



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 14, 2006

Ms. Patsy Clugston
Sr. Regulatory Specialist
ConocoPhillips
P.O. Box 4289
Farmington, NM 87499

Administrative Order NSL-5485

Re: Conoco Phillips Company
Houck Com Well No. 1B
API No. 30-045-30139
Unit O, Section 1 Twsp 29N, Range 10W
San Juan County

Dear Ms. Clugston:

Reference is made to the following:

- (a) your application (**administrative application reference No. pDRC06-28950235**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 16, 2006,
- (b) your electronic mail communication dated November 10, 2006, and
- (c) the Division's records pertinent to your request.

ConocoPhillips has requested to continue producing its Houck Com. Well No. 1B (API No. 30-045-30139), which was drilled and completed at an unorthodox Mesaverde and Pictured Cliffs gas well location, 875 feet from the South line and 2205 feet from the East line (Unit O) of Section 1, Township 29 North, Range 10 West, N.M.P.M., in San Juan County, New Mexico. The E/2 of Section 1 will be dedicated to this well in the Mesaverde, to form a standard 320-acre stand-up gas spacing and proration unit, and the SE/4 of Section 1 will be dedicated to this well in the Pictured Cliffs to form a standard 160-acre gas spacing unit.

This location is governed, as to the Mesaverde, by Rule I.C(1) of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1) effective December 2, 2002, which provide that a well shall be located at least 660 feet from any unit boundary. In the Pictured Cliffs, this location is in the Aztec-Pictured Cliffs Gas Pool, and is governed by statewide Rule 104.C(2), which likewise provides that a well shall be located at least 660 feet from any unit boundary. This well is located approximately 435 feet from the eastern boundary of both units.

ConocoPhillips' application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that this well was unintentionally drilled at an unorthodox location, without recognition of by either ConocoPhillips or the Division that it was unorthodox. We also understand, however, that the particular location was selected based on surface topography.

We further understand that ConocoPhillips owns 100% of the working interest in the Dakota in the Mesaverde in the SW/4 of Section 1, Township 29N, Range 10W, and that notice has been given to BP America Production Company, the operator of the W/2 of Section 1 in the the Pictured Cliffs. These are the only units toward which this location encroaches. Accordingly, proper notices of this application have been given.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington