



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 14, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company

P. O. Box 2197

Houston, Texas 77252

Attention: Deborah Marberry

Deborah.Marberry@conocophillips.com

Administrative Order NSL-5220

Dear Ms. Marberry:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 23, 2005 (***administrative application reference No. pSEM0-514342246***); and (ii) the Division's records in Aztec and Santa Fe: all concerning ConocoPhillips Company's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for a replacement coal gas well within a former standard 314.76-acre gas spacing unit within the Basin-Fruitland Coal (Gas) Pool (71629) comprising Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 18, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

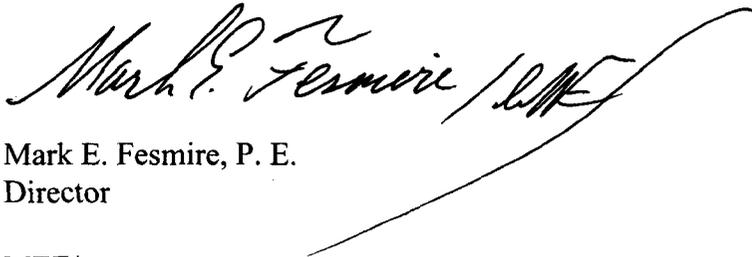
This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," and (ii) Division Rules 104.F and 1207.A (2).

From the Division's records and your application, it is our understanding that initial development of Basin-Fruitland coal gas production within this 314.76-acre unit commenced in 1989 when Northwest Pipeline Corporation of Farmington, New Mexico drilled and completed its San Juan "32-7" Unit Well No. 202 (API No. **30-045-27457**) was drilled at a standard coal gas well location 1070 feet from the South line and 1830 feet from the West line (Unit N) of Section 18. Basin-Fruitland coal gas production ceased in this well in May, 1999. This well was plugged and abandoned by Phillips Petroleum Company of Farmington, New Mexico in April, 1996.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the following described well to be drilled as a replacement coal gas well on this 314.76-acre gas spacing unit at an unorthodox coal gas well location within Section 18 is hereby approved:

San Juan "32-7" Unit Well No. 202-R
1422' FSL & 2490' FWL (Unit K).

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" followed by a stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington