



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

March 2, 2001

Lori Wrotenbery

Director

Oil Conservation Division

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

Administrative Order NSP-1666-B(L)(SD)

Dear Ms. Maddox:

Reference is made to the following: (i) your application dated November 9, 2000; (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the files on Division Administrative Order NSP-1666 (L), dated April 6, 1993, Division Administrative Order NSP-1666-A (L) (SD), dated January 10, 2000, and Division Administrative Order NSP-1807, dated October 4, 1999; (iii) your written message dated February 23, 2001 with attachments; (iv) your telephone conversations with Mr. Michael E. Stogner, Division Engineer/Chief Hearing Officer on Wednesday, February 28, 2001 and Thursday, March 1, 2001; and (v) the stipulated declaratory judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on December 15, 2000: all concerning Conoco, Inc.'s requests to combine acreage from two existing non-standard gas spacing and proration units ("GPU") in order to form a single 601.68-acre non-standard GPU consisting of the following acreage in the Eumont Gas Pool:

LEA COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 19: Lots 1, 2, 3, and 4, W/2 NE/4, SE/4 NE/4,
E/2 NW/4, E/2 SW/4, and SE/4.

The Division Director Finds That:

(1) By Administrative Order NSP-1666-A (L) (SD) the Division established a 441.68-acre non-standard GPU comprising Lots 1, 2, 3, and 4, the W/2 NE/4, the SE/4 NE/4, the E/2 NW/4, and the E/2 SW/4 of Section 19 to be simultaneously dedicated to Conoco, Inc.'s:

- (i) SEMU Burger "B" Well No. 72 (**API No. 30-025-12760**), located at an unorthodox gas well location for this 441.68-acre GPU 330 feet from the North line and 1650 feet from the East line (Unit B) of Section 19;
- (ii) SEMU Burger "B" Well No. 126 (**API No. 30-025-34127**),

located at an unorthodox gas well location for this GPU 1310 feet from the South line and 1120 feet from the West line (Lot 4/Unit M) of Section 19; and

- (iii) SEMU Burger Well No. 141 (API No. 30-025-34921), located at an unorthodox gas well location for this GPU 1300 feet from the North line and 1150 feet from the West line (Lot 1/Unit D) of Section 19.

(2) Similarly, by Administrative Order NSP-1807 the Division established a 160-acre non-standard GPU comprising the SE/4 of Section 19 for Conoco, Inc.'s SEMU Burger Well No. 81 (API No. 30-025-20500), located at a standard gas well location for this 160-acre GPU 660 feet from the South and East lines (Unit P) of Section 19.

(3) According to your application and Division records the above-described SEMU Burger "B" Wells No. 72 and 126 have never been completed within the Eumont Gas Pool and that the SEMU Burger Well No. 141 is the only Eumont gas well assigned the aforementioned 441.68-acre GPU.

(4) The immediate application has been duly filed under the provisions of: (i) Division Rules 104.D (2) and 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; (ii) Division Rule 605.B; and (iii) the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, and appears to be in compliance with the principals and provisions set forth in the stipulated declaratory judgement of the First Judicial District Court in Santa Fe County, New Mexico issued on December 15, 2000.

(5) The newly proposed 601.68-acre GPU is to be simultaneously dedicated to Conoco, Inc.'s: (i) above-described SEMU Burger Well No. 141, which according to Rule 2 (b) 4 of the special Eumont Gas Pool rules is also located at an unorthodox for the proposed 601.68-acre GPU; (ii) above-described SEMU Burger Well No. 81, which location is now considered to be unorthodox for this expanded GPU; and (iii) proposed SEMU Burger Well No. 152, to be drilled at an unorthodox infill gas well location 2630 feet from the North line and 1530 feet from the Eats line (Unit G) of Section 19.

It Is Therefore Ordered That:

(1) Under the provisions of Division Rules 605.B (2) (b), 104.D (2), and 104.F (2) and the applicable provisions of the "*Special Rules and Regulations for the Eumont Gas Pool*", a single 601.68-acre non-standard GPU comprising Lots 1, 2, 3, and 4, the W/2 NE/4, the SE/4 NE/4, the E/2 NW/4, the E/2 SW/4, and the SE/4 of Section 19, Township 20 South, Range 38 East,

NMPM, Lea County, New Mexico is hereby established.

It Is Further Ordered That:

- (2) This unit is to be simultaneously dedicated to Conoco, Inc.'s:
 - (i) existing SEMU Burger Well No. 81 (API No. 30-025-20500), located at an unorthodox gas well location for this 601.68-acre GPU 660 feet from the South and East lines (Unit P) of Section 19;
 - (ii) existing SEMU Burger Well No. 141 (API No. 30-025-34921), located at an unorthodox gas well location for this GPU 1300 feet from the North line and 1150 feet from the West line (Lot 1/Unit D) of Section 19; and
 - (iii) proposed SEMU Burger Well No. 152, to be drilled at an unorthodox infill gas well location 2630 feet from the North line and 1530 feet from the Eats line (Unit G) of Section 19.
- (3) Conoco, Inc. is hereby permitted to produce the allowable assigned this 601.68-acre GPU from the SEMU Burger Wells No. 81, 141, and 152 in accordance with Rule 8 of the special rules governing the Eumont Gas Pool, as revised by Division Orders No. R-8170-G and R-8170-G-1, and Division Rule 605.D (4) (a).
- (4) Division Administrative Order NSP-1666-A (L) (SD) and NSL-1807 shall both be placed in abeyance until further notice.

Administrative Order NSP-1666-B(L)(SD)

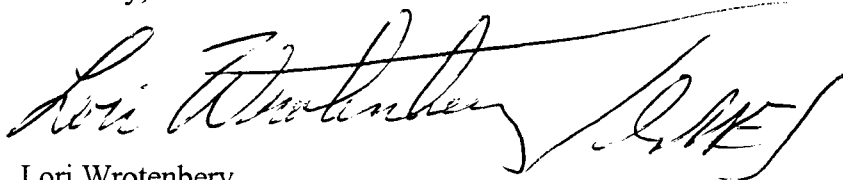
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(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery", followed by a large, stylized flourish or set of initials.

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: NSP-1666(L)
NSL-3854
NSP-1666(L)(SD)
NSP-1807