

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 22, 2008

ConocoPhillips Company
Attn: Ms. Patsy Clugston
P.O. Box 4289
Farmington, NM 87499

Administrative Order NSL-753-A

Re: Pinon Mesa D Well No. 2
API No. 30-045-21999
Unit P, Section 13-31N-14W
San Juan County

Dear Ms Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-08537230**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 20, 2008, and

(b) the Division's records pertinent to this request, including the Division's records with reference to Administrative Order NSL-753.

ConocoPhillips Company (ConocoPhillips) has requested to re-complete the above-referenced well in the Basin Fruitland Gas Pool (71629) at an unorthodox Fruitland Coal gas well location, 800 feet from the South line and 600 feet from the East line (Unit P) of Section 13, Township 31 North, Range 14 West, N.M.P.M., in San Juan County, New Mexico. The S/2 of Section 13 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool. This location is governed by Rule 7.A(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provides generally that a well shall be located at least 660 feet from any unit boundary. This location is less than 660 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 for topographic reasons and in order to utilize an existing wellbore that was drilled to the Dakota formation, as authorized by Administrative Order NSL-753.

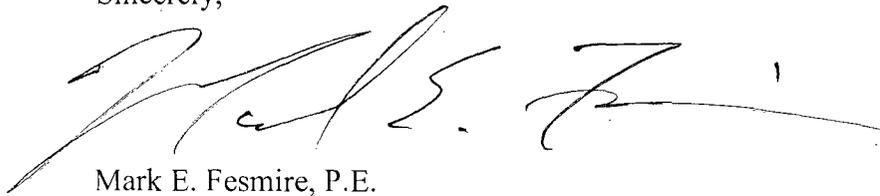
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

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

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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