



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

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Director

Oil Conservation Division

February 11, 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-4696

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 22, 2002 (*application reference No. pKRV0-202435262*); (ii) your two e-mail message of Monday, February 11, 2002, to Mr. Michael E. Stogner, Engineer with the Division in Santa Fe checking on the status of this application; (iii) your telephone inquiry to Mr. Stogner in the afternoon of Monday, February 11, 2002; and (iv) the Division's records in Hobbs and Santa Fe: all concerning Conoco, Inc.'s request for an unorthodox oil well location in the Monument-Tubb Pool (47090), Undesignated Weir-Drinkard Pool (63840), and Cass (Pennsylvanian) Pool (10450), for Conoco, Inc.'s proposed SEMU Well No. 165 to be drilled 1310 feet from the South line and 480 feet from the West line (Unit M) of Section 14, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

The Monument-Tubb Pool is governed by the "*Special Rules and Regulations for the Monument-Tubb Pool*," as promulgated by Division Orders No. R-2800 and R-10128, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located no closer than 330 feet to any governmental quarter-quarter section or lot.

The spacing and well location requirements for the Weir-Drinkard Pool is governed under the provisions of Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, which provides for 40-acre oil spacing and proration units and requires wells to be located no closer than 330 feet to the outer boundary of such 40-acre unit nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

The Cass (Pennsylvanian) Pool is governed by the "*Special Rules and Regulations for the Cass (Pennsylvanian) Pool*," as promulgated by Division Order No. R-2825, as amended, which provides for: (i) 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section, being a legal subdivision of the United States Public Land Surveys; and (ii) oil wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

In accordance with the three aforementioned spacing rules: (i) the W/2 SW/4 of Section 14, being a standard 80-acre stand-up oil spacing and proration unit for the Monument-Tubb Pool; (ii) the SW/4 SW/4 of Section 14, being a standard 40-acre oil spacing and proration unit for the Undesignated Weir-Drinkard Pool; and (iii) the S/2 SW/4 of Section 14, being a standard 80-acre lay-down oil spacing and proration unit for the Cass (Pennsylvanian) Pool, are to be dedicated, respectively, to the subject SEMU Well No. 165.