



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-5221

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. pSEM0-514342373*); 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 its proposed San Juan "32-8" Unit Well No. 267 to be drilled 61 feet from the North line and 391 feet from the East line (Unit A) of Section 23, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico.

The W/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit within the Basin-Fruitland Coal (Gas) Pool (71629).

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).

It is the Division's understanding that ConocoPhillips Company seeks this location exception based on both geologic and topographic reasons.

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 above-described unorthodox coal gas well location for the San Juan "32-8" Unit Well No. 267 to be drilled as the spacing unit's initial coal gas well is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

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