



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 29, 2009

ConocoPhillips Company
Attn: Ms. Crystal Tafoya
3401 East 30th St.
Farmington, NM 87402

Administrative Order NSL-6050

**Re: San Juan 32-7 Unit Com. Well No. 39M
API No. 30-045-34974
866 feet FNL and 621 feet FWL
Unit D, Section 23-32N-7W
San Juan County, New Mexico**

Dear Ms. Tafoya:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-15348050**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 2, 2009, and

(b) the Division's records pertinent to this request.

ConocoPhillips Company [OGRID 217817] (ConocoPhillips) has requested to drill the above-referenced well at an unorthodox well location described above in the caption of this letter. The W/2 of Section 23 will be dedicated to this well in order to form a standard 320-acre, more or less, gas spacing unit in the Blanco Mesaverde Gas Pool (72319) and in the Basin Dakota Gas Pool (71599). Spacing in the Blanco Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Basin Dakota Gas Pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which also generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary.

This location is less than 660 feet from the western unit boundary.



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Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for topographic reasons.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Director

MEF/db

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