



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 24, 2002

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-4799 (SD)

Dear Ms. Maddox:

Reference is made to the following: (i) your application (*application reference No. pKRV0-226629350*) that was submitted to the New Mexico Oil Conservation Division ("Division") on September 20, 2002; (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on September 25, 2002 informing you that the notification in this matter was inadequate; (iii) your voice mail messages for Mr. Stogner on September 26 and 27, 2002; (iv) your e-mail response of Tuesday, October 1, 2002 informing Mr. Stogner that proper notification had been submitted and a copy of this notice would be mailed to the Division; (v) your letter dated September 30, 2002 (received on October 4, 2002) with the required information to complete this application; and (vi) the Division's records in Santa Fe: all concerning Conoco, Inc.'s request for an exception to Rule 4 (a) of the "*Special Rules and Regulations for the Oil Center-Blinbry Pool*," as promulgated by Division Order No. R-2408, as amended, for the existing Meyer "B-4" Well No. 32 (**API No. 30-025-34270**) located at an off-pattern non-standard infill oil well location 990 feet from the South line and 660 feet from the East line (Unit X) of irregular Section 4, Township 21 South, Range 36 East, NMPM, Oil Center-Blinbry Pool (**47960**), Lea County, New Mexico.

The E/2 SE/4 of irregular Section 4, being a standard 80-acre stand-up oil spacing and proration unit within the Oil Center-Blinbry Pool, is currently simultaneously dedicated to Conoco, Inc.'s: (i) above-described Meyer "B-4" Well No. 32; and (ii) Meyer "B-4" Well No. 21 (**API No. 30-025-04482**), located at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit Q) of irregular Section 4.

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 the Oil Center-Blinbry Pool.

It is our understanding that the Meyer "B-4" Well No. 32 was originally drilled by

Administrative Order NSL-4799(SD)
Conoco, Inc.
October 24, 2002
Page 2

Conoco, Inc. in February, 1998 to a total depth 7,050 feet and completed in the Hardy-Tubb-Drinkard Pool (29760) at a standard oil well location with a standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of irregular Section 4. In early February, 1999, under the authority of Division Administrative Order DHC-2011, dated March 9, 2000, this well was completed in the Oil Center-Blinebry Pool. On March 11, 1999 the Blinebry interval was "put on production".

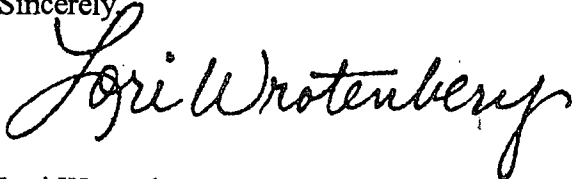
By the authority granted me under the provisions of the special pool rules governing the Oil Center-Blinebry Pool and Division Rule 104.F (2), the aforementioned Meyer "B-4" Well No. 32 located at an off-pattern non-standard oil well location in irregular Section 4 is hereby approved.

Further, both the aforementioned Meyer "B-4" Wells No. 21 and 32 are to be simultaneously dedicated to the subject 80-acre unit.

IT SHALL BE NOTED HOWEVER THAT Conoco, Inc., as a prudent operator, must recognize that a well location is unorthodox prior to its drilling or recompletion and not wait a period of three and a half years after producing from the affected interval to seek the necessary regulatory exceptions. If, any future application by Conoco, Inc. for an unorthodox location is not filed in a more timely fashion, all such subsequent applications will be subject to the Division's hearing process until further notice.

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

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management – Carlsbad
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. – Santa Fe
File: DHC-2011 /