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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

June 30, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ConocoPhillips Company
P. O. Box 2197, WL3-6106
Houston, Texas 77252-2197

Attention: **Yolanda Perez**
Yolanda.perez@conocophillips.com

Administrative Order NSL-5226

Dear Ms. Perez:

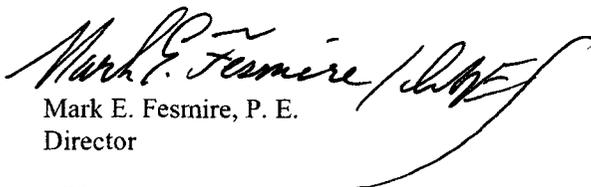
Reference is made to the following: (i) your initial application that was submitted to Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico, by e-mail on June 17, 2005; (ii) your follow-up hard copy received by the Division on June 23, 2005 (*administrative application reference No. pSEM0-517526781*); (iii) your e-mail to Mr. Stogner Thursday afternoon, June 30, 2005; and (iv) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Order NSP-1886: 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 "32-7" Unit Well No. 248 to be drilled 1102 feet from the North line and 2418 feet from the West line (Lot 3/Unit F) of Irregular Section 8, Township 32 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), 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).

The previously approved 298.38-acre non-standard gas spacing unit comprising Lot 1 and the E/2 SE/4 of Irregular Section 7 and Lots 3 and 4 and the SW/4 of Irregular Section 8, both in Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico, which was the subject of Division Administrative Order NSP-1886, as corrected, is to be dedicated to this well.

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 "32-7" Unit Well No. 248 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
NSP-1886