



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 9, 2007

Ms. Patsy Clugston
Sr. Regulatory Specialist
ConocoPhillips
P.O. Box 4289
Farmington, NM 87499

Administrative Order NSL-5565

Re: Conoco Phillips Company
San Juan 27-5 Unit Well No. 144-P
API No. 30-039-29911
Unit N, Section 35 Twsp 27N, Range 5W
Rio Arriba County

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-01732493**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 16, 2007, and

(b) the Division's records pertinent to your request.

ConocoPhillips Company (ConocoPhillips) has requested to continue producing its San Juan 27-5 Unit Well No. 144-P (API No. 30-039-29911), which was drilled and completed as a directional well to an unorthodox Mesaverde and Dakota bottom hole gas well location, 574 feet from the South line and 2134 feet from the East line (Unit O) of Section 35, Township 27 North, Range 5 West, N.M.P.M., in Rio Arriba County, New Mexico. The S/2 of Section 35 will be dedicated to this well in the Blanco-Mesaverde Gas Pool (73219), to form a standard 320-acre lay-down gas spacing and proration unit, and the E/2 of Section 35 will be dedicated to this well in the Basin-Dakota Gas Pool (71599) to form a non-standard 304.54-acre stand-up gas spacing and proration unit.

This location is governed, as to the Measverde, by Rule I.C(1) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1) effective December 2, 2002, which provides that a well shall be located at least 660 feet from any unit boundary. In the Dakota, this location is governed by Rules II.A and II.C(1) of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as amended by Order No. R-10981-B, effective January 29, 2002, which likewise provide for 320-acre units with wells to be located at least 660 feet from any unit boundary. This well is located approximately 574 feet from the southern boundary of both units.

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

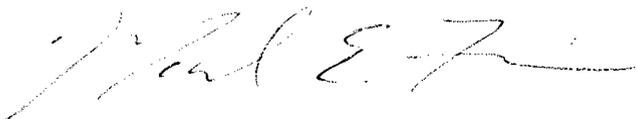
It is our understanding that this well was unintentionally drilled to an unorthodox location due to an erroneous deviation procedure

We further understand that ConocoPhillips owns 100% of the working interest in the offsetting spacing units toward which this location encroaches. Accordingly there are no "affected persons" to whom notice of this application is required.

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,



Mark E. Fesmire, P.E.
Director

MEF/db

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