

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 23, 2008

ConocoPhillips Company
Attn: Ms Patsy Clugston
3401 E. 30th Street
Farmington, NM 87401

Administrative Order NSL-5813

Re: Newberry B Well No. 1N
API No. 30-045-34571
Unit D, Section 35-32N-12W
San Juan County

RCVD MAY 1 '08
OIL CONS. DIV.

DIST. 3

Dear Ms. Clugston:

- Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-09159824**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 28, 2008, and

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

ConocoPhillips Company (ConocoPhillips) has requested to drill the above-referenced well at an unorthodox Dakota and Mesaverde gas well location, 860 feet from the North line and 315 feet from the West line (Unit D) of Section 35, Township 32 North, Range 12 West, N.M.P.M., in San Juan County, New Mexico. The W/2 of Section 35 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Basin-Dakota Gas Pool (75199) and the Blanco-Mesaverde Gas Pool (72319). Spacing in the Basin-Dakota Gas Pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), which generally provide for 320-acres units, with wells located at least 660 feet from a unit outer boundary.

This location is less than 660 feet from the western 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 accommodate United States Bureau of Land Management surface siting requirements.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because ConocoPhillips owns 100% of the working interest in the offsetting unit.

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,



ME Mark E. Fesmire, P.E.
Director

MEF/db

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