

DATE IN: 1/20/05 SUSPENSE: 2/9/05 ENGINEER: WJS LOGGED IN: 1/20/05 TYPE: (PC-916-5) APP NO.: PWVJ0502540356

RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

DEC 20 2005

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Yolanda Perez Yolanda Perez Sr. Regulatory Analyst 1/18/05
 Print or Type Name Signature Title Date
 832-486-2329 yolanda.perez@conocophillips.com
 e-mail Address



Yolanda Perez
Sr. Regulatory Analyst
P.O. Box 2197, WL3 6106
Houston, Texas 77252-2197
Tel: 832-486-2329
Fax: 832-486-2764

January 18, 2005

New Mexico Oil Conservation Division
1220 So. St. Francis Drive
Santa Fe, New Mexico 87505

Attn: David Catanach

RE: Commingling Order PC-916

Dear Mr. Catanach,

ConocoPhillips Company requests a 5th amendment to the existing PC-916 to add wells listed on the attached list. We believe that the most accurate and effective method of allocation would be by semi-annual well testing by well (except Hardy "36" State #28), by pool. The gas and oil from each well will be measured separately during test. The gas and oil production from the Hardy "36" State Well No. 28 will be measured separately prior to commingling with other wells (all of which have identical ownership). The production from Well No. 28 will then be subtracted from total lease sales with the remainder being allocated to the rest of the wells listed on this application based on theoretical from well tests. The production from the Hardy Simpson Ellenburger and South Cass Stawn pool downhole commingling orders will be adhered to by the orders per well, as approved.

The Hardy "36" State Well No. 28 Application to Drill was applied for and approved using Rule 111 combining Hardy "36" State Lease acreage with Meyer "B" Lease (Federal) acreage to form the project area. I have attached a copy of the APD and the approved Communitization Agreement for your reference. The rest of the commingled production is of identical ownership in all pools mentioned, and the working interest and all royalty interest are identical.

A list of all interest owners and signed waivers are attached. If you need any additional information, please contact me by email at Yolanda.perez@conocophillips.com or at (832) 486-2329.

Sincerely,

CONOCOPHILLIPS COMPANY

Yolanda Perez
Sr. Regulatory Analyst
Mid America Business Unit

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: ConocoPhillips Company
OPERATOR ADDRESS: P. O. Box 2197, WL3 6106 Houston, TX 77252
APPLICATION TYPE:

- Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)
- LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If #Yes#, please include the appropriate Order No. PC-916
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
See Attached List		39.9 oil / .73 gas 1208 BTU			

- (2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify) See cover letter
(5) Will commingling decrease the value of production? Yes No If #yes#, describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Yolanda Perez TITLE: Sr. Regulatory Analyst DATE: 01/18/2005
TYPE OR PRINT NAME Yolanda Perez TELEPHONE NO.: (832)486-2329
E-MAIL ADDRESS: yolanda.perez@conocophillips.com

List of Wells
&
Interest Owners

CONOCOPHILLIPS COMPANY
Hardy "36" State Lease Commingling Facility
Sec. 36, T20S, R37E, Lea County, New Mexico

Existing Wells	API	Pool	Pool Codes
1	30-025-32128	Hardy; Simpson-Ellenburger / Cass; Strawn South	96227 / 10460
2	30-025-32473	Hardy; Tubb-Drinkard North	96356
3	30-025-32479	Hardy; Tubb-Drinkard North	96356
4	30-025-32513	Hardy; Tubb-Drinkard North	96356
15	30-025-33924	Hardy; Simpson-Ellenburger	96227
18	30-025-33027	Hardy; Tubb-Drinkard North	96356
19	30-025-33202	Hardy; Tubb-Drinkard North	96356
21	30-025-33028	Hardy; Simpson-Ellenburger / Cass; Strawn South	96227 / 10460
25	30-025-34102	Hardy; Tubb-Drinkard North	96356
26	30-025-34311	Hardy; Strawn, North	96893
Wells to Add			
27	30-025-34794	Hardy; Strawn, North	96893
30	30-025-35155	Hardy; Tubb-Drinkard North	96356
31	30-025-35485	Hardy; Strawn, North	96893
		All of the above wells have identical ownership Working Interest: COPC 100%, Net 87.5% Royalty: State of NM 12.5%; ORR: None	
28 (Proposed)	30-025-36624	Hardy; Strawn, North	96893
		Interest owners for the above well are listed below	

Interest Owners for Hardy "36" State Well No. 28

ConocoPhillips Company
P. O. Box 2197, WL3 5050
Houston, TX 77252-2197

BP America Production Company
501 Westlake Park Blvd.
Houston, TX 77079
Attn: Melanie Bell #6.186

Chevron U.S.A. Inc.
11111 South Wilcrest
Houston, TX 77099
Attn: NOJV Manager

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

Bureau of Land Management
2909 W. Second
Roswell, NM 88201

Waiver Letters



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

January 13, 2005

ConocoPhillips
P. O. Box 2197
Houston, TX 77252-2197

Attention: Ms. Yolanda Perez

Re: Commingling Application
Fifth Amendment of NMOCD Commingling Order PC-916
Hardy Simpson-Ellenburger Pool
North Hardy Tubb-Drinkard Pool
South Cass-Strawn Pool
North Hardy-Strawn Pool
Wildcat-Blinbry Pool
Hardy 36 State Lease Commingling Facility
Sec. 36-20S-37E
Lea County, New Mexico

Dear Ms. Perez:

We are in receipt of your letter of January 12, 2005. Your letter requests our approval to amend the existing NMOCD pool lease commingling permit number PC-916 to add the following wells:

- Hardy 36 State Well No. 27 (API #30025-34794)
- Hardy 36 State Well No. 30 (API #30-025-35155)
- Hardy 36 State Well No. 31 (API #30-025-35485)
- Proposed Hardy 36 State Well No. 28 (API #30-025-36624)

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a \$30.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: *Anthony H. Neal*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PM/JB/pm
pc: Reader File, OCD-Attention: David Catanach

For

-State Land Office Beneficiaries -



Yolanda Perez
Sr. Regulatory Analyst
P.O. Box 2197, WL3 6106
Houston, Texas 77252-2197
Tel: 832-486-2329
Fax: 832-486-2764

January 12, 2005

Bureau of Land Management
2909 W. Second
Roswell, NM 88201

Attn: Armando Lopez

RE: **Commingling Order PC-916**

Dear Mr. Lopez,

ConocoPhillips Company requests a waiver of no objection to a 5th amendment to the existing NMOCD Pool Lease commingle permit # PC-916 to add wells listed on the attached list which includes Hardy "36" State No. 28 well in which you own an interest. We believe that the most accurate and effective method of allocation would be by semi-annual well testing by well (except Hardy "36" State #28), by pool. The gas and oil from each well will be measured separately during test. The gas and oil production from the Hardy "36" State Well No. 28 will be measured separately prior to commingling with the other wells (all of which are of identical ownership). The production from Well No. 28 will then be subtracted from total lease sales with the remainder being allocated to the rest of the wells listed on this application based on theoretical from well tests. The production from the Hardy Simpson Ellenburger and South Cass Stawn pool downhole commingling orders will be adhered to by the orders per well, as approved.

The Hardy "36" State Well No. 28 Application to Drill and Communitization Agreement were applied for and approved using Rule 111 combining Hardy "36" State Lease acreage with Meyer "B" Lease (Federal) acreage to form the project area. The rest of the commingled production is of identical ownership in all pools mentioned, and the working interest and all royalty interest are identical.

If you need any additional information, please contact me at (832) 486-2329 or by email at Yolanda.perez@conocophillips.com.

Sincerely,

CONOCOPHILLIPS COMPANY

Yolanda Perez
Sr. Regulatory Analyst
Mid America Business Unit

No Objection waiver signed by

with the Bureau of Land Management.



Yolanda Perez
Sr. Regulatory Analyst
P.O. Box 2197, WL3 6106
Houston, Texas 77252-2197
Tel: 832-486-2329
Fax: 832-486-2764

January 12, 2005

BP America Production Company
501 Westlake Park Blvd.
Houston, TX 77079

Attn: Melanie Bell #6.186

RE: Commingling Order PC-916

Dear Ms. Bell,

ConocoPhillips Company requests a waiver of no objection to a 5th amendment to the existing NMOCD Pool Lease commingle permit # PC-916 to add wells listed on the attached list which includes Hardy "36" State No. 28 well in which you own an interest. We believe that the most accurate and effective method of allocation would be by semi-annual well testing by well (except Hardy "36" State #28), by pool. The gas and oil from each well will be measured separately during test. The gas and oil production from the Hardy "36" State Well No. 28 will be measured separately prior to commingling with the other wells (all of which are of identical ownership). The production from Well No. 28 will then be subtracted from total lease sales with the remainder being allocated to the rest of the wells listed on this application based on theoretical from well tests. The production from the Hardy Simpson Ellenburger and South Cass Stawn pool downhole commingling orders will be adhered to by the orders per well, as approved.

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If you need any additional information, please contact me at (832) 486-2329 or by email at Yolanda.perez@conocophillips.com.

Sincerely,

CONOCOPHILLIPS COMPANY

Yolanda Perez
Yolanda Perez
Sr. Regulatory Analyst
Mid America Business Unit

No Objection waiver signed by
BP America Production Company.

Jarvis Knudell

with



Yolanda Perez
Sr. Regulatory Analyst
P.O. Box 2197, WL3 6106
Houston, Texas 77252-2197
Tel: 832-486-2329
Fax: 832-486-2764

January 12, 2005

Chevron U.S.A. Inc.
11111 South Witcrest
Houston, TX 77099

Attn: NOJV Manager

RE: **Commingling Order PC-916**

Dear NOJV Manager,

ConocoPhillips Company requests a waiver of no objection to a 5th amendment to the existing NMOCD Pool Lease commingle permit # PC-916 to add wells listed on the attached list which includes Hardy "36" State No. 28 well in which you own an interest. We believe that the most accurate and effective method of allocation would be by semi-annual well testing by well (except Hardy "36" State #28), by pool. The gas and oil from each well will be measured separately during test. The gas and oil production from the Hardy "36" State Well No. 28 will be measured separately prior to commingling with the other wells (all of which are of identical ownership). The production from Well No. 28 will then be subtracted from total lease sales with the remainder being allocated to the rest of the wells listed on this application based on theoretical from well tests. The production from the Hardy Simpson Ellenburger and South Cass Stawn pool downhole commingling orders will be adhered to by the orders per well, as approved.

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If you need any additional information, please contact me at (832) 486-2329 or by email at Yolanda.perez@conocophillips.com.

Sincerely,

CONOCOPHILLIPS COMPANY

Yolanda Perez
Sr. Regulatory Analyst
Mid America Business Unit

No Objection waiver signed by

with Chevron U.S.A. Inc..

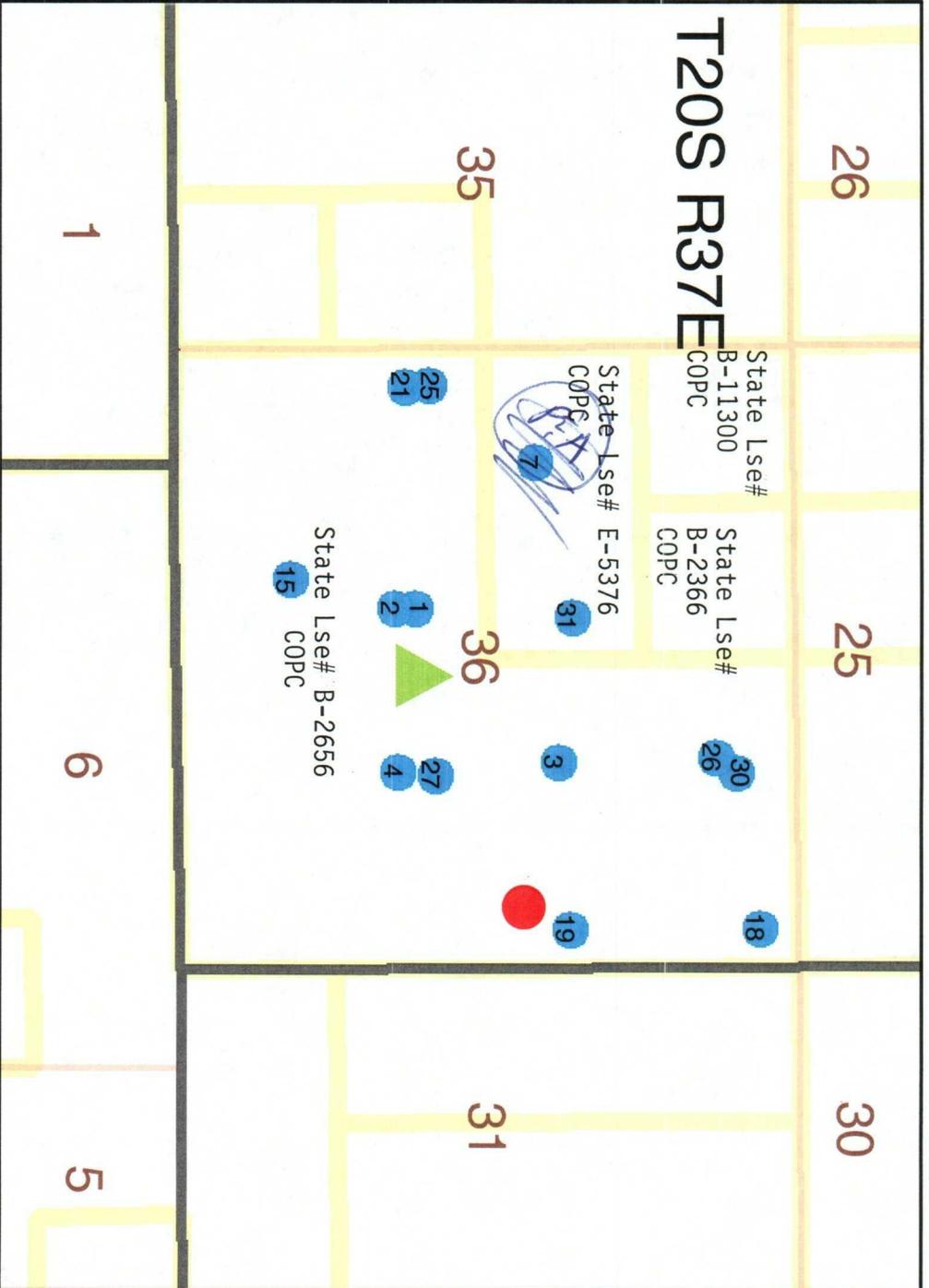
NOJV Engineers
1-12-05

Plat of Hardy "36" State Lease

ConocoPhillips

**HARDY 36 STATE LEASES
CENTRAL TANK BATTERY**
Sec 36, T20S, R 37E
10/4/04

Author:	Date:
Compiled By:	Scale:
NO FILE:	



Legend

-  HARDY 36 STATE BATTERY
-  PROPOSED STRAWN
-  EXISTING PRODUCERS
-  COP_Leases

Application of Permit to Drill
&
Communitization Agreement

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis-Dr.
Santa Fe, NM 87505

Form C-101
Revised June 10, 2003

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address ConocoPhillips Company P. O. Box 2197, WL3 6106 Houston TX 77252		² OGRID Number 217817	
³ Property Code 31667		⁴ Property Name Hardy 36 State	
		⁵ API Number 30-025-36624	
		⁶ Well No. 28	

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	20S	37E		2374	North	511	East	Lea

⁸ Proposed Bottom Hole Location If Different From Surface

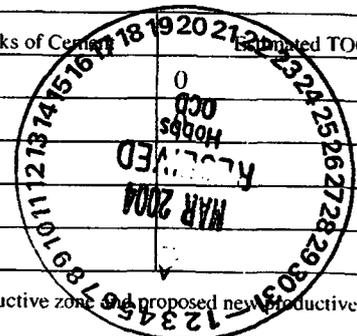
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	20S	37E		2000	North	175	East	

⁹ Proposed Pool 1 Hardy; Strawn, North 96893	¹⁰ Proposed Pool 2
--	-------------------------------

¹¹ Work Type Code New Well	¹² Well Type Code Oil	¹³ Cable/Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 3494
¹⁶ Multiple N	¹⁷ Proposed Depth 8000	¹⁸ Formation Strawn	¹⁹ Contractor	²⁰ Spud Date 04/01/2004

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12.25"	8.625"	24#	1500'	695	
7.875"	5.5"	17#	8094'	1395	



²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

This well will be directionally drilled. Attachments include: plat designating project area as per Rule 111, the approved Communitization Agreement between the State Land Office and the BLM, the proposed directional and cement plan.

**Permit Expires 1 Year From Approval
Date Unless Drilling Underway**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Yolanda Perez</i> Printed name: Yolanda Perez Title: Sr. Regulatory Analyst E-mail Address: yolanda.perez@conocophillips.com		OIL CONSERVATION DIVISION Approved by: <i>[Signature]</i> Title: PETROLEUM ENGINEER Approval Date: MAR 08 2004 Expiration Date:	
Date: 3/3/04	Phone: (832)486-2320	Conditions of Approval: Attached <input type="checkbox"/>	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-36624	Pool Code 96893	Pool Name Hardy; Strawn, North
Property Code 31667	Property Name HARDY STATE "36"	Well Number 28
OGRID No. 217817	Operator Name ConocoPhillips	Elevation 3494'

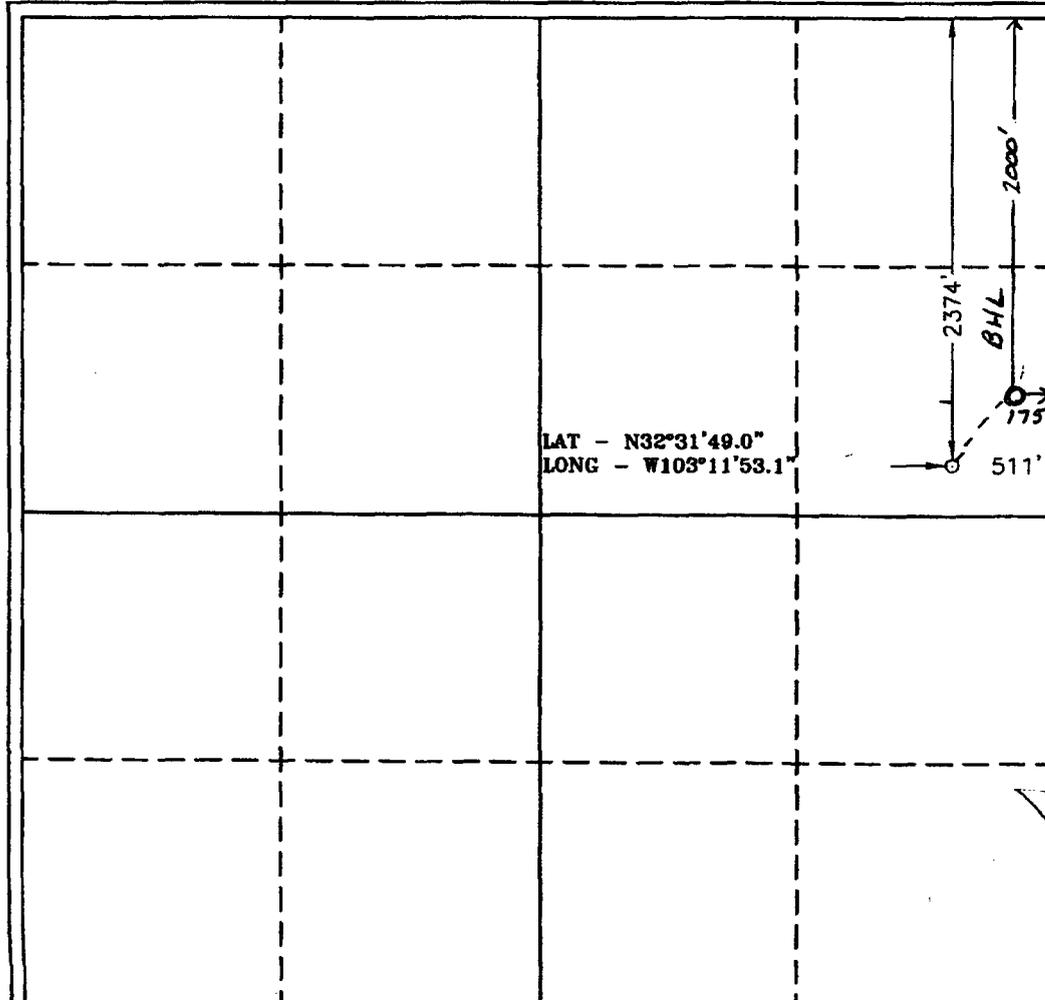
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	20 S	37 E		2374	NORTH	511	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	36	20S	37E		2000	north	175	EAST	Lea
Dedicated Acres 320.3	Joint or Infill	Consolidation Code	Order No.	2003-101112151415161718192021					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
I hereby certify the the information contained herein is true and complete to the best of my knowledge.

