



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

ConocoPhillips Company

P. O. Box 2197 – WL3 6106

Houston, Texas 77252-2197

July 20, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Attention: Yolanda Perez
yolanda.perez@conocophillips.com

Administrative Order NSL-5083

Dear Ms. Perez:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on July 15, 2004 (*administrative application reference No. pSEM0-419827858*); and (ii) the Division's records in Santa Fe, including the file on Division Administrative Order NSL-5025 (SD), dated March 25, 2004: all concerning ConocoPhillips Company's request to drill its Peak View Federal Well No. 3 as an initial well within a standard 40-acre oil spacing and proration unit in the Cabin Lake-Delaware Pool (8435) comprising the NE/4 SE/4 (Unit I) of Section 35, Township 21 South, Range 30 East, NMPM, Eddy County, New Mexico, at an unorthodox oil well location 2250 feet from the South line and 1175 feet from the East line of Section 35.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is the Division's understanding that all of Section 35 is a single Federal lease (**U. S. Government lease No. NM-70333**) with common mineral interests in which ConocoPhillips Company is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than ConocoPhillips Company.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox location will be at a more favorable geologic position within the "Peakview Channel" in the middle Brushy Canyon formation of the Delaware Mountain Group than a well drilled at a location considered to be standard for the Cabin Lake-Delaware Pool within this unit.

By the authority granted me under the provision of Division Rule 104.F (2), as revised, the above-described unorthodox oil well location for ConocoPhillips Company's proposed Peak View Federal Well No. 3 within the Cabin Lake-Delaware Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad