



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 4, 2006

ConocoPhillips
Attn: Ms. Patsy Clugston
Senior Regulatory Specialist
P.O. Box 4289
Farmington, NM 87499-4289

Administrative Order NSL-5515

Re: Conoco Phillips Company
San Juan 32-7 Unit Well No. 69M
API No. 30-045-32439
Unit F, Section 35, Twsp 32N, Range 7W
San Juan County

Dear Ms. Clugston:

Reference is made to the following:

- (a) your application (**administrative application reference No. pDRC06-28952116**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 6, 2006;
- (b) your supplemental e-mail communication dated November 21, 2006; and
- (c) the Division's records pertinent to your request.

ConocoPhillips has requested to complete its San Juan 32-7 Unit Well No. 69M (API No. 30-045-32439) at an unorthodox bottom-hole Dakota gas well location, 2183 feet from the North line and 2275 feet from the West line (Unit F) of Section 35, Township 32 North, Range 7 West, N.M.P.M., in San Juan County, New Mexico. The N/2 of Section 35 will be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit in the Basin-Dakota Gas Pool. This location is governed by the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10981-B(1), effective January 29, 2002, which provide that a well located in a federal exploratory unit, but not in a participating area, shall be located at least 660 feet from any unit boundary. The proposed location is approximately 457 feet from the southern unit boundary.

ConocoPhillips' application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that ConocoPhillips encountered unexpected mechanical difficulties in deviating this well, resulting in their encountering the Dakota at the proposed unorthodox location rather than at a standard location as intended. By this application, ConocoPhillips seeks to avoid the additional costs that would be entailed in re-drilling the well to the originally intended location

We also understand that ConocoPhillips has given the required notice to all working interest owners in the S/2 of Section 35, the unit toward which this location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

Jurisdiction of this case 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', with a long horizontal line extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington