



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 6, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company
600 N. Dairy Ashford – 3WL
Houston, Texas 77079-1175

Attention: Jim Penny
Staff Landman – Coalbed Methane Team
jim.e.penny@conocophillips.com

Administrative Order NSP-1886

Dear Mr. Penny:

Reference is made to the following: (i) your initial application (*administrative application reference No. pMES0-436361643*) submitted to the New Mexico Oil Conservation Division (“Division”) in Santa Fe by telefax on December 2, 2004; (ii) your telephone conversation with Mr. Michael E. Stogner, Hearing Officer/Engineer with the Division in Santa Fe, Friday morning, December 3, 2004; (iii) your follow-up e-mail on December 3, 2004 to Mr. Stogner; (iv) Mr. Stogner’s e-mail on Monday afternoon, December 28, 2004 requesting additional information to support your application; (v) your response by e-mail on Monday, January 3, 2005; (vi) your supplemental data submitted by mail and received on January 6, 2005; and (vii) the Division’s records in Santa Fe and Aztec: concerning ConocoPhillips Company’s request for a non-standard 298.38-acre gas spacing unit consisting of the following acreage in the Basin-Fruitland Coal (Gas) Pool (71629):

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM

Irregular Section 7: Lots 1 and 2 and the SE/4

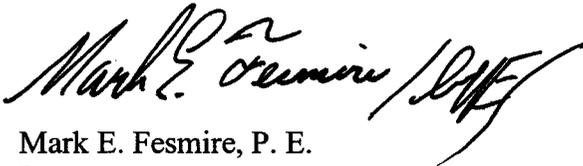
Irregular Section 8: Lots 3 and 4 and the SW/4.

It is the Division’s understanding this unit is to be dedicated to ConocoPhillips Company’s proposed San Juan “32-7” Unit Well No. 248 to be drilled at a location in irregular Section 8 considered by the special Basin-Fruitland coal gas pool rules to be standard.

The above-described acreage conforms to an existing non-standard gas spacing and proration unit in both the: (i) Blanco-Mesaverde Pool (72319) approved under the authority of Division Order No. R-1066, issued in Case No. 1307 on October 9, 1957; and (ii) Basin-Dakota Pool (71599) approved under the authority of Division Order No. R-2046, issued in Case No. 2327 on August 14, 1961.

By the authority granted me under the provisions of Rule 6 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described non-standard 298.38-acre gas spacing unit is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec