



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 16, 2006

ConocoPhillips
Attn: Ms. Patsy Clugston
Senior Regulatory Specialist
P.O. Box 4289
Farmington, NM 87499-4289

Administrative Order NSL-5467

Re: Conoco Phillips Company
El Paso Well No. 1S
API No. 30-045-33609
Unit C, Section 20, Twsp 29N, Range 9W
San Juan County

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS 0626850229**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on September 25, 2006,

(b) copy of waiver executed by Energen Resources Corporation, and

(c) the Division's records pertinent to your request.

ConocoPhillips has requested to complete its proposed El Paso Well No. 1S (API No. 30-045-33609) at an unorthodox location, 480 feet from the North line and 1890 foot from the West line (Unit C) of Section 20, Township 29 North, Range 9 West, N.M.P.M., in San Juan County, New Mexico. The W/2 of Section 20 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool (**71629**). This pool is governed by Rule 7(a) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as provided in Order R-8768-F, adopted July 17, 2003, which provides that a well shall be located at least 660 feet from any unit boundary. The proposed location is only 480 feet from the north unit boundary.

ConocoPhillips' application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2) and Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as provided in Order R-8768-F.

It is our understanding that ConocoPhillips is seeking this location due to topographical considerations, driven by the presence of a large arroyo in the northern part of this unit.


It is also understood Energen Resources Corporation, which has consented to this application, is the operator of all units towards which the proposed location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2) and Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, the above-described unorthodox Fruitland Coal gas well location for ConocoPhillips' proposed El Paso Well No. 1S is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec