



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3171

ConocoPhillips Co.
PO Box 2197 WL3 4061
Houston, Texas 77252

Attention: Deborah Marberry

*Reames Com Well No. 3
API No. 30-039-23257
Unit K, Section 19, Township 26 North, Range 6 West, NMPM,
Rio Arriba County, New Mexico
Basin-Fruitland Coal (Gas 71629),
Otero-Chacra (Gas 82329), and
Blanco-Mesaverde (Prorated Gas 72319)*

Dear Ms. Marberry:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), the commingled oil pool shall be allowed to produce up to the top oil allowable and top casing head gas allowable applicable for that pool, and the maximum amount of gas that may be produced from the prorated gas pool shall be determined by Division Rules and Regulations, or by the gas allowable as printed in the Division's San Juan Basin Gas Proration Schedule.

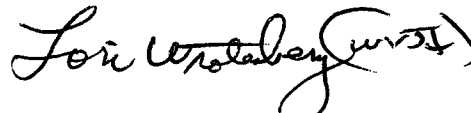
Assignment of allowable to the well and allocation of production from the well shall be on the following basis unless modified with permission of the Aztec District Office and copied to this office. The Fruitland Coal Gas shall be calculated as specified in the application from ConocoPhillips beginning at approximately 2,012 Mcf in August 2003, and declined hyperbolically from that rate. The remaining gas, if any, produced from the well shall be split between the Chacra (67.9%) and the Mesaverde (32.1%). Condensate shall be allocated 100 percent to the Blanco-Mesaverde Prorated Gas Pool.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 4th day of August 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Division Director

LW/wvjj

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington