



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

February 11, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705
Attention: Kay Maddox
m-kay.Maddox@USA.Conoco.com

Telefax No. (915) 686-5780

Administrative Order NSL-4697

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 22, 2002 (*application reference No. pMES0-204254168*); (ii) your two e-mail message of Monday, February 11, 2002, to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe checking on the status of this application; (iii) your telephone inquiry to Mr. Stogner in the afternoon of Monday, February 11, 2002; and (iv) the Division's records in Hobbs and Santa Fe: all concerning Conoco, Inc.'s request for an unorthodox oil well location in the Undesignated Weir-Blinbry Pool (63780), Monument-Tubb Pool (47090), Undesignated Weir-Drinkard Pool (63840), and Cass (Pennsylvanian) Pool (10450), for Conoco, Inc.'s proposed SEMU Well No. 166 to be drilled 490 feet from the South line and 1335 feet from the East line (Unit O) of Section 23, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The Monument-Tubb Pool is governed by the "*Special Rules and Regulations for the Monument-Tubb Pool*," as promulgated by Division Orders No. R-2800 and R-10128, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located no closer than 330 feet to any governmental quarter-quarter section or lot.

The spacing and well location requirements for both the Weir-Blinbry and Weir-Drinkard Pools are governed under the provisions of Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which provides for 40-acre oil spacing and proration units and requires wells to be located no closer than 330 feet to the outer boundary of such 40-acre unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The Cass (Pennsylvanian) Pool is governed by the "*Special Rules and Regulations for the Cass (Pennsylvanian) Pool*," as promulgated by Division Order No. R-2825, as amended, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

In accordance with the spacing rules governing these four pools: (i) the SW/4 SE/4 of Section 23, being a standard 40-acre oil spacing and proration unit for both the Undesignated Weir-Blinbry and Undesignated Weir-Drinkard Pools; (ii) the W/2 SE/4 of Section 23, being a standard 80-acre stand-up oil

spacing and proration unit for the Monument-Tubb Pool; and (iii) the S/2 SE/4 of Section 23, being a standard 80-acre lay-down oil spacing and proration unit for the Cass (Pennsylvanian) Pool, are to be dedicated, respectively, to the subject SEMU Well No. 166.

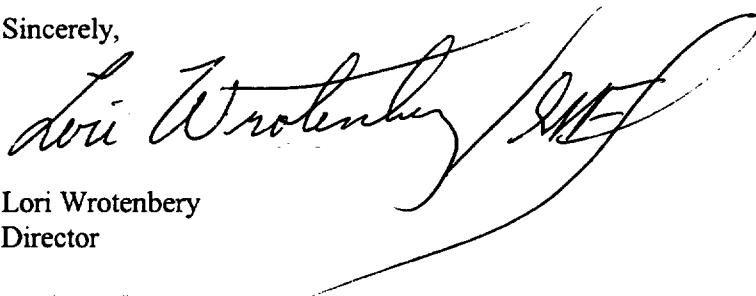
The subject application has been duly filed under the provisions of Division Rule 104.F, as revised, and the applicable provisions of the rules governing both the Monument-Tubb and Cass (Pennsylvanian) Pools.

It is our understanding that Conoco, Inc. is seeking this location exception based on a 3-D seismic survey of the Strawn formation in the immediate area, being the primary zone of interest, whereby it contends that a well drilled at this location will be at a more favorable geologic position within the deeper Strawn formation underlying the subject 80-acre unit (S/2 SE/4 of Section 23), thereby increasing the likelihood of obtaining commercial production.

By the authority granted me under the provisions of: (i) Rule 5 of the special pool rules for the Monument-Tubb Pool; (ii) Rule 5 of the special pool rules for the Cass (Pennsylvanian) Pool; and (iii) Division Rule 104.F (2), as revised, the unorthodox oil well location of Conoco, Inc.'s proposed SEMU Well No. 166 to be drilled 490 feet from the South line and 1335 feet from the East line (Unit O) of Section 23 is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or scribble.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management - Carlsbad
File: NSL-4696