



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 27, 2006

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

Attention: Patsy Clugston
Regulatory Specialist

Administrative Order NSL-5407

Dear Ms. Clugston:

Reference is made to the following: (i) your application dated May 31, 2006 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on June 2, 2006 (*administrative application reference No. pTDS0-615349294*); and (ii) the Division's records in Aztec and Santa Fe: all concerning ConocoPhillips Company's ("ConocoPhillips") request for an exceptions to the well location requirements provided within the:

(A) "*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; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002.

ConocoPhillips proposes to drill its San Juan 31-6 Unit Well No. 40-M (*API No. 30-039-26932*) at an unorthodox infill gas well location in both the Blanco-Mesaverde (*72319*) and Basin-Dakota (*71599*) Pools 1916 feet from the North line and 469 feet from the East line (Lot 9/Unit H) of Irregular Section 1, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

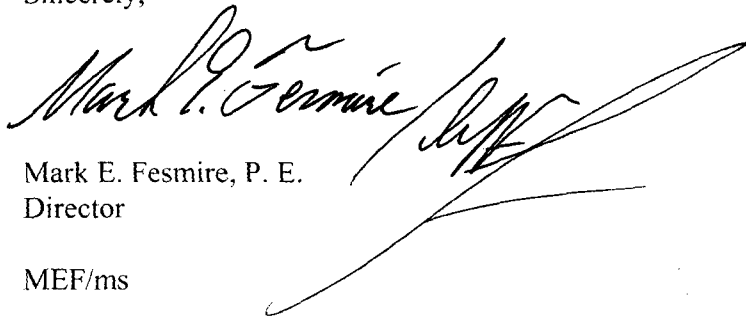
Gas production from the shallower Blanco-Mesaverde Pool is to be included within an existing non-standard 226.61-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 5, 6, 9, 10, and 11, the SW/4 NE/4, and the W/2 SW/4 (E/2 equivalent) of Irregular Section 1 (approved by New Mexico Oil Conservation Commission directive dated September 2, 1955), which GPU is currently dedicated to ConocoPhillips's San Juan 31-6 Unit Well No. 53 (*API No. 30-039-23744*) located at a standard gas well location 1850 feet from the South line and 1000 feet from the East line (Unit J) of Irregular Section 1.

Gas production from the deeper Basin-Dakota Pool is to be included within an existing standard 272.81-acre lay-down GPU comprising Lots 5 through 9, the SW/4 NE/4, and the S/2 NW/4 (N/2 equivalent) of Irregular Section 1, which GPU was the subject in part of Division Order R-2046-A, issued in Case No. 7479 on March 2, 1982. This GPU is currently dedicated to ConocoPhillips's San Juan 31-6 Unit Well No. 40 (**API No. 30-039-23289**), located at a standard gas well location 970 feet from the North line and 950 feet from the West line (Lot 8/Unit D) of Irregular Section 1.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for ConocoPhillips's proposed San Juan 31-6 Unit Well No. 40-M is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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