



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

March 19, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Conoco, Inc.
10 Desta Drive – Suite 100W
Midland, Texas 79705-4500
Attention: Kay Maddox

Telefax No. (915) 686-5780

Administrative Order NSL-4450-A

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated February 12, 2001 but was not received by the New Mexico Oil Conservation Division ("Division") in Santa Fe until February 23, 2001; and (ii) the Division's records in Santa Fe and Hobbs, including the files on Division Cases No. 12182 and 12532 and Division Administrative Order NSL-4450: all concerning Conoco, Inc.'s request for an exception to Rule 4 of the "*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, as amended by Division Order No. R-11221-A, dated February 2, 2001, for a non-standard oil well location within a standard 160-acre oil spacing and proration unit for the Undesignated North Hardy-Strawn Pool comprising the NW/4 of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

Division Administrative Order NSL-4450, dated May 23, 2000, in part granted Conoco, Inc. authority to dedicate this 160-acre unit to its State "KL" 36 Well No. 29 (API No. 30-025-34999), drilled at an unorthodox oil well location 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 36. From the record in Case Nos. 12182 (reopened) and 12532 and the Division's well file, Conoco, Inc. drilled this well to a depth of 7,921 feet in July, 2000, tested the Strawn interval and found it to be non-productive. Conoco, Inc. plugged and abandoned this well in September, 2000.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing this pool.

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 following described well to be drilled at an unorthodox infill oil well location within the above-described 160-acre unit is hereby approved:

Hardy "36" Well No. 31
1900' FNL & 2310' FWL (Unit F).

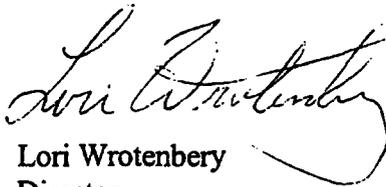
Further, that portion of Division Administrative Order No. NSL-4450 pertaining to the

Administrative Order NSL-4450-A
Conoco, Inc.
March 19, 2001
Page 2

above-described State "KL" 36 Well No. 29 is hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director



LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe
File: Case No. 12182
Case No. 12532
NSL-4450

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CONOCO

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Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

February 12, 2001

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

RECEIVED
FEB 23 2001
NEW MEXICO OIL CONSERVATION DIVISION

Application for Nonstandard location North Hardy Strawn pool

Hardy 36 State #31 – New Drill
Section 36, T-20-S, R-37-E,
2310 FWL & 1900 FNL
Lea County, NM

Dear Mr. Stogner,

Conoco respectfully requests your approval of this administrative application for a nonstandard location order for the above listed well.

The North Hardy Strawn pool rules state that a standard location is 660' from the outer boundary of the 160-acre proration unit. The Hardy 36 State #31 is only 330' from the east line of the 160 acre proration unit. The location is standard for shallow potential pay zones. Please reference attached C-102 plat.

The Strawn play in this area is based on a 3-D seismic interpretation that has meticulously defined the thickest porosity zones. The location of new drilling prospects is based on the proximity to thick porosity zones coordinated with structure. Data collected from surrounding wells proves that dolomitic stratigraphy is necessary for productive Strawn wells in the North Hardy Strawn pool. Conoco feels that the placement of the above listed well will not compromise the validity of the scientific data interpretation. This location was chosen to further evaluate the North Hardy Strawn pool to the west into the northwest quarter of Section 36, T20S, R37E. The attached Exhibit 1 is an east-west seismic line from the 3D survey through the Hardy 36 State #7, the proposed Hardy 36 State #31 location and the Hardy 36 State #26 well. The Hardy 36 State #7 was drilled in 1994 and encountered tight limestone and did not establish production from the Strawn. The Hardy 36 State #7 was also drilled in a Devonian low (as shown on Exhibit 1) which may explain the lack of porosity development in the Strawn. The Hardy 36 State #26 was the discovery well for the North Hardy Strawn pool. On Exhibit 1 the red line is the Top of the Strawn seismic pick at about 1050 milliseconds and the green line is the Top Devonian seismic pick at about 1080 milliseconds. The seismic line shows a structural low in the Top Strawn between the #7 and #26 wells. This low may be the result of a down to the west fault just to the west of the proposed #31 location. This proposed location will evaluate the Strawn on the productive side of the low and may extend the North Hardy Strawn pool to the west.

Please note that Conoco will be encroaching interior to their 100% State lease, there is no notification to an offset operator required.

Conoco respectfully requests that an unorthodox location order be granted for the Hardy 36 #31. If any additional information is required please call me at (915) 686-5798.

Sincerely,



Kay Maddox
Regulatory Agent – Conoco

Cc; New Mexico Conservation Division – Hobbs
W. Thomas Kellahin – Legal Counsel

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd. Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-	2 Pool Code 96893	3 Pool Name North Hardy Strawn
4 Property Code	5 Property Name Hardy 36	6 Well Number # 31
7 OGRID No. 005073	8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500	9 Elevation 3500'

10 Surface Location

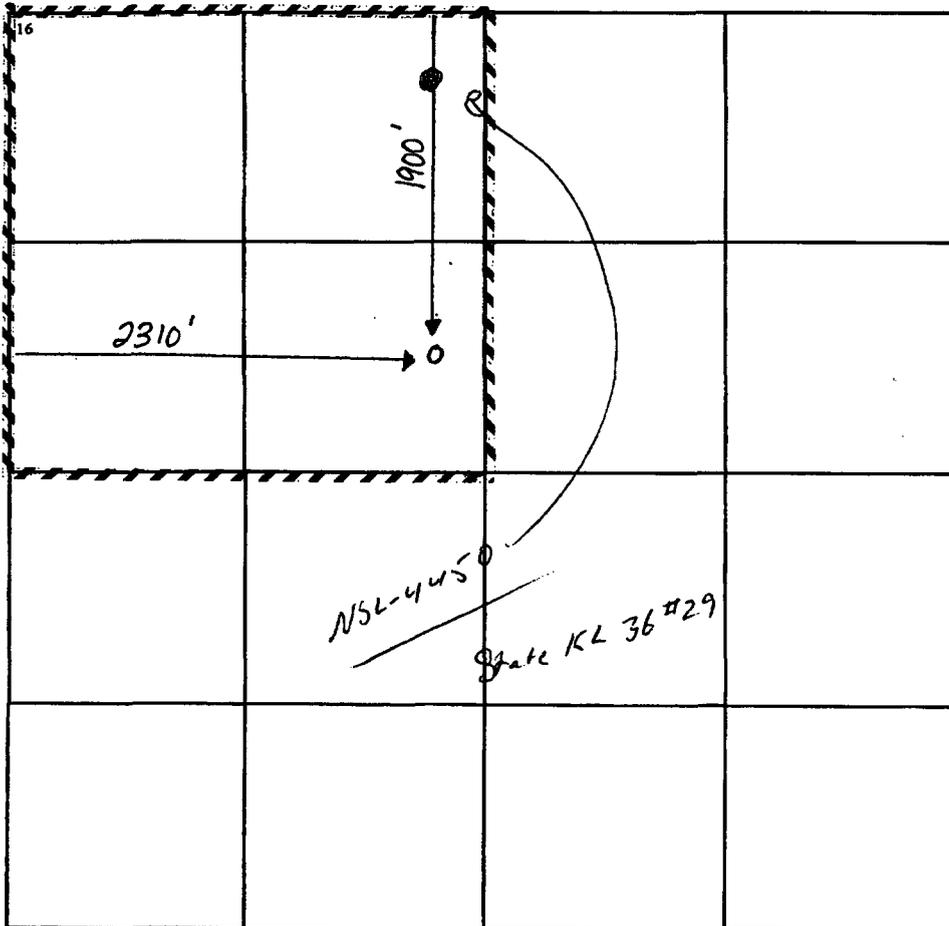
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	36	20S	37E		2310	WEST	1900	NORTH	Lea

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Kay Maddox
Signature

Kay Maddox
Printed Name

Regulatory Agent
Title

February 12, 2001
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
Signature and Seal of Professional Surveyor.

Certificate Number