



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

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

April 5, 2000

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

Telefax No. (915) 686-5780

Administrative Order NSL-4430

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated April 4, 2000; (ii) your telephone conversations with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe on Tuesday, April 4, 2000 and Wednesday, April 5, 2000; and (iii) the Division's records in Santa Fe, 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, for the existing Hardy "36" State Well No. 27 (**API No. 30-025-34794**), located at an unorthodox oil well location 2200 feet from the South line and 1650 feet from the East line (Unit J) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The SE/4 of Section 36, being a standard 160-acre oil spacing and proration unit within the governing limits of the North Hardy-Strawn Pool, is to be dedicated to this well.

The subject 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, and the applicable provisions of the rules governing this pool.

It is our understanding that the *"Application for Permit to Drill"* ("APD"), dated December 9, 1999, submitted by Conoco, Inc. for the State "36" State Well No. 27 was applied and approved for the Undesignated South Cass-Strawn Pool, even though the well location was closer to the North Hardy-Strawn Pool boundary (440 feet north) than the boundary of the South Cass-Strawn Pool (990 feet west). Under the rules governing the South Cass-Strawn Pool [Division Rule 104.B (1), which requires 40-acre oil spacing and proration units and for wells to be located no closer than 330 feet to the outer boundary of such unit] this location was considered to be standard for the 40-acre tract comprising the NW/4 SE/4 of Section 36.

The Division further understands that this well now is to be placed in the closer North Hardy-Strawn Pool, whereby, pursuant to Rule 4 of the special pool rules, the location is considered to be

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Conoco Inc.

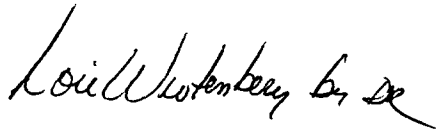
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unorthodox.

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 within the Undesignated North Hardy-Strawn Pool of Conoco, Inc.'s existing Hardy "36" State Well No. 27 is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a small mark that looks like a stylized "L" or "W".

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
File: Case No. 12182
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe