

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



RECEIVED

JUN 23 2005

CONSERVATION DIVISION

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

RECEIVED

JUN 23 2005

Oil Conservation Division
 1220 S. St. Francis Drive
 Santa Fe, NM 87505

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 X NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] X Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Yolanda Perez		Sr. Regulatory Analyst	06/17/05
Print or Type Name	Signature	Title	Date
		Yolanda.perez@conocophillips.com	
		e-mail Address	



Yolanda Perez
Sr. Regulatory Analyst
P.O. Box 2197, WL3 6106
Houston, Texas 77252-2197
Tel: 832-486-2329
Fax: 918-662-3306

June 17, 2005

New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Michael Stogner

RE: Non-Standard Application
San Juan 32-7 #248
Lot 3, Section 8 T32N-R7W
Footages - 1102' FNL and 2418' FWL

Dear Mr. Stogner,

ConocoPhillips plans to drill the San Juan 32-7 #248 located 1102' FNL and 2418' FWL, Section 8, T32N, R7W, San Juan County, New Mexico in 2005. The well will be drilled to access Fruitland Coal reserves in the NW/4 of Section 8. The current reservoir pressure in the area is estimated at 1000 psi. The well is required to develop this gas proration unit (Order NSP-1886 attached) and ensure drainage of Fruitland Coal reserves. The proposed location is non-standard to the gas proration unit to the east, which is owned 82% by ConocoPhillips and 18% by Williams as is the proration unit for subject well, therefore, we are our own offset.

ConocoPhillips also plans to drill the offset well, the San Juan 32-7 249, in the NW/4 of Section 9 T32N-R7W in 2005, over 3300' to the east of the subject well. The infill in the adjacent gas proration unit, San Juan 32-7 249A, is expected to be approximately 2200' to the southeast of the subject well in the SE/4 of Section 8, so drainage from the subject well should not be a significant problem. See attached plat.

The well cannot be moved far enough to the west to avoid a non-standard location because of a Knowlton Cactus Threatened & Endangered habitat area. A horizontal well is not recommended due to the presence of multiple coal seams. Differential pressure between the multiple coal seams, completion

problems, operational problems, and anticipated high water production (over 40 bbls/day) preclude the drilling of a deviated well.

ConocoPhillips respectfully requests that a non-standard location for the Fruitland Coal well be issued for the reasons cited above. If there are any questions concerning this application, please feel free to call Janet Stasney, Senior Reservoir Engineer, at (832)-486-2359 or myself at (832) 486-2329.

Sincerely,

CONOCOPHILLIPS COMPANY



Yolanda Perez
Sr. Regulatory Analyst
Mid America Business Unit

Attachments: Well Plat
Offset Wells Plat
Copy of Order NSP-1886

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 71629		³ Pool Name BASIN FRUITLAND COAL (GAS)	
⁴ Property Code 31329		⁵ Property Name SAN JUAN 32-7 UNIT			⁶ Well Number 248
⁷ OGRID No. 217817		⁸ Operator Name CONOCOPHILLIPS COMPANY			⁹ Elevation 6256

¹⁰Surface Location

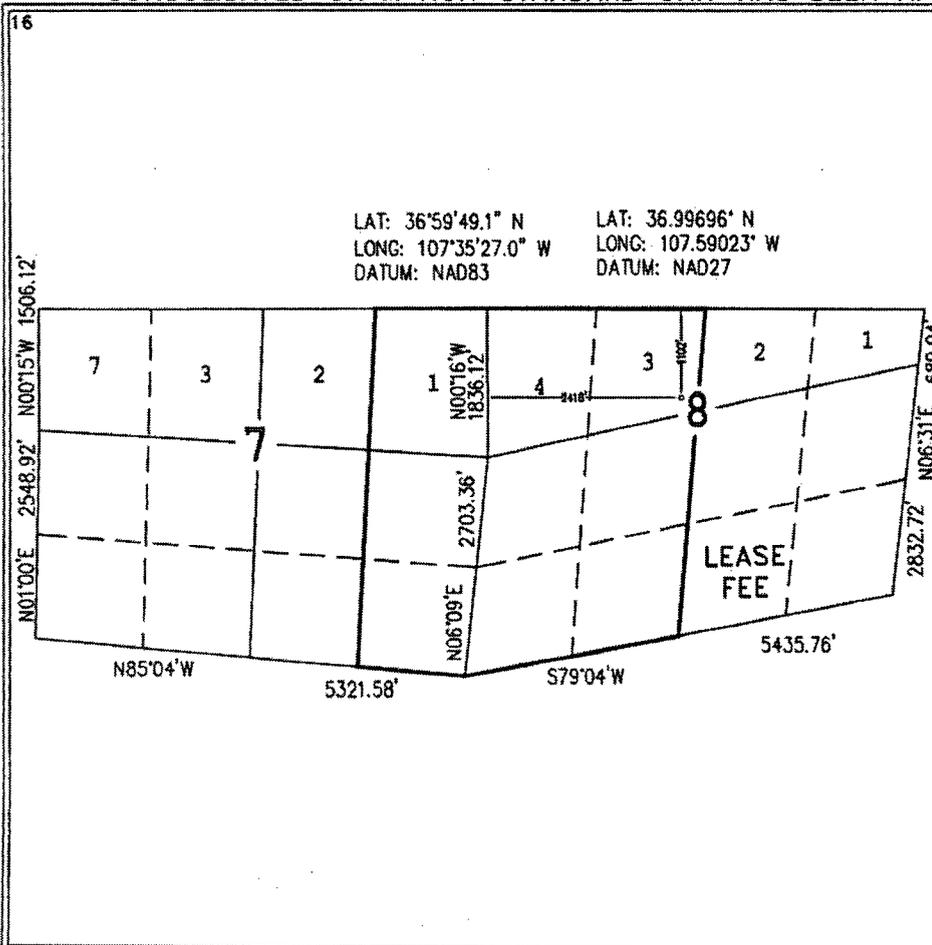
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	32N	07W	1102	1102	NORTH	2418	WEST	SAN JUAN

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 299.08	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____
Vicki Westby
Printed Name
Staff Agent
Title and E-mail Address _____
Date _____

¹⁸SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: 06/02/05
Signature and Seal of Professional Surveyor:

Certificate Number: NM 8883

SJ 32-7 #248 NSL Application





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 7, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

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

CORRECTED Administrative Order NSP-1886

Dear Mr. Penney:

Due to inadvertence, the description of the 298.38-acre non-standard gas spacing unit in the Basin-Fruitland Coal (Gas) Pool (71629) in San Juan County, New Mexico, approved by Division Administrative Order NSP-1886, dated January 6, 2005, is incorrect and shall therefore be amended at this time to read in its entirety as follows:

“SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Irregular Section 7: Lot 1 and the E/2 SE/4
Irregular Section 8: Lots 3 and 4 and the SW/4”.

The corrections set forth in this order shall be entered retroactively as of January 6, 2005; all other provisions of Division Administrative Order NSP-1886 shall remain in full force and effect until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
File: NSP-1886



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):

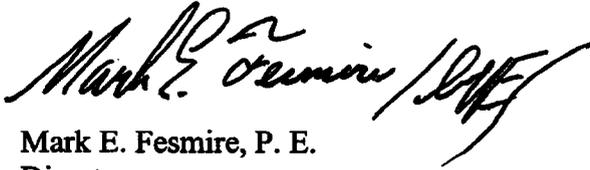
SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Irregular Section 7: Lots 1 and 2 and the SE/4
Irregular Section 8: Lots 3 and 4 and the SW/4.

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,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire" with a stylized flourish at the end.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec