



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

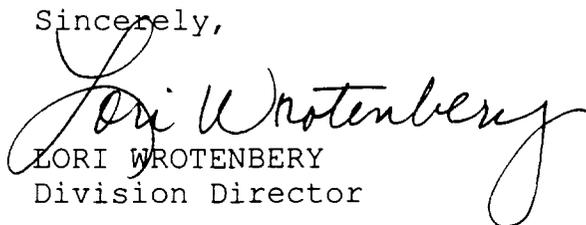
November 30, 1998

Mr. William F. Carr
Campbell, Carr, Berge & Sheridan
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

Dear Mr. Carr:

Based upon the reasons stated in your letter of November 25, 1998, and in accordance with the provisions of Division Order No. R-11047, John H. Hendrix Corporation is hereby granted an extension of time until March 1, 1999, in which to begin either re-entering and recompleting the existing Conoco, Inc. State "CC-16" Well No. 1 or drilling the Wood State Well No. 4.

Sincerely,


LORI WROTENBERY
Division Director

fd/

cc: Case No. 11993 ✓
OCD - Hobbs

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& SHERIDAN, P.A.
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November 25, 1998

HAND DELIVERED

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

98 NOV 25 PM 4:09
OIL CONSERVATION DIV.

Re: **Case No. R-11993:** Application of John H. Hendrix Corporation for compulsory pooling and a unorthodox oil well location, Lea County, New Mexico

Dear Ms. Wrotenbery:

On September 16, 1998 the Division entered Order No. R-11047 which granted the application of John H. Hendrix Corporation in the above-referenced case pooling all mineral interests from the top of the Abo formation to the base of the Strawn formation under the following spacing and proration units in Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico:

- A. E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for all formations and/or pools developed on 80-acre spacing, and
- B. NE/4 NW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing.

These pooled units are to be dedicated to either the existing Conoco, Inc. State "CC-16" Well No. 1 ("Conoco Well") which Hendrix proposes to reenter and recomplete in the Strawn and Abo formations or, if the Conoco Well cannot be reentered, the Wood State Well No. 4 which Hendrix proposes to drill at a standard location in the NE/4 NW/4 of Section 16.

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
November 25, 1998
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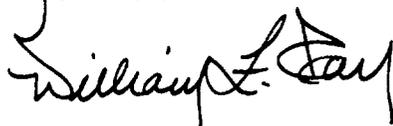
Order R-11047 provides that in the event Hendrix does not commence either the recompletion/deepening or drilling operations on or before November 30, 1998, this pooling order shall be of no further effect unless Hendrix obtains a time extension from the Division Director for good cause shown. The purpose of this letter is to request an extension of Order No. R-11047.

Following the entry of this order, Hendrix learned that Marathon Oil Company plans to drill a horizontal well in the Abo formation in the NE/4 of this section. To enable Hendrix to offset this horizontal well with a horizontal well of its own, Hendrix filed an application for the compulsory pooling of a horizontal well project area comprised the E/2 NW/4 of this section, or in the alternative, for a straight hole to be drilled in the SE/4 NW/4 of this Section. This application was docketed as Division Case No. 12085. It was presented to Examiner Catanach on November 5, and a proposed order filed on November 24, 1998.

Hendrix intends to develop this acreage with either the re-entry of the Conoco Well in the NE/4 NW/4 of Section 16 (Order No. R-11047) and a straight hole in the SE/4 NW/4 of the section (Case 12085) or, if the Marathon well is successful, a horizontal well in the E/2 NW/4 of Section 16. The two Hendrix applications are interrelated and it is necessary for Hendrix to request an extension of order No. R-11047 to preserve all options until a decision can be made on the viability of a horizontal well in the Abo formation.

Your attention to this request is appreciated.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

cc: Damian Barrett