



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 12, 2007

Ms. Patsy Clugston
Sr. Regulatory Specialist
ConocoPhillips
3401 E. 30th Street
Farmington, NM 87401

Administrative Order NSL-5566

Re: Conoco Phillips Company
San Juan 32 Federal 15 Well No. 1
API No. 30-045-33088
Unit A, Section 15 Twsp 32N, Range 9W
San Juan County

Dear Ms. Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pTDS07-01732792**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 16, 2007, and

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

ConocoPhillips Company (ConocoPhillips) has requested to produce its San Juan 32 Federal 15 Well No. 1 (API No. 30-045-33088), which was drilled as a directional well to an unorthodox Fruitland Coal bottom hole gas well location, 652 feet from the North line and 975 feet from the East line (Unit A) of Section 15, Township 32 North, Range 9 West, N.M.P.M., in San Juan County, New Mexico. The E/2 of Section 15 will be dedicated to this well in the Basin-Fruitland Coal Gas Pool (71629), to form a non-standard 317.6-acre stand-up gas spacing unit.

This location is governed by Rule 7.A(1) of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F effective July 17, 2003, which provides that a well shall be located at least 660 feet from any unit boundary. The bottom hole location of this well is approximately 652 feet from the northern boundary of the spacing unit.

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

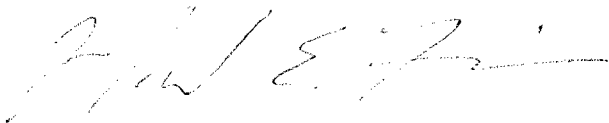
It is our understanding that this well was unintentionally drilled to an unorthodox location due to an erroneous deviation procedure.

We further understand that the persons notified of this application, as indicated in the certificate furnished with your application, are all of the working interest owners in the Fruitland Coal unit toward which this location encroaches.

Pursuant to the authority granted me under the provisions of Division Rule 104.F(2), the above-described unorthodox well location is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

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