



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

February 18, 2000

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

Telefax No. (915) 686-5558

Administrative Order NSL-4411

Dear Ms. Maddox:

Reference is made to the following: (i) your most excellent application dated February 7, 2000; and (ii) to the records of the New Mexico Oil Conservation Division in Santa Fe ("Division") in Santa Fe: concerning Conoco, Inc.'s request for an unorthodox Abo oil well location for its proposed State "B-19" Well No. 2 to be drilled 2275 feet from the North line and 1215 feet from the East line (Unit H) of Section 19, Township 18 South, Range 37 East, NMPM, Undesignated Goodwin-Abo Pool, Lea County, New Mexico. The SE/4 NE/4 of Section 19 is to be dedicated to this well in order to form a standard 40-acre 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 our understanding that the N/2, N/2 SW/4, and SE/4 of Section 19 is a single state lease issued by the New Mexico State Land Office (State Lease No. BH-1535) in which Conoco, Inc. is the leasehold operator; therefore, there are no effected offsets to the subject 40-acre tract other than Conoco, Inc.

It is further understood that this location exception is based on a 3-D seismic survey of the immediate area which indicates that a well drilled at the proposed unorthodox location should penetrate the Permian Abo Reef at a more structurally advantageous position within the subject 40-acre unit than a well drilled at a standard location, 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 is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES kv

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe