

March 7, 2000

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

Telefax No. (915) 686-5558

Attention: Kay Maddox

Administrative Order NSL-4332-A (SD)

Dear Ms. Maddox:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on February 11, 2000; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Friday, February 18, 2000; and (iii) the Division's records, including the file in Case No. 12182: all concerning Conoco, Inc.'s request for an exception to Rule 4 of the "*Temporary Special Pool Rules for the North Hardy-Strawn Pool*," as promulgated by Division Order No. R-11221, issued in Case No. 12182 and dated July 12, 1999, for a non-standard infill oil well location in an existing standard 160.50-acre oil spacing and proration unit for the North Hardy-Strawn Pool comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico. This unit is currently dedicated to Conoco, Inc.'s SEMU Well No. 134 (**API No. 30-025-34382**), located at an unorthodox oil well location (approved by Division Administrative Order NSL-4332, dated July 21, 1999) 1650 feet from the South line and 450 feet from the West line (Lot 3/Unit L) of Section 30.

The subject application has been duly filed under the provisions of Division Rule 104.F and the applicable provisions of the rules governing this pool.

It is our understanding that Conoco, Inc. is seeking this location exception 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 North Hardy-Strawn Pool underlying the subject 160.50-acre unit.

By the authority granted me under the provisions of: (i) Rule 5 of these special pool rules; and (ii) Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill oil well location within the above-described 160.50-acre unit is hereby approved:

D. M. Warren Well No. 137
400' FSL & 990' FWL (Lot 4/Unit M).

Both the existing SEMU Well No. 134 and the proposed D. M. Warren Well No. 137 are to be simultaneously dedicated to the subject 160.50-acre unit for the North Hardy-Strawn Pool; furthermore, Conoco, Inc. shall be permitted to produce the allowable assigned this 160.50-acre unit from both wells in any proportion.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
U. S. Bureau of Land Management – Carlsbad
File: Case No. 12182