



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 14, 2006

ConocoPhillips Company
3401 E. 30th Street
Farmington, New Mexico 87401

Attention: Ms. Patsy Clugston

Re: **Walker Com "LS" Well No. 2B**
API No. 30-045-33779
540' FSL & 920' FWL, Unit M,
Section 32, T-32 North, R-9 West, NMPM,
San Juan County, New Mexico

Administrative Order NSL-5408-A

Dear Ms. Clugston:

Reference is made to the following:

- (a) ConocoPhillips Company's ("ConocoPhillips") application to amend Division Order No. NSL-5408 dated June 27, 2006 for approval of a non-standard well location (*administrative application reference No. pTDS0634747302*) for the Walker Com "LS" Well No. 2B that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 13, 2006; and
- (b) the Division's records pertinent to ConocoPhillips' request.

Division Order No. NSL-5408 authorized ConocoPhillips to drill its Walker Com "LS" Well No. 2B at an unorthodox gas well location 540 feet from the South line and 920 feet from the West line (Unit N) of Section 32, Township 32 North, Range 9 West, NMPM, San Juan County, New Mexico, to test the **Blanco-Mesaverde Gas Pool (Prorated Gas -72319)**. The well was authorized to be dedicated to an existing 319.05-acre gas spacing and proration unit comprising the S/2 equivalent of Section 32. It is our understanding that ConocoPhillips now proposes to drill the subject well to a depth sufficient to test the Dakota interval, **Basin-Dakota Gas Pool (Prorated Gas - 71599)**. The well is to be dedicated to a standard 319.05-acre gas spacing and proration unit in the Basin-Dakota Gas Pool comprising the S/2 equivalent of Section 32.

The Basin-Dakota Gas Pool is currently governed by special pool rules established by Division Order No. R-10987, as amended, which provide that:

- (a) a standard unit shall consist of 320 acres, more or less, comprising the N/2, S/2, E/2 or W/2 of a governmental section; and
- (b) wells shall be located no closer than 660 feet from the outer boundary of the proration unit, nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary.

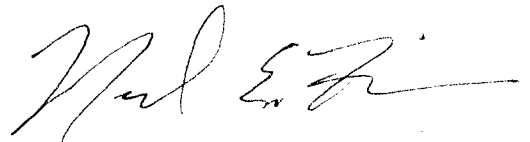
Division records show that the Walker Com "LS" Well No. 2B will be the first well producing from the Basin-Dakota Gas Pool within the S/2 equivalent of Section 32.

The proposed unorthodox location is necessitated by topographic considerations within the SW/4 of Section 32.

The affected offset acreage is the W/2 of Section 5, Township 30 North, Range 9 West, NMPM. ConocoPhillips stated in its application that Burlington Resources Oil & Gas Company, L.P. (a subsidiary of ConocoPhillips) operates the affected offset acreage and owns 100% of the working interest in this area. Accordingly, the applicant was not required, and did not provide notice of its application to any offset operator and/or interest owner.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Basin-Dakota Gas Pool is hereby approved.

Sincerely,



Mark E. Fesmire, P.E.
Division Director

MES/drc

cc: New Mexico Oil Conservation Division - Aztec
Bureau of Land Management-Farmington