



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 10, 2006

ConocoPhillips
Attn: Ms. Christina Gustartis
Regulatory Specialist
P.O. Box 2197, WL3 6076
Houston, TX 77252-2197

Administrative Order NSL-5434

Dear Ms. Gustartis:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS 0619935564**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 17, 2006, and

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

ConocoPhillips has requested to drill its proposed MCA Unit Well No. 393 at an unorthodox location, 1,892 feet from the North line and 1 foot from the East line (Unit H) of Section 29, Township 17 South, Range 32 East, N.M.P.M., in Lea County, New Mexico. The SE/4 NE/4 of Section 29 will be dedicated to this well in order to form a standard 40-acre spacing and proration unit in the Maljamar Grayburg/San Andres Pool (**43329**). This pool is governed by statewide rules which provide that a well shall be located at least 330 feet from any unit boundary.

ConocoPhillips' application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that ConocoPhillips is seeking this location due to the physical limitations created by three parallel pipelines crossing this unit.


It is also understood that both Section 29 and the adjacent Section 28, towards which the proposed unorthodox location encroaches, are included in the MCA Unit, a voluntary unit which provides for sharing of production by all working interests and royalties on a uniform basis.

By the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox Morrow gas well location for ConocoPhillips' proposed MCA Unit Well No. 393 is hereby approved.

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 - Hobbs
New Mexico State Land Office - Santa Fe