



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark Fesmire

Director

Oil Conservation Division

October 26, 2005

ConocoPhillips Company
P. O. Box 2197
Houston, Texas 77252

Attention: Deborah Marberry
Deborah.Marberry@conocophillips.com

AMENDED Administrative Order NSL-5221 (BHL)

Dear Ms. Marberry:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 11, 2005 (*administrative application reference No. pSEM0-528535760*); and (ii) the Division's records in Aztec and Santa Fe, including the file on Division Administrative Order NSL-5221: all concerning ConocoPhillips Company's request to move the surface location of its proposed San Juan "32-8" Unit Well No. 267 (**API No. 30-045-33075**), which well was the subject of Division Administrative Order NSL-5221, and to directionally drill to an unorthodox subsurface coal gas well location within the NE/4 NE/4 (Unit A) of Section 23, Township 32 North, Range 8 West, NMPM, Basin-Fruitland Coal (Gas) Pool (**71629**), San Juan County, New Mexico.

Your amended application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*;" and (ii) Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

Division Administrative Order NSL-5221, dated June 14, 2005, authorized ConocoPhillips Company to drill its San Juan "32-8" Unit Well No. 267 as the initial coal gas well within a standard 320-acre stand-up gas spacing unit comprising the E/2 of Section 23 at an unorthodox coal gas well location 61 feet from the North line and 391 feet from the East line (Unit A) of Section 23.

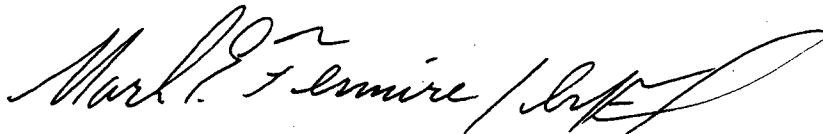
It is the Division's understanding that this move/directional drilling will serve to minimize surface impact within the immediate area and will satisfy the concerns that the U. S. Bureau of Land Management has in association with these surface issues over mineral development within the E/2 of Section 23.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), ConocoPhillips Company's application for its proposed San Juan "32-8" Unit Well No. 267, to be directionally drilled from a surface location 925 feet from the South line and 1054 feet from the East line (Unit P) in offsetting Section 14, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico, to an unorthodox bottomhole coal gas well location within this 320-acre gas spacing unit 240 feet from the North line and 1200 feet from the East line (Unit A) of Section 23, is hereby approved.

This amended order shall supersede the previous order issued on June 14, 2005.

Jurisdiction of this cause 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" followed by a stylized flourish.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-5221 - *Division administrative application reference No. pSEM0-514342373*