



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

ConocoPhillips Company

P. O. Box 2197

Houston, Texas 77252-2197

Attention: Skip Fraker

July 28, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Telefax No. (832) 486-3291

Administrative Order NSP-1875

Dear Mr. Fraker:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe on June 14, 2004 (*administrative application reference No. pSEM0-416730932*); and (ii) the Division's records in Aztec and Santa Fe: concerning ConocoPhillips Company's request for a non-standard 221.20-acre gas spacing unit in the Basin-Fruitland Coal (Gas) Pool (71629) (being 69.125% the size of a standard 320-acre spacing unit for this pool) comprising the following-described acreage:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Irregular Section 30: Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent).

It is the Division's understanding this unit is to be simultaneously dedicated to ConocoPhillips Company's: (i) existing San Juan "32-8" Unit Well No. 239 (API No. 30-045-28350), located at a standard coal gas well location 857 feet from the South line and 925 feet from the West line (Unit N) of Irregular Section 30; and (ii) proposed San Juan "32-8" Unit Well No. 239-A, to be drilled at a standard infill coal gas well location 2035 feet from the North line and 705 feet from the West line (Unit F) of Irregular Section 30.

By the authority granted me under the provisions of Rule 6 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described non-standard 221.20-acre gas spacing unit is hereby approved.

IT IS FURTHER ORDERED THAT, as a contingency of approval, ConocoPhillips Company shall submit a corrected OCD Form C-102 for the existing San Juan "32-8" Unit Well No. 239 showing the proper acreage now dedicated to this well to the Division's Aztec district office. Failure to file within 60 days from the date of this order shall subject the well being shut-in.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington