

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

May 23, 2000

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

Telefax No. (915) 686-5780

*Administrative Order NSL-4450*

*And*

*AMENDED Administrative Order NSL-4412*

Dear Ms. Maddox:

Reference is made to your applications dated April 24 and 25, 2000 for exceptions to **Rule 4** of the "Temporary Special Pool Rules for the North Hardy-Strawn Pool," as promulgated by New Mexico Oil Conservation Division ("Division") Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999:

(i) for Conoco, Inc.'s ("Conoco") proposed State "KL" 36 Well No. 29 (**API No. 30-025-34999**) to be drilled at an unorthodox oil well location within a standard 160-acre oil spacing and proration unit comprising the NW/4 of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, 330 feet from the North line (which is 50% closer to the north line of this well's proposed unit then allowed) and 2310 feet from the West line (which is also 50% closer to the east line of this well's proposed unit then allowed) (Unit C) of Section 36; and

(ii) to amend Division Administrative Order NSL-4412, dated February 18, 2000, which order authorized Conoco to drill its State "25-A" Well No. 3 (**API No. 30-025-34953**) at an unorthodox oil well location within a standard 160-acre oil spacing and proration unit comprising the SW/4 of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, 510 feet from the South line and 1980 feet from the West line (Unit N) of Section 25, to accommodate a move of this location 376 feet southeast to a more unorthodox oil well location within this 160-acre unit.

Both of the above-described 160-acre units are within the governing limits of the North Hardy-Strawn Pool and both applications have 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 this pool.

Administrative Order NSL-4450  
And Amended Administrative Order NSL-4412  
Conoco Inc.  
May 23, 2000  
Page 2

---

These applications are based on a 3-D seismic survey of the immediate area and by well control from recent drilling activity, which indicates that a well drilled at this location will be at a more favorable geologic position within the Undesignated North Hardy-Strawn Pool underlying both 160-acre units.

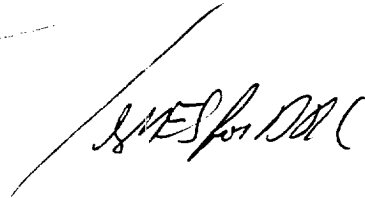
By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2);

(i) the unorthodox oil well location within the standard 160-acre oil spacing and proration unit comprising the NW/4 of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, for the Undesignated North Hardy-Strawn Pool for Conoco's proposed State "KL" 36 Well No. 29 is hereby approved; and

(ii) Division Administrative Order NSL-4412 is hereby amended to reflect a location change for Conoco's proposed State "25-A" Well No. 3 in the SW/4 of Section 25, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be drilled an unorthodox gas well location that is 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 25.

Further, all other provisions of Division Administrative Order NSL-4412 shall remain in full force and effect until further notice.

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs /  
New Mexico State Land Office - Santa Fe  
File: Case No. 12182  
W. Thomas Kellahin, Legal Counsel for Conoco, Inc. - Santa Fe