Yolanda Perez
Signature
Yolanda Perez
Printed Name
Sr. Regulatory Analyst
Title
3/3/04
Date

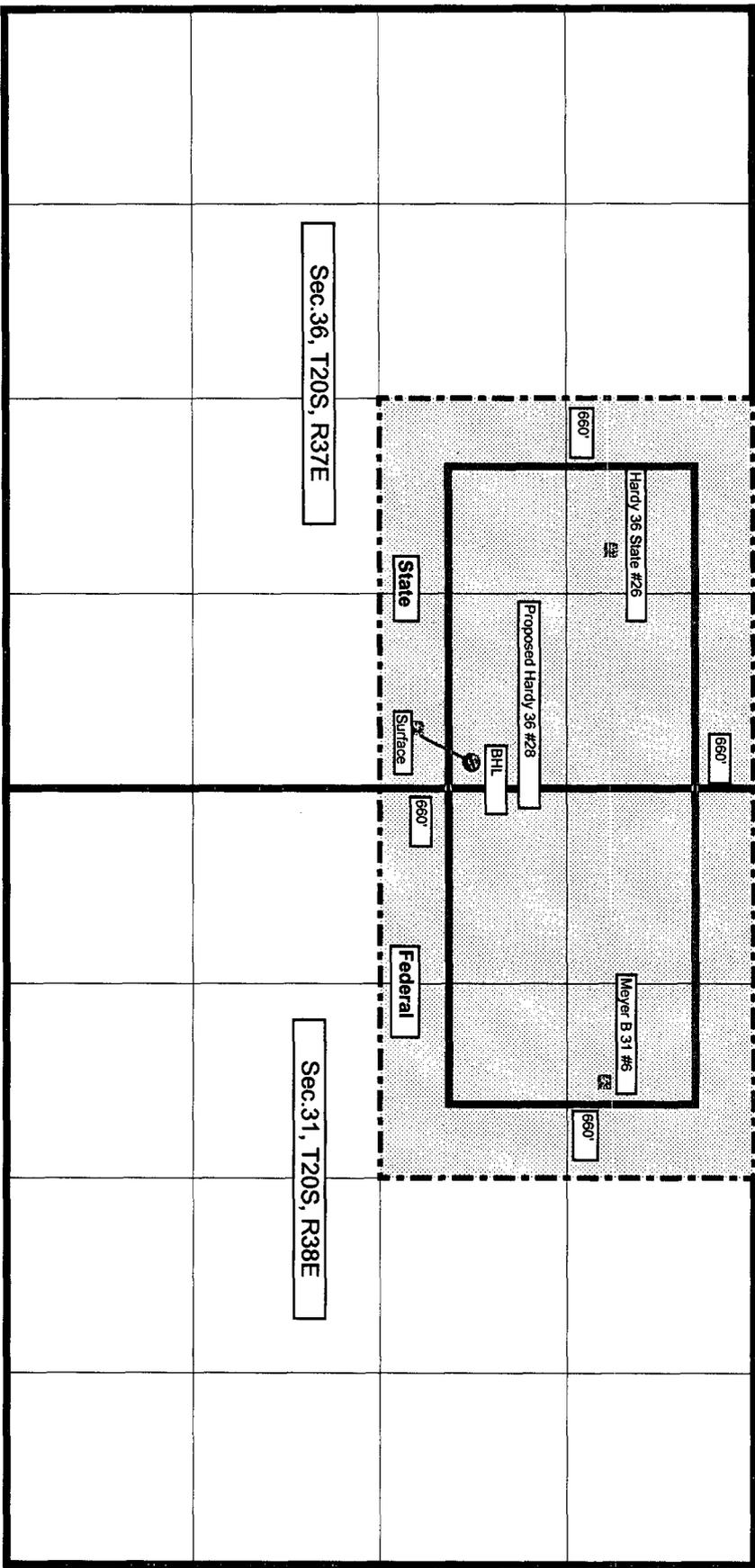
SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JUNE 9 2003
Date Surveyed

GARY L. JONES
Signature & Seal of Professional Surveyor
No. 5319
Certificate No. Gary L. Jones 7977

BASIN SURVEYS

**PROPOSED HARDY 36 STATE #28 PLAT
NORTH HARDY STRAWN POOL**



Hardy 36 State #28 proposed Surface Location at 2374' FNL & 511' FEL & Bottomhole Location at 1950' FNL & 175' FEL
 We are proposing the green area to be the project area for the Hardy 36 State #28 directional well.
 Interior to red outline designates legal location for proposed well.
 * Well placements are approximate.

NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

ConocoPhillips

Hardy 36 State Well No. 28

Lea County, New Mexico

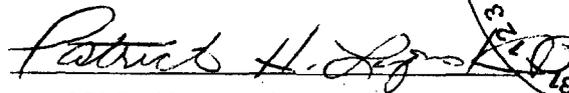
**NE4, Section 36, Township 20 South, Range 37 East, and NW4 Section 31, Township 20 South, Range 38 East
Strawn**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced agreement, dated January 1, 2004 which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

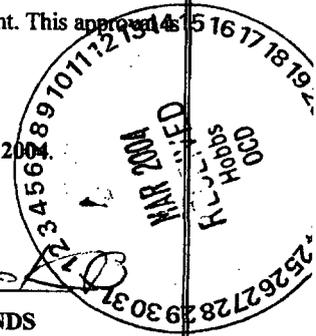
NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 13th day of February, 2004.



COMMISSIONER OF PUBLIC LANDS

of the State of New Mexico





United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ROSWELL FIELD OFFICE
2909 West Second Street
Roswell, New Mexico 88201-2019

IN REPLY REFER
NMNM111024
3105.2 (06300)

ConocoPhillips
Attention: Linda H. Hicks
P. O. Box 2197
Houston, TX 77251-2197

FEB 17 2004

Dear Ms. Hicks:

Enclosed is one approved copy of Communitization Agreement NMNM111024, involving 80.00 acres of land in Federal lease NM-2511, 80.30 acres of land in Federal lease LC-031696-B, and 160.00 acres of State land in Lea County, New Mexico, comprising a 320.30 acre well spacing unit.

The agreement communitizes all rights as to oil, natural gas, and associated liquid hydrocarbons producible from the Strawn formation in the NE1/4 section 36, T. 20 S., R. 37 E., and lots 1, 2, E1/2NW1/4 section 31, T. 20 S., R. 38 E., NMPM, and is effective January 1, 2004.

Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

/s/ Larry D. Bray

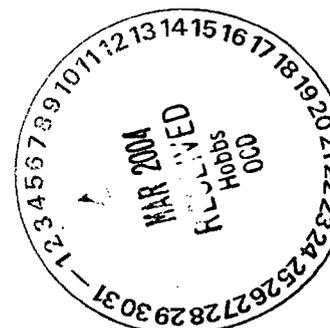
Larry D. Bray
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

MMS, Denver (357B-1, G. Ryer/C. Rood)
Commissioner of Public Lands, Santa Fe
NM Taxation & Revenue Dept. (Revenue Processing Div.)
Attention: Maureen Pasquier
P. O. Box 2308
Santa Fe, NM 87504
NMSO (92000)
NM (08000, C. Queen)
NM (08010, D. Parker)
NM (06300, ML Ormseth) (copy of signed Comm)
Lease File - NM-2511, LC-031696-B

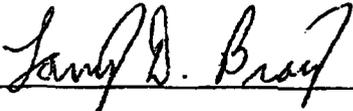


Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached communitization agreement covering the NE1/4 section 36, T. 20 S., R. 37 E., and lots 1, 2, E1/2NW1/4 section 31, T. 20 S., R. 38 E., NMPM, Lea County, New Mexico, as to oil, natural gas, and associated liquid hydrocarbons producible from the Strawn formation. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: February 17, 2004



Authorized Officer

Effective: January 1, 2004

Contract No.: Com. Agr. NMNM111024

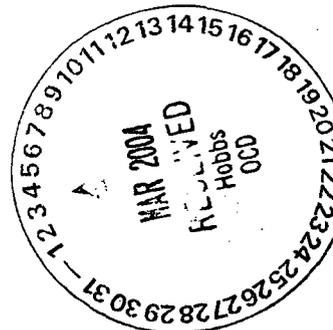


EXHIBIT "A"
PROPOSED HARDY 36 STATE #28
COMMUNITIZATION AGREEMENT PLAT
NE/4 SEC.36, T20S, R37E, NMPM
LEA COUNTY, NEW MEXICO
LOTS 1, 2 AND E/2 NW/4 SEC. 31, T20S, R38E, NMPM
NORTH HARDY STRAWN POOL

