



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

November 4, 1999

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

Administrative Order NSL-4365-A

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated November 2, 1999; and (ii) the records of the New Mexico Oil Conservation Division ("Division"), including the file on Administrative Order NSL-4365: all concerning Conoco, Inc.'s request for an unorthodox oil well location in the Undesignated North Hardy Tubb-Drinkard Pool for the existing SEMU Well No. 136 (API No. 30-025-34667), located 1980 feet from the South line and 1090 feet from the West line (Unit L) of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The NW/4 SW/4 of Section 25 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for this pool.

Division Administrative Order NSL-4365, dated October 14, 1999, authorized Conoco, Inc. to complete the above-described well within the Undesignated South Skaggs-Abo Pool at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of Section 25. It is our understanding that Conoco, Inc. intends to perforate the Tubb interval in an attempt to establish oil production and then plans to proceed to downhole commingle production from both pools.

The location of this well within the Undesignated North Hardy Tubb-Drinkard Pool is also considered to be unorthodox, pursuant to Rule 104.B, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This application has been duly filed under the provisions of Division Rule 104.F.

Further, the N/2 and the N/2 S/2 of Section 25 is a single Federal lease (United States Government Lease No. LC-031696-A) in which Conoco is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Conoco.

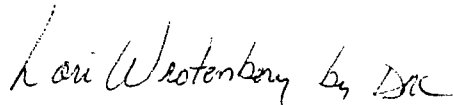
By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox oil well location within the Undesignated North Hardy Tubb-Drinkard Pool

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is hereby approved.

Further all provisions of Division Order NSL-4365 shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery by DMC".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-4365 /