



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 3, 2007

Patsy Clugston
ConocoPhillips
3401 East 30th Street
Farmington, NM 87402

RE: San Juan 31-6 Unit Well No. 45M (API No 30-039-30147)

510 feet from the South Line, 85 feet from the East line, Unit P
Section 31, Range 31 North, Township 6 West, NMPM, Rio Arriba County
E/2 of Section 31, 320 Acre Dedication

Administrative Order NSL-5587

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (administrative application reference No. pCLP0707250766 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 13, 2007, on behalf of ConocoPhillips Company, OGRD 217817 ("ConocoPhillips"); and

(b) the Division's records pertinent to ConocoPhillips' request.

ConocoPhillips proposes to drill the above referenced well at the above referenced unorthodox Dakota gas well location within Section 31 and requests to produce Dakota gas from the well within a 320-acre, more or less, GPU within the Basin-Dakota Gas Pool consisting of the E/2 of Section 31.

This E/2 of Section 31 GPU currently is dedicated to the San Juan 31-6 Unit Well No. 45, operated by ConocoPhillips, and located in Unit B within the NE/4 of Section 31. The proposed well would be located in the SE/4 and would be the second well in this spacing unit.

The Basin-Dakota Prorated Gas Pool (71599) is governed by the Special Pool Rules for the Basin-Dakota Gas Pool Division Order No. R-10987-B(2). These special rules contain provisions (see Rule II C (2)) for locations of wells within federal drilling units; which permit wells to be located no closer than 660 feet to the outer boundary of the 320-acre spacing unit or of the Participating Area within any federal drilling unit.

This well location is un-orthodox because it is located closer than 660 feet from the southern boundary of the E/2 of Section 31 GPU and the adjacent spacing unit to the south is not in the Dakota Participating Area within the San Juan 31-6 Unit. Your application states this well location is preferable because of topographic restrictions. The affected spacing unit to the south is also operated by ConocoPhillips; however, all working interest owners within that spacing unit have been notified.

Division Rule 104F and these Special Pool Rules allow the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of ConocoPhillips has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to prevent waste and protect correlative rights, the above-described non-standard Dakota gas well location within the Basin-Dakota Prorated Gas Pool 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/wvj

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