

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



March 18, 2009

ConocoPhillips Company
Attn: Ms. Patsy Clugston
3401 East 30th Street
Farmington, NM 87402

RCVD MAR 23 '09
OIL CONS. DIV.

DIST. 3

Administrative Order NSL-6012

Re: San Juan 31-6 Unit Well No. 44M
API No. 30-039-30636
650 feet FNL and 2055 feet FEL
Unit O, Section 29-31N-6W
Rio Arriba County, New Mexico

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-04952881**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 18, 2009, and

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

ConocoPhillips Company (ConocoPhillips) has requested to drill the above-referenced well at an unorthodox gas well location described above in the caption of this letter. The E/2 of Section 29 will be dedicated to this well in order to form a standard 320-acre spacing unit in the Blanco Mesaverde Gas Pool (72319). Spacing in this 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), effective December 2, 2002, 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 southern and western unit boundaries.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location to avoid interference with an archeological site.

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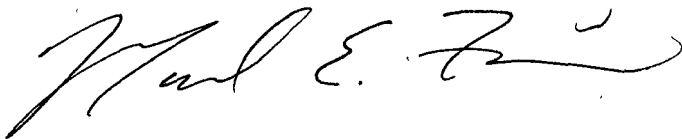
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, 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 5.9.

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