



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 7, 2008

ConocoPhillips Company
Attn: Ms. Celeste G. Dale
3300 North A St, Bldg 6
Midland, TX 79705

Administrative Order NSL-5751

Re: Grayburg Deep Unit Well No. 17
API No. 30-015-29766
Unit D, Section 25-17S-29E
Eddy County

Dear Ms. Dale:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR07-32054480**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on November 16, 2007, and

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

ConocoPhillips Company (ConocoPhillips) has requested to complete the above-referenced well at an unorthodox Wolfcamp oil well location, 868 feet from the North line and 1062 feet from the West line (Unit D) of Section 25, Township 17 South, Range 29 East, N.M.P.M., in Eddy County, New Mexico. The NW/4 NW/4 of Section 25 will be dedicated to this well in order to form a standard 40-acre spacing unit in the undesignated Northeast Loco Hills-Wolfcamp Pool (97639). This pool is governed by statewide Rule 104.B(1), which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

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

It is our understanding that you are seeking this location in order to utilize an existing wellbore.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

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

Sincerely,



MEF Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad