



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Amerada Hess Corporation

c/o **James Bruce**

P. O. Box 1056

Santa Fe, New Mexico 87504

January 19, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-5156 (SD)

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 December 27, 2004 (*administrative application reference No. pMES0-436256130*); and (ii) the Division's records in Santa Fe and Hobbs, including the files on Division Administrative Order NSL-5095 and NSL-5150: all concerning Amerada Hess' 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 Abo formation in either the Undesignated West Warren-Abo Pool (62940) or Undesignated East Skaggs-Abo Pool (56330) for its proposed Turner "C" Well No. 2, or Fred Turner, Jr. "C" Well No. 2, to be drilled 2280 feet from the North line and 1250 feet from the West line (Unit E) of Section 17, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

Oil production from the West Nadine-Paddock Blinebry Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the SW/4 NW/4 (Unit E) of Section 17, which is currently dedicated to Amerada Hess' Fred Turner, Jr. "C" Well No. 1 (API No. 30-025-07782), located at a standard oil well location 1980 feet from the North line and 660 feet from the West line of Section 17.

The proposed Turner "C" Well No. 2, or Fred Turner, Jr. "C" Well No. 2 will to be the initial Tubb, Drinkard, and/or Abo oil well within this same 40-acre standard oil spacing and proration unit.

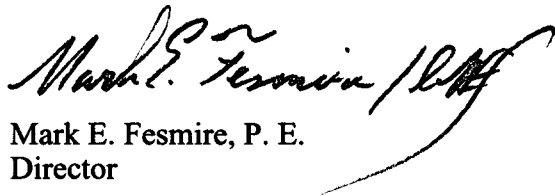
This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

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 NW/4 of Section 17, thereby increasing the likelihood of obtaining commercial production.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location within the 40-acre unit comprising the SW/4 NW/4 (Unit E) of Section 17 for Amerada Hess' proposed Turner "C" Well No. 2, or Fred Turner, Jr. "C" Well No. 2, 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,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark E. Fesmire, P. E.
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Hobbs