



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 4, 2008

ConocoPhillips Company
Attn: Ms. Patsy Clugston
3401 E. 30th St
Farmington, NM 87401

Administrative Order NSL-5778

Re: San Juan 29-6 Unit Well No. 22N
API No. 30-039-29757
Lot 3, Section 12-29N-6W
Rio Arriba County

Dear Ms Clugston:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-01153830**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on January 11, 2008, and

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

ConocoPhillips Company (ConocoPhillips) has requested to drill the above-referenced well at an unorthodox Basin-Dakota gas well location, 2220 feet from the North line and 1770 feet from the East line (Lot 3) of Section 12, Township 29 North, Range 6 West, N.M.P.M., in Rio Arriba County, New Mexico. The E/2 of irregular Section 12 will be dedicated to this well in order to form a non-standard 229.85-acre spacing and proration unit in the Basin-Dakota Gas Pool (71599). Spacing in this pool is governed by Rules II.A and II.C of the Special Rules and Regulations for the Basin-Dakota Gas Pool, as most recently amended by Order No. R-10987-B(2), which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the western unit boundary.

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

It is our understanding that you are seeking this location due to topographical reasons, and in order to avoid interference with existing surface improvements. We further understand that this well will also be completed in the Blanco-Mesaverde Gas Pool, but that the location will be standard in that pool because both the subject unit and the offsetting unit are included in the same Mesaverde participating area.

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 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), 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 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

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