



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RCVD DEC26'06

OIL CONS. DIV.

DIST. 3

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 14, 2006

Patsy Clugston
ConocoPhillips
P.O. Box 4289
Farmington, NM 87499

RE: **San Juan 29-5 Unit # 69F (API # 30-039-29727)**
Unit A, 145 feet FNL, 460 feet FEL, Sec. 21, T-29-N, R-5-W
Rio Arriba County, NM

Administrative Order NSL-5530

Dear Ms Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS0-631151242**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 7, 2006; and

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

ConocoPhillips requests to drill its San Juan 29-5 Unit # 69F at an unorthodox Dakota location, 145 feet from the North line and 460 feet from the East line (Unit A) of Section 21 Township 29 North, Range 5 West, N.M.P.M., in Rio Arriba County, New Mexico. The E/2 of Section 21 will be dedicated to this well to form a standard 320-acre spacing and proration unit in the Basin Dakota Pool. The well will be downhole commingled in the Blanco Mesaverde and the Basin Dakota pool. The Basin Dakota pool is governed by special pool rules in Order No. R-10987-B(2), which provide that:

a Gas Proration Unit (GPU) shall consist of 320 acres, more or less, and

a well shall be located no closer than 660 feet to the outer boundary of the GPU and no closer than 10 feet to any interior or quarter-quarter section line or subdivision inner boundary.

Your application has been duly filed under the provisions of Division Rules 104. F(2) 1210.A(2), and Order No R-10987-B(2).

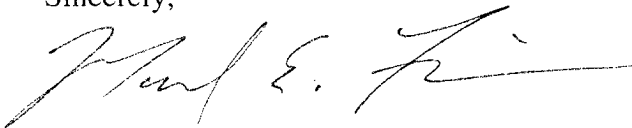
It is our understanding that the unorthodox location is necessary because of natural drainages, arroyos, and rugged terrain in the area.

Pursuant to the authority granted under the provisions of Division Rules 104.F(2) , and Order No. R-10987-B (2), the above-described unorthodox Basin Dakota location is hereby approved.

ConocoPhillips shall apply and obtain a downhole commingling order before commingling production from the Blanco Mesaverde and Basin Dakota Pool.

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 flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/re

cc: New Mexico Oil Conservation Division - Aztec