at an unorthodox gas well location 1980 feet from the North line and 1550 feet from the West line (Unit F) of said Section 1.

By authority granted me under the provisions of **Rule 2(d)** of the "General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool", as promulgated by Division Order No. R-8170, as amended, the above-described unorthodox Eumont gas well location for said Lockhart "B-1" Well No. 10 is hereby approved. Also, Conoco, Inc. is authorized to simultaneously dedicate Eumont gas production from the Lockhart "B-1" Well No. 10 with the Lockhart "B-1" Well Nos. 4 and 9. Furthermore, Conoco, Inc. is hereby permitted to produce the allowable assigned the subject 280-acre GPU from all three wells in any proportion.

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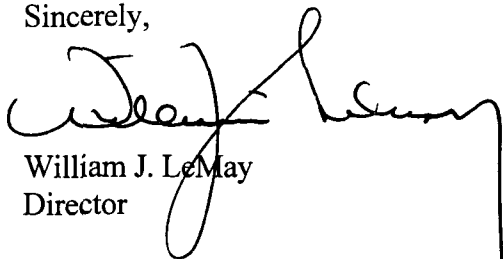
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Said Division Administrative Order NSP-1711(SD)(L), dated January 26, 1995, shall remain in full force and affect until further notice. Further, the Division Director retains authority to enter any further orders or proclamations deemed necessary to assure the protection of correlative rights and the prevention of waste.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", is written over a horizontal line. The signature is fluid and cursive.

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
W. Thomas Kellahin - Santa Fe
File: NSP-1711(SD)(L) /