



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 27, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attention: Patsy Clugston
Regulatory Specialist

Administrative Order NSL-5408

Dear Ms. Clugston:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 22, 2006 (*administrative application reference No. pTDS0-617434811*); and (ii) the Division's records in Aztec and Santa Fe: all concerning ConocoPhillips Company's request for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002, for the proposed Walker Com. "LS" Well No. 2-B (**API No. 30-045-33779**) to be drilled at an unorthodox infill gas well location 540 feet from the South line and 920 feet from the West line (Unit M) of Section 32, Township 31 North, Range 9 West, NMPM, Blanco-Mesaverde Pool (**72319**), San Juan County, New Mexico.

Blanco-Mesaverde gas production from this well is to be included within an existing standard 319.05-acre lay-down gas spacing and proration unit ("GPU") comprising Lots 1 through 5, the S/2 SW/4, and the NE/4 SE/4 (S/2 equivalent) of Section 32, which is currently dedicated to ConocoPhillips Company's: (i) Walker Com. "LS" Well No. 2 (**API No. 30-045-10073**), located at a standard gas well location 1650 feet from the South line and 1639 feet from the West line (Lot 2/Unit K) of Section 32; and (ii) Walker Com. "LS" Well No. 2-A (**API No. 30-045-22529**), located at a standard infill gas well location 1140 feet from the South line and 1640 feet from the East line (Lot 4/Unit 0) of Section 32.

Your application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for ConocoPhillips Company's proposed Walker Com. "LS" Well No. 2-B is hereby approved. Further, all three of the aforementioned wells and existing 319.05-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

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