



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

November 28, 2005

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

ConocoPhillips Company
P. O. Box 2197
Houston, Texas 77252

Attention: Deborah Marberry
Regulatory Analyst
deborah.marberry@conocophillips.com

Administrative Order NSL-5306

Dear Ms. Marberry:

Reference is made to the following: (i) your application dated October 27, 2005 (*administrative application reference No. pSEM0-530152132*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe, New Mexico: all concerning ConocoPhillips Company's request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002, for its proposed San Juan "29-6" Unit Well No. 88-M (**API No. 30-039-27554**) to be drilled at an unorthodox infill gas well location 1740 feet from the North line and 2630 feet from the West line (Unit F) of Section 33, Township 29 North, Range 6 West, NMPM, Basin-Dakota Pool (**71599**), Rio Arriba County, New Mexico.

Your application has been duly filed, more or less, under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Basin-Dakota Pool.

From your application and/or the Division's own records, the Division understands and finds that:

(1) ConocoPhillips Company intends to drill and dually complete its aforementioned San Juan "29-6" Unit Well No. 88-M as a infill gas well in both the Basin-Dakota and Blanco-Mesaverde (**72319**) Pools;

(2) this well will serve to accommodate both a 160-acre Dakota infill and an 80-acre Mesaverde infill withdrawal within the W/2 of Section 33, being an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") for both pools;

(3) the Mesaverde participating area is fully expanded within the ConocoPhillips Company operated San Juan "29-6" Unit;

(4) pursuant to the well location provisions of the "*Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, the proposed San Juan "29-6" Unit Well No. 88-M is considered to be standard for the existing shallower Blanco-Mesaverde GPU;

(5) within Section 33 however, only the offsetting E/2 is included within the Dakota participating area of the ConocoPhillips Company operated San Juan "29-6" Unit;

(6) the deeper Basin-Dakota underlying the W/2 of Section 33 is currently dedicated to ConocoPhillips Company's San Juan "29-6" Unit Well No. 88 (API No. 30-039-07491), located at a standard gas well location 2460 feet from the South line and 850 feet from the West line (Unit L) of Section 33;

(7) based on offsetting Dakota well performance, there is expectations the San Juan "29-6" Unit Well No. 88-M should merit the inclusion of the W/2 of Section 33 into the San Juan "29-6" Unit Dakota participating area; and

(8) proper notification pursuant to Parts II.C (3) and III of the special pool rules governing the Basin-Dakota Pool and Division Rule 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005] was not provided based on the expectations of the W/2 of Section 33 being expanded into the Dakota participating area.

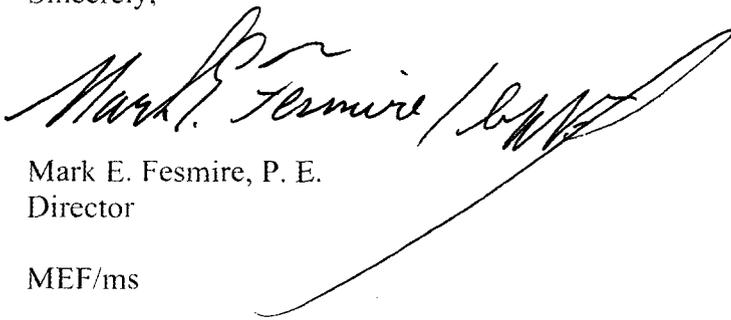
By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota infill gas well location for ConocoPhillips Company's proposed San Juan "29-6" Unit Well No. 88-M is hereby approved; **PROVIDED HOWEVER**, this order shall be become null and void in a period of one-year after the above-described well is completed in the Dakota interval if: (i) the Dakota participating area of the San Juan "29-6" Unit has not been

expanded to include the W/2 of Section 33; **OR** (ii) the operator has not amended this order by providing proper notice pursuant to Parts II.C (3) and III of the special pool rules governing the Basin-Dakota Pool and Division Rule 1210.A (2).

Further, both the aforementioned San Juan "29-6" Unit Wells No. 88 and 88-M and existing 320-acre stand-up GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Basin-Dakota Pool.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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: U. S. Bureau of Land Management – Farmington
New Mexico Oil Conservation Division – Aztec
Ms. Yolanda Perez, Senior Regulatory Analyst – ConocoPhillips Company, Houston