

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. THOMAS KELLAHIN**  
**706 GONZALES ROAD**  
**SANTA FE, NEW MEXICO 87501**

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

October 17, 2008

**HAND DELIVERED**

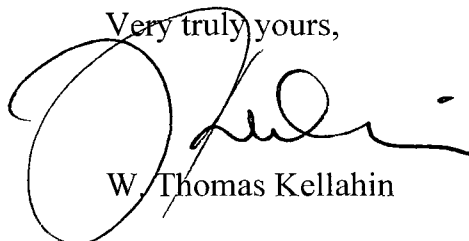
Mr. Mark Fesmire, P.E., Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: NMOCD Case 14248  
ConocoPhillips Company for Compulsory Pooling,  
San Juan County, New Mexico  
Section 2, T30N, R8W to be dedicated as follows  
S/2 Mesaverde and W/2 Dakota Production  
State Com AM #37M (API #30-045-32884) Unit L

Dear Mr. Fesmire:

On behalf of ConocoPhillips Company, please find enclosed our referenced Application to be set for hearing on the Examiner's docket now scheduled for December 4, 2008.

Very truly yours,



W. Thomas Kellahin

cc: ConocoPhillips Company  
Attn: Alan Alexander

RECEIVED  
2008 OCT 17 PM 12 56

CASE 14248: Application of ConocoPhillips Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Dakota and Mesaverde formations underlying the S/2 and W/2 respectively of Section 2, T30N, R8W, NMPM, San Juan County, New Mexico, forming a standard 320-acre and 324.10 acre gas spacing and proration units for the Mesaverde and Dakota formations. These units are to be dedicated to its State Com AM #37M to be drilled and completed at a standard well location as a downhole commingled wellbore for production from the Dakota and Mesaverde formations in Unit L of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a 200% charge for the risk involved in this well. This unit is located approximately 3 miles northwest of the spillway of the Navajo Dam, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF  
CONOCOPHILLIPS COMPANY  
FOR COMPULSORY POOLING  
SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO.** 14248

**APPLICATION**

ConocoPhillips Company ("ConocoPhillips") by its attorneys, Kellahin & Kellahin, seeks an order pooling all mineral interests in the Dakota and Mesaverde formations underlying the S/2 and W/2 respectively of Section 2, T30N, R8W, NMPM, San Juan County, New Mexico, forming standard 320-acre and 324.10 acre gas spacing and proration units for the Mesaverde and Dakota formation. These units are to be dedicated to its State Com AM #37M well (API # 30-045-32884) to be drilled and completed at a standard well location as a downhole commingled wellbore for production from Dakota and Mesaverde formations in Unit L of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and, pursuant to Commission Order R-11992, a charge 200% charge for the risk involved in this well.

In support of its application ConocoPhillips states:

- (1) ConocoPhillips Company is a working interest owner and the proposed operator for the State Com AM 37M well to be dedicated to the S/2 Mesaverde and W/2 Dakota formations in Section 2, T30N, R8W, San Juan County, New Mexico.
- (2) ConocoPhillips has proposed to drill, complete and operate the State Com AM #37M well to be located in Unit letter L of this section and if productive to downhole commingling Dakota and Mesaverde production.

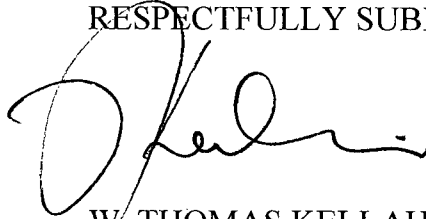
- (3) All of the interest owners in the Mesaverde formation have agreed to participate in this well, but one owner in the Dakota formation has declined.
- (4) The subject 320-acre spacing unit is located within the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool.
- (5) ConocoPhillips, despite reasonable effort, has been unable to obtain the voluntary agreement of this interest owner in this spacing unit. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, ConocoPhillips needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.
- (6) In accordance with the Division's notice requirements, a copy of this application has been sent to the party whose interest is to be pooled as listed on Exhibit "A" notifying such owner of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 4, 2008.

WHEREFORE, ConocoPhillips, as applicant, requests that this application be set for hearing on December 4, 2008 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) ConocoPhillips Company be named operator.
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Kellahin', written over the printed name.

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
(505) 982-4285

**Exhibit "A"**

Petrohawk Energy Corp  
D/B/A Petrohawk Properties LP  
1000 Louisiana Suite 5600  
Houston, TX 77002