



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 19, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company

Permian Basin

4001 Penbrook Street

Odessa, Texas 79762

Attention: Celeste G. Dale (*celeste.g.dale@conocophillips.com*)

Mid-Continent Business Unit

Regulatory Specialist

Administrative Order NSL-5456 (SD)

Dear Ms. Dale:

Reference is made to the following: (i) your application (*administrative application reference No. pTDS0-624331417*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 28, 2006; and (ii) the Division's records in Hobbs and Santa Fe: all concerning ConocoPhillips Company's request to drill its proposed Jack "B-26" Well No. 7 at an unorthodox oil well location 2310 feet from the North line and 1580 feet from the West line (Unit F) of Section 26, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, as:

(A) an infill well within an existing standard 40-acre oil spacing and proration unit in the Justis-Blinebry Pool (*34200*); and

(B) the initial well within a standard 40-acre oil spacing and proration unit in the Justis Tubb-Drinkard Pool (*35280*).

Your application has been duly filed under the provisions of Division Rules 104.F and 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].

Production from the shallower Justis-Blinebry Pool is to be included within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 (Unit F) of Section 26, which is currently dedicated to ConocoPhillips Company's Jack "B-26" Well No. 8 (*API No. 30-025-37430*), located at a standard oil well location 1650 feet from the North line and 2310 feet from the West line of Section 26.

The proposed Jack "B-26" Well No. 7 will be the initial Tubb-Drinkard oil well within this same 40-acre oil spacing and proration unit.

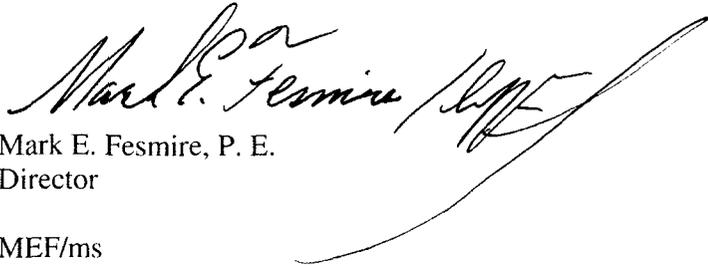
It is the Division's understanding that the 280 acres comprising the NW/4, N/2 SW/4, and SE/4 SW/4 of Section 26 is included within a single federal lease (U. S. Government lease No. NM-0321613).

By the authority granted me under the provisions of Division Rule 104.F (2) the above-described unorthodox: (i) infill Blinebry oil well location; and (ii) initial Tubb-Drinkard oil well location, for ConocoPhillips Company's proposed Jack "B-26" Well No. 7 is hereby approved.

Both of ConocoPhillips Company's existing Jack "B-26" Well No. 8 and its proposed Jack "B-26" Well No. 7 are to be simultaneously dedicated to the subject 40-acre unit within the Justis-Blinebry 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: New Mexico Oil Conservation Division – Hobbs
U. S. Bureau of Land Management - Carlsbad
