

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

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SI,	23.05	G-/3 SUSPENSE	-2005 STOCKER 5.23.05 TYPE NSL PSBM05/434Z
	 		ABOVE THIS LINE FOR DIVISION USE ONLY
		N	EW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505
		A	DMINISTRATIVE APPLICATION CHECKLIST ON TON
1	THIS CHECKL	IST IS MAN	DATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS
Appli	ication Ac	ronyms:	WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
	[DHO]	C-Downh [P.C-Pool [V	ard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] ole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] (FX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [ed Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE		LICATION - Check Those Which Apply for [A]
			Location - Spacing Unit - Simultaneous Dedication NSL NSP SD
			one Only for [B] or [C] 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]		ICATIO [A]	N REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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]	SUBMI OF APP	T ACCU PLICAT	JRATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE ION INDICATED ABOVE

CERTIFICATION: I hereby certify that the information submitted with this application for administrative [4] 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.



May 10, 2005

Mr. Michael Stogner New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Re:

Application for Non-Standard Location Basin Fruitland Coal San Juan 32-8 # 267 Unit Letter A, Section 23 T32N-R8W 61' FNL & 391' FEL San Juan County, New Mexico

Mr. Stogner:

Deborah Marberry Regulatory Analyst Mid-America Business Unit Lower 48 WL3 - 6108 P.O. Box 2197 Houston, TX 77252 Phone: 832-486-2326 Fax: (832) 486-2764

ConocoPhillips Company

ConocoPhillips plans to drill the San Juan 32-8 # 267 located 61' FNL and 391' FEL, Section 23, T32N, R8W, San Juan County, New Mexico in 2006. The well will be drilled to access Fruitland Coal reserves from the NE/4 of Section 23. The current reservoir pressure in the area is 1500-1600 psi. The infill well is required to ensure complete drainage of remaining Fruitland Coal reserves. The offset drillblock to the north is operated by ConocoPhillips and the offset drillblock to the east is operated by Burlington.

Due to the topography (Wilmer Canyon) located in the NE/4 of Section 23 the well will require a surface location at 61' FNL and 391' FEL. Please see the attached letter from Gordon Chenault, Chenault Consulting Inc., stating: "The variation in elevation and the multitude of prominent drainages in this quarter section only provided two areas for the staking of a location. One is the proposed NSL location and the other was staked at 853' FNL and 748 FEL with 2,135' of access road, which the BLM would not allow"

There are currently no other wells present in the NE/4 Section 23 therefore there is no opportunity to drill from an existing well pad or expand an existing well pad. A horizontal well is not recommended due to the presence of multiple coal seams. Additional drilling/completion costs, possible completion and operational problems, and anticipated high water production (over 70 bbls/day) preclude the drilling of a deviated well.

ConocoPhillips respectfully requests that a non-standard location for the Fruitland Coal well be issued for the reasons cited above. If there are any questions concerning this application, please feel free to call Brad Peterson at (832)-486-2055.

Juliery

Deborah Marberry

Sincerely,

Regulatory Analyst

San Juan 32-8 # 267 NSL Attachments:

Plat Topo Map Surveyor letter Certified Mail copy

Offset Operator

Burlington Resources Oil & Gas Attn: Dawn Howell P.O. Box 4289 Farmington, NM 87401

The above operator was notified via certified mail.

L 8783	U.S. Postal Service 1.1. CERTIFIED MAIL 1.1. RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com.									
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State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

<u>District.]</u> 1625 N. French Dr., Hobbs, NM 88240 <u>District.II</u>

1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-102 Revised June 10, 2003

1301 W. Grand Avenue, Artesia, NM 88210 District 18 Submit to Appropriate District Office

1000 Rio Bruzos Rd., Aziec, NM 87410

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Fee Lease - 3 Copies

District IV
1220 S. St. Francis Dr., Santa Fe, KM 87505

MAMMENDED REPORT

LOCATION AND ACREAGE DEDICATION PLAT BASIN FRUITLAND COAL (GAS) Property Code 31330 SAN JUAN 32-8 UNIT 267 OGRID No. 217817 CONOCOPHILLIPS COMPANY 7040 391 EAST SAN JUAN 32N Bottom Hole ocation Different From Surface 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

10 N88784'W

10 Signature

11 Inarday certify that the intermetion contained hareth is true and complete to the best of my knowledge and balled.

12 Signature

13 Signature

14 Signature

15 Signature

16 Vick West by Printed forms

16 Staff Agent

17 Signature

18 Surveyor by the time will location above on this plat was posted from both one of the plat was posted from the first was posted from the plat of the waste of the best of my supervised by the corner to be best of my supervised from the plat was a control to the best of my supervised from the plat was a control to the best of my supervised from the plat was a control to the best of my supervised from the plat was a control to the best of my supervised from the plat was a control to the best of my supervised from the plat was a control to the best of my supervised from the plat of my supervised from the plat was a control to the best of my supervised from the plate of my supervised from the plate

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Chenault Consulting, Inc. P.O. Box 282 Bloomfield, NM 87413 (505) 599-3456

Re: San Juan 32-8 #267 61 FNL 391 FEL Section 23, T32N R8W San Juan Co., NM

To Whom It May Concern:

The San Juan 32-8 #267 is a proposed Basin Fruitland Coal and is located inside a Federal Unit. This well was staked at 61 feet from the north line and 391 feet from the east line of Section 23, T32N R8W because of the Bureau of Land Management request that we reduce the length of the access road as much as possible. The variations in elevation and the multitude of prominent drainages in this quarter section only provided two areas for the staking of a location. One is listed above and the other was staked at 853 FNL 748 FEL with 2135 feet of access road, which the BLM wanted to move. If anyone has any questions or would like to field review the proposed well location please contact me at 505-599-3456.

Sincerely,

Gordon Chenault



ConocoPhilips Company
Deborah Marberry
Regulatory Analyst
Mid-America Business Unit
Lower 48
WL3 - 6108
P.O. Box 2197
Houston, TX 77252
Phone: 832-486-2326
Fax: (832) 486-2764

Burlington Resources Oil & Gas Attn: Dawn Howell P.O. Box 4289 Farmington, NM 87401

Re:

Application for Non-Standard Location

Basin Fruitland Coal San Juan 32-8 # 267

Unit Letter A, Section 23 T32N-R8W

61' FNL & 391' FEL

San Juan County, New Mexico

To Whom It May Concern:

ConocoPhillips Proposes to drill the above well in a non-standard location. As an offset operator to this well we are required to notify you of our intent. Attached is our application to the New Mexico Oil Conservation Division.

If you have any questions or need additional information please contact me.

Sincerely,

Deborah Marberry
Regulatory Analyst



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 26, 2005

Mark Fesmire
Director
Oil Conservation Division

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

Attention:

Deborah Marberry

Dehorah.Marherry@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 (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,

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

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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



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] 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 _ NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply [2] [A] Working, Royalty or Overriding Royalty Interest Owners 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 SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE [3] OF APPLICATION INDICATED ABOVE. 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. Deborah. marberryo Conocophillips.com



October 6, 2005

Mr. Michael Stogner New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 ConocoPhillips Company
Deborah Marberry
Regulatory Analyst
Mid-America Business Unit
Lower 48
WL3 - 6108
P.O. Box 2197
Houston, TX 77252
Phone: 832-486-2326

Fax: (832) 486-2764

Re:

Application for Revised Non-Standard Location

Administrative Order NSL-5221

Basin Fruitland Coal

San Juan 32-8 # 267 API# 30-045-33075

Surface Unit Letter P, Section 14, T32N R8W 925' FSL & 1054' FEL Bottomhole Unit Letter A, Section 23, T32N R8W 240' FNL & 1200' FEL

San Juan County, New Mexico

Mr. Stogner:

Due to a Bureau of Land Management request that we again reduce the length of the access road to the #267 well as much as possible, we are proposing to drill this well directionally. With directional drilling and accessing the surface location of the #267 well from the existing San Juan 32-8 #266A well pad (plat attached) the BLM's request will be satisfied. Attached is a letter from our surveyor stating the BLM concerns and the C-102. Because we have not previously drilled directionally in this area we want to keep our step out distance at or near 1000'. The proposed step out distance is 1174' and a legal location would require a step out distance of at least 1585'. A horizontal well is not recommended due to the presence of multiple coal seams.

We are our own offset to this well.

ConocoPhillips respectfully requests that a revised non-standard location for the Fruitland Coal well be issued for the reasons cited above. If there are any questions concerning this application, please feel free to call at (832)-486-2326.

Marliery

Deborah Marberry Regulatory Analyst

ConocoPhillips

Attachments

Sincerely.

Chenault Consulting, Inc. P.O. Box 282 Bloomfield, NM 87413 (505) 599-3456

Re: San Juan 32-8 #267 925 FSL 1054 FEL Section 14, T32N R8W San Juan Co., NM

To Whom It May Concern:

The San Juan 32-8 #267 is a proposed Basin Fruitland Coal and is located inside a Federal Unit. This well was staked at 925 feet from the south line and 1054 feet from the east line of Section 14, T32N R8W because of the Bureau of Land Management request that we reduce the length of the access road as much as possible. If anyone has any questions or would like to field review the proposed well location please contact me at 505-599-3456.

Sincerely,

Gordon Chenault

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe. NM 87505

Form C-102 Revised June 10, 2003

1625 N. French Dr., Hobbs, NM 88240 1301 W. Grand Avenue, Artesia, NM 88210

District 1

District_II

District III

OGRID No.

217817

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Fee Leose - 3 Copies

AMMENDED REPORT

Elevation

7115

LOCATION AND ACREAGE DEDICATION PLAT 71629 API Number BASIN FRUITLAND COAL (GAS) SAN JUAN 32-8 UNIT Well Number Property Code 31330 267

CONOCOPHILLIPS COMPANY ¹⁰Surface Location East/West fine Lot Idn Feet from the North/South line Feet from the

UL or lot no. Section Township Range 925 SOUTH 1054 **W80** SAN JUAN P 32N EAST Location If Different From Bottom Hole Surface UL or lat no. Lot Idn Feet from the North/South line Feet from the East/West line County Range SectionTownship 32N 08W 240 NORTH 1200 EAST SAN JUAN 23 "Joint or Infilit"Consolidation Code "Order No. Dedicated Acres 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

