



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 11, 2004

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-5095

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Amerada Hess Corporation ("Amerada Hess") submitted to the New Mexico Oil Conservation Division ("Division") on August 9, 2004 (*administrative application reference No. pSEM0-422327939*); and (ii) the Division's records in Santa Fe and Hobbs: all concerning Amerada Hess's request for an unorthodox oil well location in the West Nadine-Paddock Blinebry Pool (47400), West Nadine-Tubb Pool (47530), Skaggs-Drinkard Pool (57000), and West Warren-Abo Pool (62940) for its proposed Turner "B" Well No. 7 or Fred Turner, Jr. "B" Well No. 7 to be drilled 525 feet from the South line and 1230 feet from the West line (Unit M) of Section 17, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

The SW/4 SW/4 of Section 17, being a standard 40-acre oil spacing and proration unit for all four producing intervals, is to be dedicated to this well.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

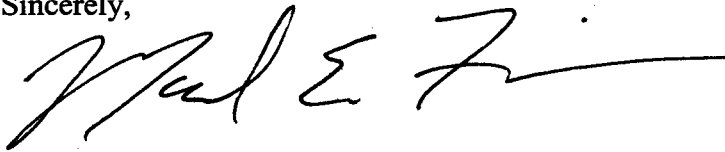
It is the Division's understanding that Amerada Hess is seeking this location exception based on its engineering and geophysical interpretation of the Blinebry formation in the immediate area, being the primary zone of interest, which indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Blinebry interval than a well drilled at a location considered to be standard within the SW/4 SW/4 of Section 17, thereby increasing the likelihood of obtaining commercial production.

It is further understood that the working, overriding royalty, and royalty interest ownership within of the Fred Turner, Jr. "B" fee lease comprising the SW/4 NE/4, S/2 NW/4, SW/4, and W/2 SE/4 of Section 17 and the NW/4 NW/4 of offsetting Section 20, both in Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, are identical.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the proposed 40-acre unit comprising the SW/4 SW/4 (Unit M) of Section 17 for Amerada Hess's proposed Turner "B" Well No. 7 or Fred Turner, Jr. "B" Well No. 7 within the West Nadine-Paddock Blinbry, West Nadine-Tubb, Skaggs-Drinkard, and West Warren-Abo Pools is hereby approved.

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

Sincerely,



Mark E. Fesmire, P. E.
Director

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cc: New Mexico Oil Conservation Division - Hobbs