



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 14, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company

P. O. Box 2197

Houston, Texas 77252

Attention:

Deborah Marberry

Deborah.Marberry@conocophillips.com

Administrative Order NSL-5221

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 May 23, 2005 (*administrative application reference No. pSEM0-514342373*); and (ii) the Division's records in Aztec and Santa Fe: all concerning ConocoPhillips Company's request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for its proposed San Juan "32-8" Unit Well No. 267 to be drilled 61 feet from the North line and 391 feet from the East line (Unit A) of Section 23, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico.

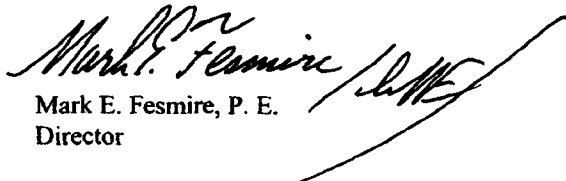
The W/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit within the Basin-Fruitland Coal (Gas) Pool (71629).

This 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 1207.A (2).

It is the Division's understanding that ConocoPhillips Company seeks this location exception based on both geologic and topographic reasons.

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), the above-described unorthodox coal gas well location for the San Juan "32-8" Unit Well No. 267 to be drilled as the spacing unit's initial coal gas well is hereby approved.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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

2005 MAY 10 PM 2 11

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
070 FARMINGTON

RECEIVED

5. Lease Serial No.
SF-079380

6. If Indian, Allottee or Tribe Name

AUG 2005
RECEIVED
OIL CONS. DIV.
DIST. 3

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

CONOCOPHILLIPS COMPANY

3a. Address

4001 PENBROOK, ODESSA, TX 79762

3b. Phone No. (Include area code)

432-368-1352

8. Lease Name and Well No.

SAN JUAN 32-8 UNIT #267

9. API Well No.

30-045-33075

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

NENE 61 FNL - 391 FEL

At proposed prod. zone

10. Field and Pool, or Exploratory

BASIN FRUITLAND COAL

11. Sec., T. R. M. or Blk. and Survey or Area

SECTION 23, T32N, R8W

A

14. Distance in miles and direction from nearest town or post office*

12. County or Parish

SAN JUAN

13. State

NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of acres in lease

1760

17. Spacing Unit dedicated to this well

E/2 320.0 ACRES

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

3983'

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7040' GL

22. Approximate date work will start*

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (If the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature

Title Staff Agent

Name (Printed/Typed)

Vicki Westby

Date

5/6/2005

Approved by (Signature)

Title

Name (Printed/Typed)

Office

Date

8/25/05

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

HOLD C104 FOR NSL

ConocoPhillips Company proposes to drill a vertical wellbore to the Basin Fruitland Coal formation. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD/ROW.

ConocoPhillips will use mudloggers to prevent us from accessing the Pictured Cliffs formation.

This well does not require HPA notification

NMOCD

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

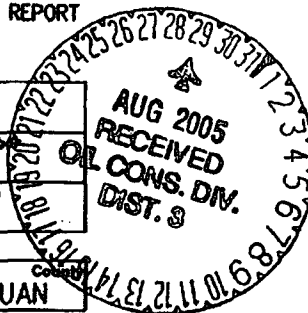
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

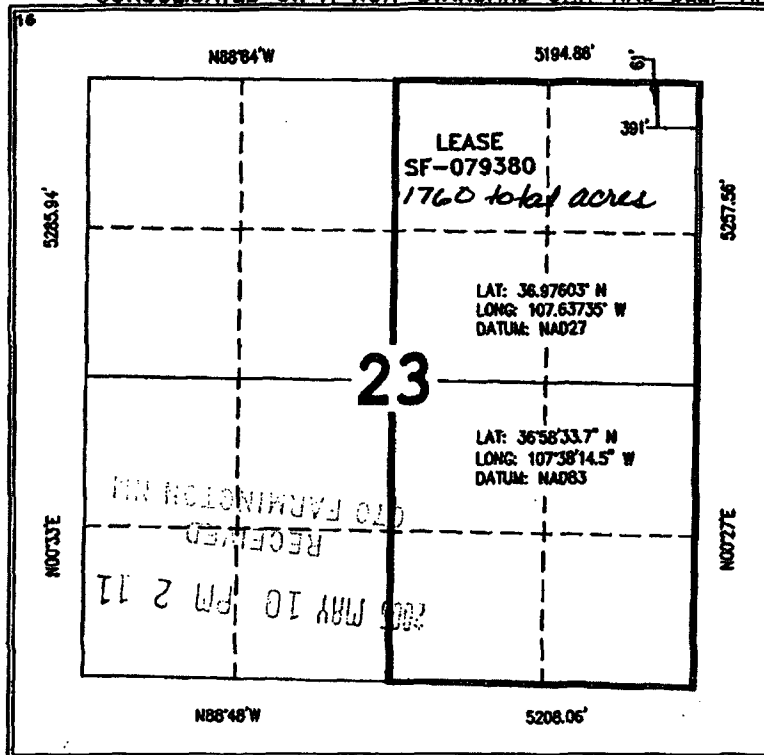
API Number	Pool Code	Pool Name
	71629	BASIN FRUITLAND COAL (GAS)
Property Code	Property Name	Well Number
31330	SAN JUAN 32-8 UNIT	267
GRID No.	Operator Name	Elevation
217817	CONOCOPHILLIPS COMPANY	7040



Surface Location									
UL or lot no.	Section	Township	Range	Lot	Idn	Feet from the North/South line	Feet from the East/West line	County	
A	23	32N	08W	61		NORTH	391	EAST	SAN JUAN

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	
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			
E/2 320.0									

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



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Signature: Vicki Westby
Printed Name: Vicki Westby
Title and E-mail Address: Staff Agent
Date: April 25, 2005

18 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.
Date of Survey: 03/27/05
Signature and Seal: [Signature]
Professional Surveyor Seal: [Seal]
Certificate Number: NS-11000