



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 25, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

ConocoPhillips Company
P. O. Box 2197 – WL3 6106
Houston, Texas 77252-2197

Attention: Yolanda Perez
yolanda.perez@conocophillips.com

Administrative Order NSL-5025 (SD)

Dear Ms. Perez:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on March 12, 2004 (*administrative application reference No. pMES0-408455366*); (ii) your e-mail with attachment of Friday, March 12, 2004 containing supplemental information to support your application; (iii) my voice-mail message to you Wednesday afternoon, March 24, 2004; (iv) our telephone conversation Thursday morning, March 25, 2004; and (v) the Division's records in Santa Fe: all concerning ConocoPhillips Company's request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the SE/4 SE/4 (Unit P) of Section 35, Township 21 South, Range 30 East, NMPM, Cabin Lake-Delaware Pool (8435), Eddy County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre unit is currently dedicated to ConocoPhillips Company's Peak View Well No. 1 (API No. 30-015-26678) located at a standard oil well location 660 feet from the South line and 330 feet from the East line of Section 35.

It is the Division's understanding that all of Section 35 is a single Federal lease (U. S. Government lease No. NM-70333) with common mineral interests in which ConocoPhillips Company is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than ConocoPhillips Company.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox infill location will be at a more favorable geologic position within the "Peakview Channel" in the middle Brushy Canyon formation of the Delaware Mountain Group than a well drilled at a location considered to be standard for the Cabin Lake-Delaware Pool within the southwestern corner of this federal lease.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox "infill" oil well location within the SE/4 SE/4 (Unit P) of Section 35 is hereby approved:

Peak View Federal Well No. 2
1175' FSL & 1300' FEL.

Further, both the existing Peak View Well No. 1 and the proposed Peak View Federal Well No. 2 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Engineer/Hearing Officer

MES/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad