

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF-078543	
1b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Phillips Petroleum Company 17654		7. UNIT AGREEMENT NAME San Juan 32-7 Unit 9260	
3. ADDRESS AND TELEPHONE NO. 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. FARM OR LEASE NAME, WELL NO. SJ 32-7 Unit #242	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit F, 1683' FNL & 1749' FWL At proposed prod. zone Same as above		9. API WELL NO. 30-045-239654	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 14 miles south of Ignacio, Colorado		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal 71629	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1683'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 33, T32N, R7W	
16. NO. OF ACRES IN LEASE 1280.00 acres		12. COUNTY OR PARISH San Juan,	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 acres N/2		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2100' (32-7 #232)		19. PROPOSED DEPTH 3360'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 3rd Qtr 1998	

6640' (unprepared ground level)  
This action is subject to technical and  
procedural review pursuant to 43 CFR 3165.3  
and appeal pursuant to 43 CFR 3165.4.

## PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#, J/K-55	350'	185 sx C1 B (204 cf)
8-3/4"	7"	20#, J/K-55	3205'	Lead - 450 sx 65/35 POZ (994.5 cf)
6-1/4"	5-1/2"	15.5"	3185' - 3360'	Tail - 150 sx C1 B (180 cf)

**DRILLING OPERATIONS AUTHORIZED ARE  
SUBJECT TO COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS"**

\*\* The 6-1/4" interval from the 7" casing shoe to the base of the coal may be underreamed to 9-1/2".

See the drilling prognosis for more details on the 5-1/2" liner.

See attached for BOP equipment, mud program and cathodic protection.

See attached for pipeline survey for ROW footages.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Daisy Clugston TITLE Regulatory Assistant DATE 6-15-98

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY NSL-4041 TITLE \_\_\_\_\_ DATE AUG 21 1998  
/S/ Duane W. Spencer

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

N 87-54 W  
5334.12

[illegible]

S.J. 32-7 UNIT #242 P/L

B U R N

BURNT MESA QUAD.



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

May 28, 1998

Phillips Petroleum Company  
5525 Highway 64 - NBU 3004  
Farmington, New Mexico 87401  
Attention: S. Scott Prather

RECEIVED  
JUN 4 1998  
OIL CON. DIV.  
DIST. 3

Administrative Order NSL-4041

Dear Mr. Prather:

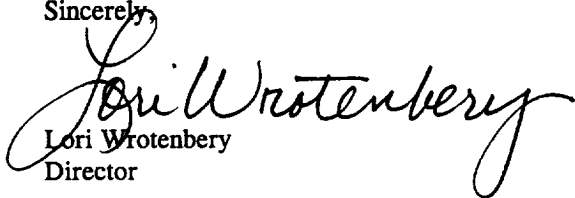
Reference is made to your application dated May 3, 1998, for an off-pattern non-standard Basin-Fruitland coal gas well location for Phillips Petroleum Company's proposed San Juan "32-7" Unit Well No. 242 to be drilled 1683 feet from the North line and 1749 feet from the West line (Unit F) of Section 33, Township 32 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The N/2 of Section 33 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit for said pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division and Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended.

The geologic interpretation submitted with this application indicates that a well drilled into the Basin-Fruitland Coal (Gas) Pool at the proposed off-pattern non-standard coal gas well location will be at a more favorable geologic position within the gas productive coal seam interval than a well drilled at a location considered to be standard for this N/2 dedication.

By the authority granted me under the provisions of the special pool rules and Division General Rule 104.F(2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

  
Lori Wrotenbery  
Director

LW/MES/kv

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



# PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004

May 3, 1998

State of New Mexico  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

ATTN: MS. LORI WROTENBERY  
DIRECTOR

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL  
OF UNORTHODOX WELL LOCATION  
SAN JUAN 32-7 UNIT #242 WELL  
SAN JUAN COUNTY, NEW MEXICO  
PHILLIPS G. F. 5464**

**RECEIVED**  
MAY - 8 1998  
**OIL CON. DIV.**  
**DIST. 3**

Dear Ms. Wrotenbery:

Phillips Petroleum Company (Phillips), as Operator of the captioned well, respectfully requests administrative approval of an unorthodox well location for the San Juan 32-7 Unit #242 (Fruitland Coal) well.

Phillips proposes to drill this well at a location of 1683' FNL and 1749' FWL of Section 33-32N-7W, San Juan County, New Mexico. The proposed well will be located in the Basin Fruitland Coal Pool and would have the N/2 of Section 33 designated as the drillblock. This unorthodox location was selected based on primarily geologic conditions which make drilling at an orthodox location unfavorable. For your benefit in reviewing this request, we have included the following:

1. Ownership Plat
2. Unit Plat of San Juan 32-7 Unit
3. Topographical Plat
4. Aggregate Net Coal Isoloth Plat
5. Rate Data Plat
6. Copy of log for San Juan 32-7 #207 Well

Phillips is the Operator of the San Juan 32-7 Unit. All offsetting drillblocks, with the exception of the S/2 of Section 33 are located within the Unit boundaries. As to the S/2 of Section 33, the leasehold rights in the SW/4 and W/2 SE/4 are owned in full by Coleman Oil & Gas, Inc. Phillips and Williams Production Company own the leasehold rights in the E/2 SE/4. The portion of the S/2 owned by Coleman Oil & Gas, Inc. is not committed to the San Juan 32-7 Unit. (See Ownership Plat).

The Aggregate Net Coal Plat demonstrates little difference in the average Coal thickness between an orthodox location in the NE/4 and the requested location in the NW/4, and rightly so as this is not the issue. The compelling reason for this request is based on the permeability of the Coal formation in Section 33.

Request for Administrative Approval  
of Unorthodox Well Location  
San Juan 32-7 Unit #242 Well  
May 3, 1998  
Page 2

As is clearly evidenced on the Rate Data Plat, wells to the North, South and East, (white area of plat) which directly offset an orthodox location in the NE/4 of Section 33, produce at substantially lower rates than wells to the West (green, yellow & orange areas). While gas production in the colored areas has gradually increased with the dewatering of the cleat system, it has remained relatively constant in the white area of the map. These wells were drilled between 1991-1993. Moreover, the magnitude of the initial water production in the white area is relatively lower than it is in the colored area. These things are indicative of a poorly developed cleat system (ie low permeability). In order to drill a well which meets economic guidelines, based on current costs and parameters, it is necessary to move the location West to encounter Coal deposits with cleat development that is adequate to provide the necessary permeability to produce the well at economic rates.

To reiterate, this N/2 drillblock is totally located within the confines of the San Juan 32-7 Unit boundaries and is surrounded (with the exception of the SW/4 & W/2 SE/4 of Section 33) on all sides by said unit. In order to promote full development of the Unit and prevent economic waste, we ask that you approve this request.

We have contacted the affected offset operator on this matter and they have been furnished a copy of this request by certified mail.

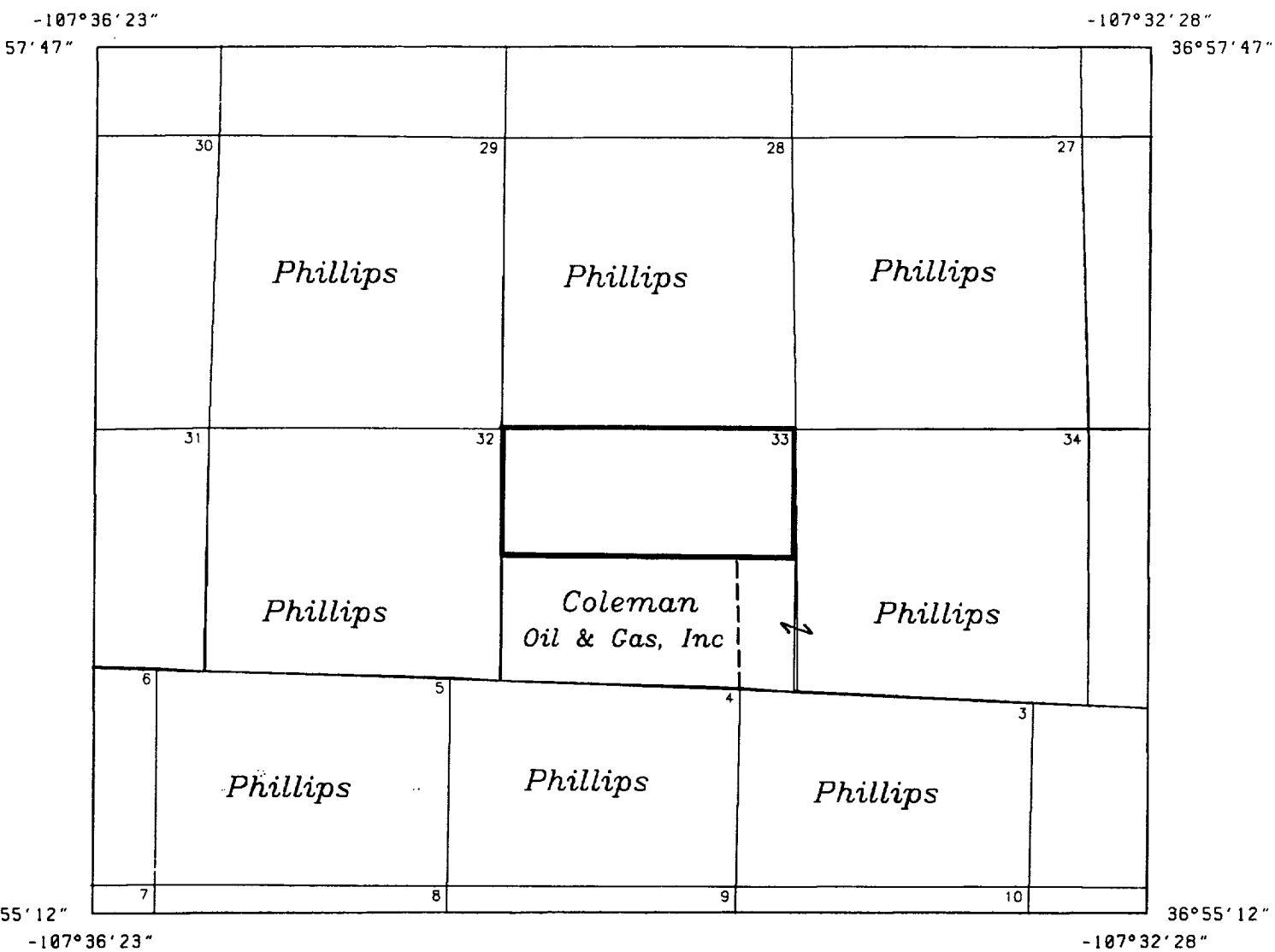
We thank you for your considerate time and attention to this matter and should you have any questions, please contact the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William Amato for".

S. Scott Prather, CPL  
Senior Landman  
San Juan Basin  
(505) 599-3410

cc: J. L. Mathis (r) 5464  
Ernie Busch – OCD, Aztec  
Coleman Oil & Gas, Inc.



Phillips Petroleum Company

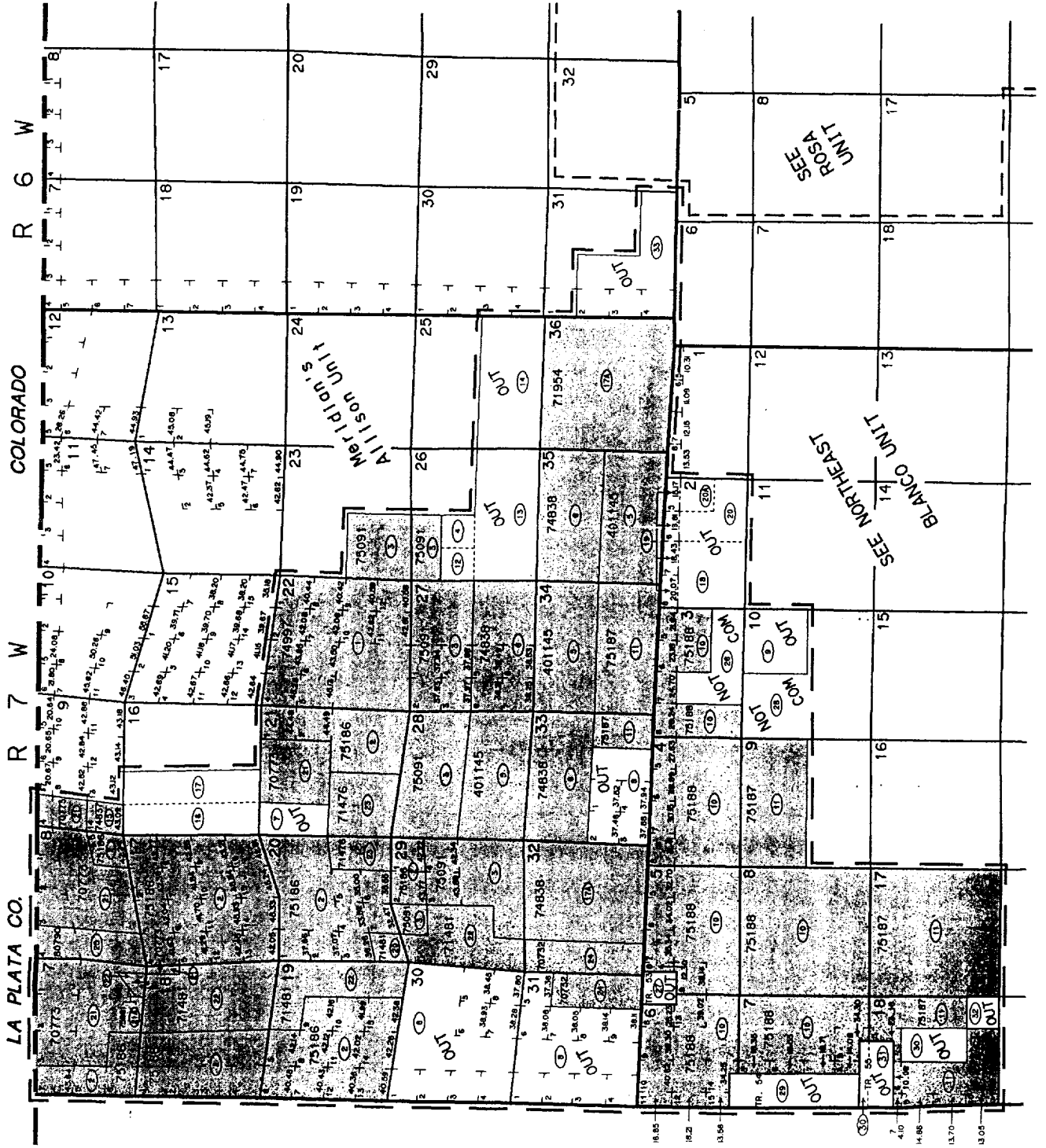


AREA Offsetting Ownership

Sec. 33-32N-7W

COUNTY San Juan STATE New Mexico JOB P7410CLC USR00229

SCALE 1" = 3000 FEET 0 3,000 6,000  
SCALE (FEET)



Plot #  
30045027

SAN JUAN 32-7 UNIT  
BASE PLAT

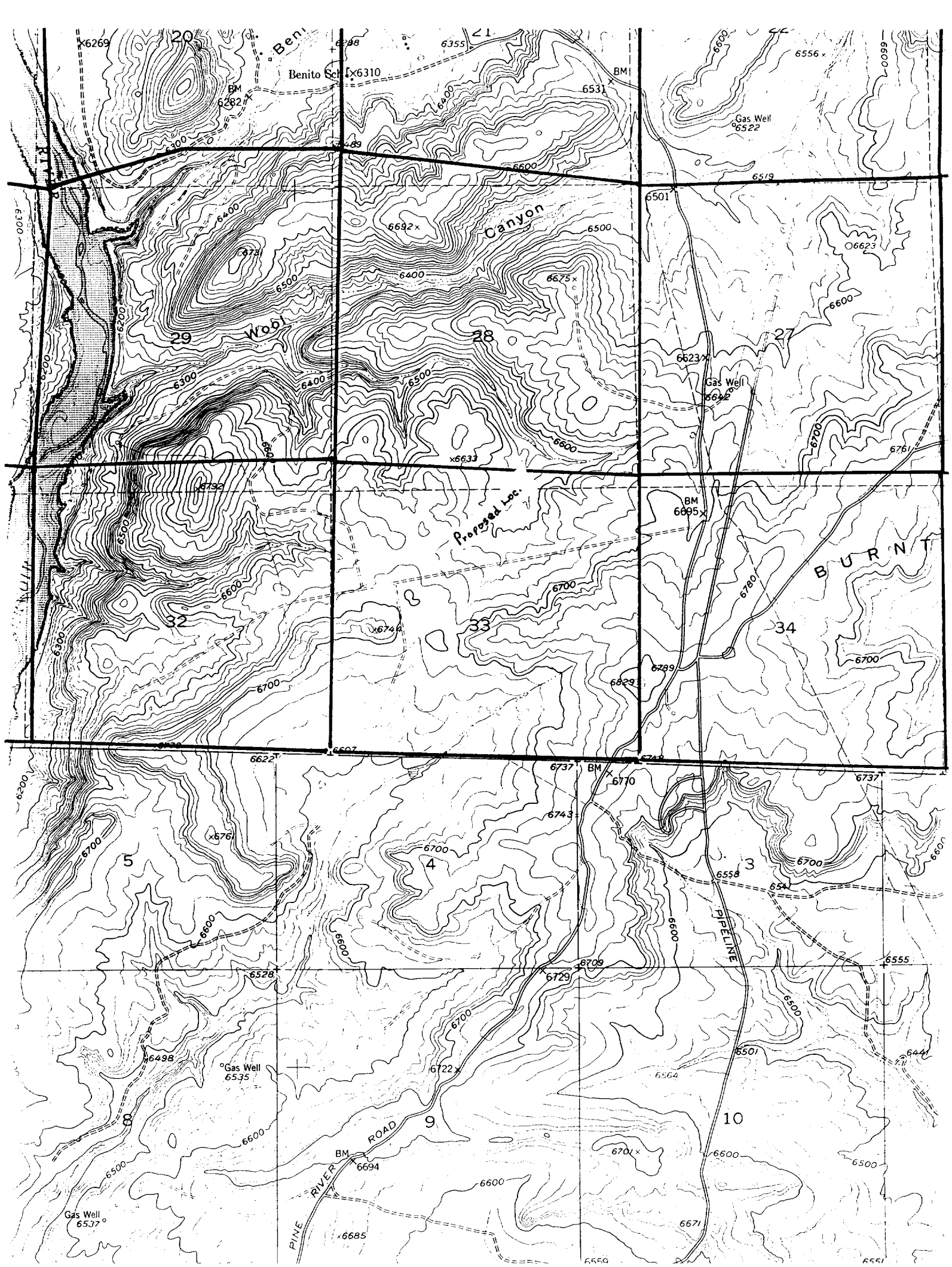
UNIT BOUNDARY  
117,828.51 ac. unit area)

OUT - Acres eliminated from unit;  
NOT COMMITTED - failure of commitment to  
join the unit by any working interest  
owner in a tract

SAN JUAN CO., NM  
Scale: 1" = 4000'

1/91 JD

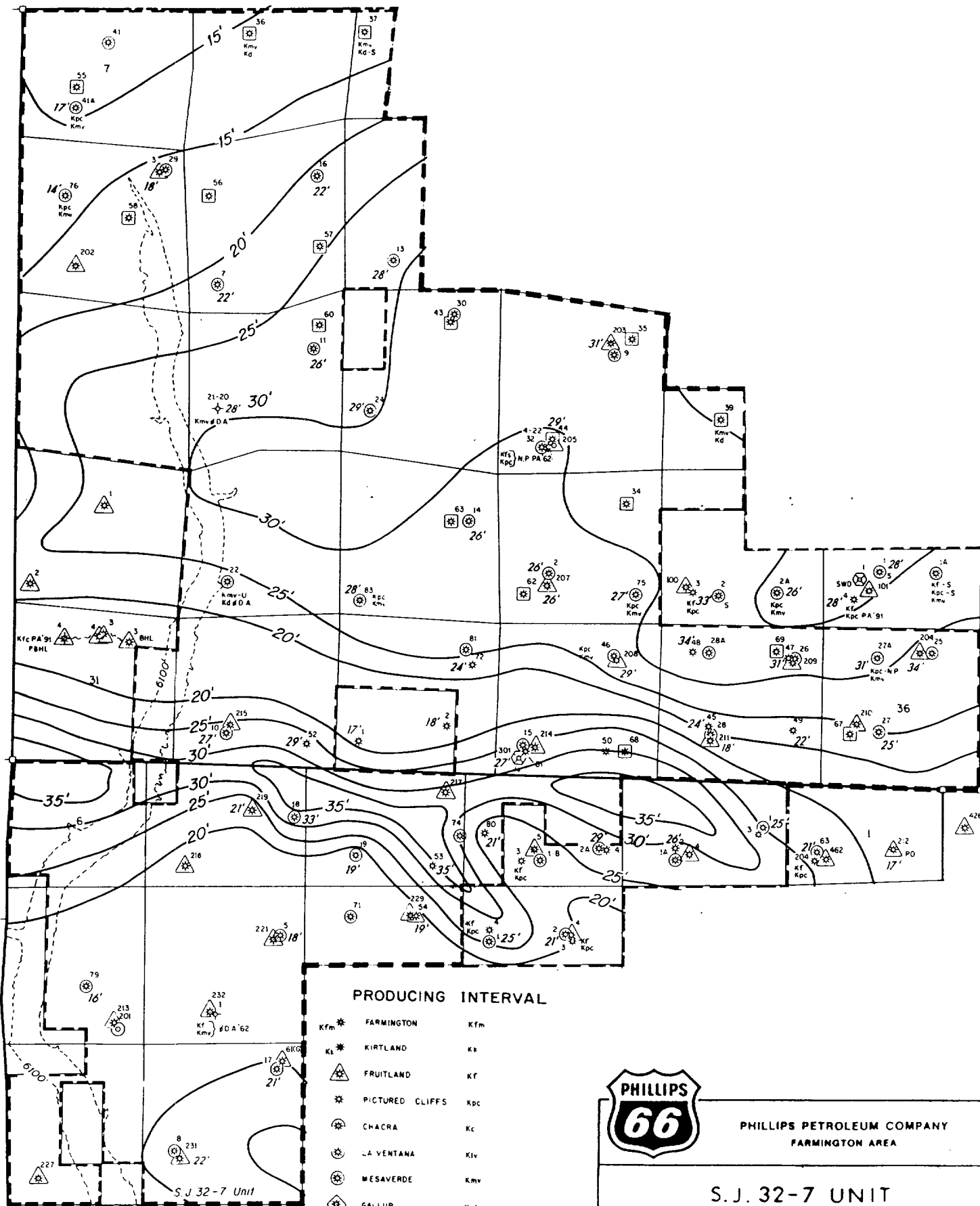






R-7-W

T  
32  
N



T  
31  
N



PHILLIPS PETROLEUM COMPANY  
FARMINGTON AREA

**S.J. 32-7 UNIT**

San Juan Co., N.M.

AGGREGATE NET COAL ISOLITH  
OF THE FRUITLAND COAL

C.I. = 5'

5-1-92

# Typical Coal Section

FINAL PRINT		CNL/LDT WITH HIGH RES. LOGGING			
Schlumberger					
San Juan Basin Fruitland Coal 1230' FSL & 1677' FWL San Juan 32-7 Unit #207 Phillips Petroleum Company	<b>COMPANY</b> Phillips Petroleum Company				
	<b>WELL</b> San Juan 32-7 Unit #207				
	<b>FIELD</b> Basin Fruitland Coal				
	<b>COUNTY</b> San Juan		<b>STATE</b> New Mexico		
	<b>LOCATION</b> 1230' FSL & 1677' FWL				
<b>COUNTY</b>	<b>FIELD</b>	<b>LOCATION</b>	<b>WELL</b>	<b>COMPANY</b>	
<b>API SERIAL NO.</b>		<b>SECT.</b>	<b>TWP.</b>	<b>RANGE</b>	<b>Other Services:</b>
N/A		27	32 N	7 W	LDT W/HRL CNT MLT NGT
<b>COAL LOG</b>					
<b>Permanent Datum</b>		<b>Ground Level</b>		<b>Elev.</b>	6648.0 F
<b>Log Measured From</b>		<b>Kelly Bushing</b>		<b>Elev.</b>	12.0 F above Perm. Datum
<b>Drilling Measured From</b>		<b>Kelly Bushing</b>		<b>Elev.:</b>	K.B. 6660.0 F D.F. 6658.0 F G.L. 6648.0 F
<b>Date</b>	06-SEP-1990				
<b>Run No.</b>	One				
<b>Depth Driller</b>	3410.0 F				
<b>Depth Logger (Sohl)</b>	3410.0 F				
<b>Btm. Log Interval</b>	3407.0 F				
<b>Top Log Interval</b>	3180.0 F				
<b>Casing-Driller</b>	9 5/8"	@287.0 F	7"	@3243.0 F	0
<b>Casing-Logger</b>	3241.0 F				
<b>BHT Size</b>	12 1/4"	8 3/4"	6 1/4"		
<b>Type Fluid in Hole</b>	PRODUCED WATER				
<b>Dens.</b>	<b>Visc.</b>	8.34 LB/G			
<b>pH</b>	<b>Fid. Loss</b>				
<b>Source of Sample</b>	BLEWELINE				
<b>Rm @ Meas. Temp.</b>	.682 OHMM	0	66.0 DEGF	0	
<b>Rmf @ Meas. Temp.</b>		0		0	
<b>Rmc @ Meas. Temp.</b>		0		0	
<b>Source: Rmf</b>	<b>Rmc</b>				
<b>Rm @ BHT</b>	.433 OHMM	0	108. DEGF	0	
<b>Circulation Ended</b>	10:15 9/6				
<b>Logger on Bottom</b>	See Log				
<b>Max. Rec. Temp.</b>	108. DEGF				
<b>Equip.</b>	<b>Location</b>	5809	Farmington		
<b>Recorded By</b>	V. Ayres				
<b>Witnessed By</b>	D. Green & R. Hawks				

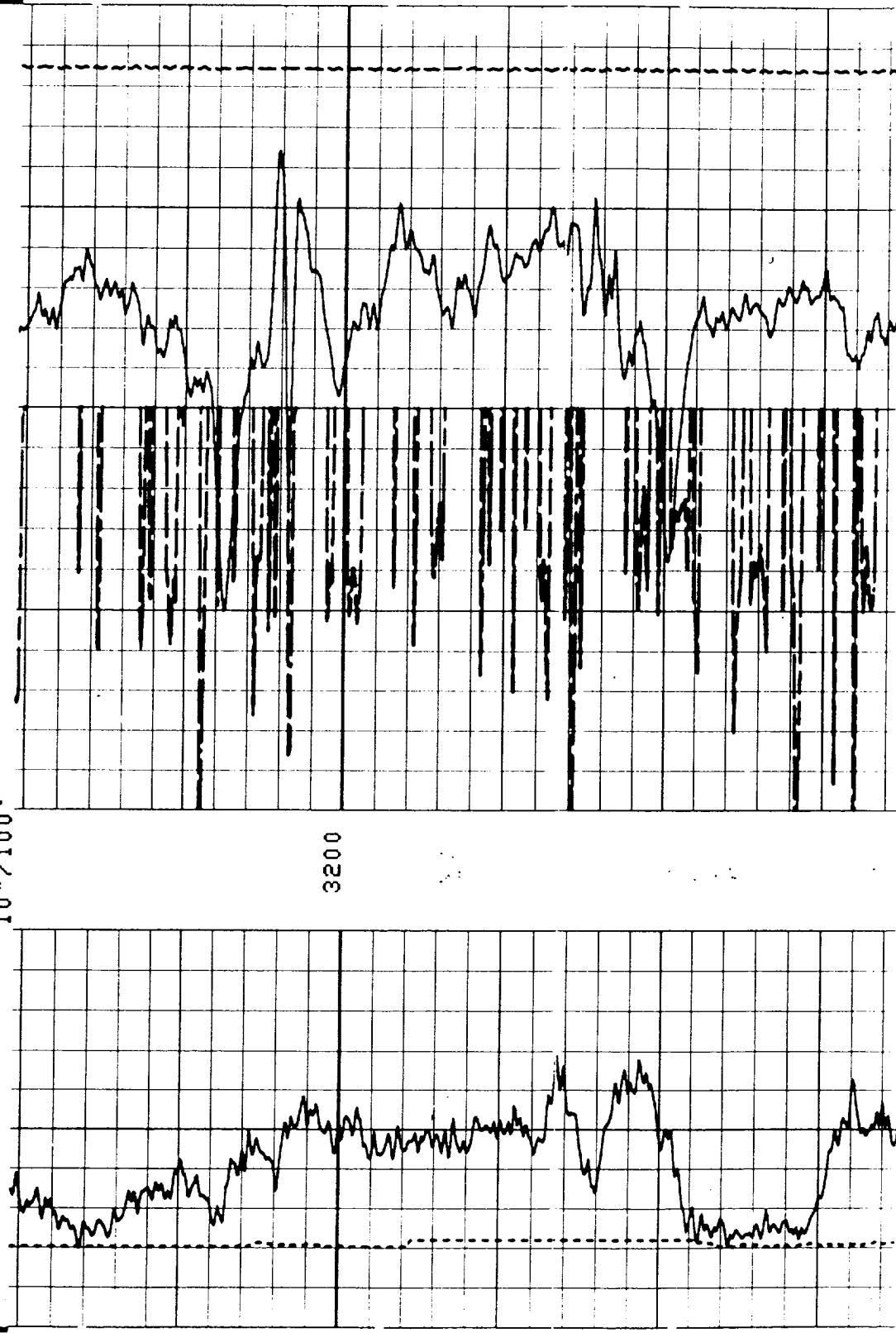
77622

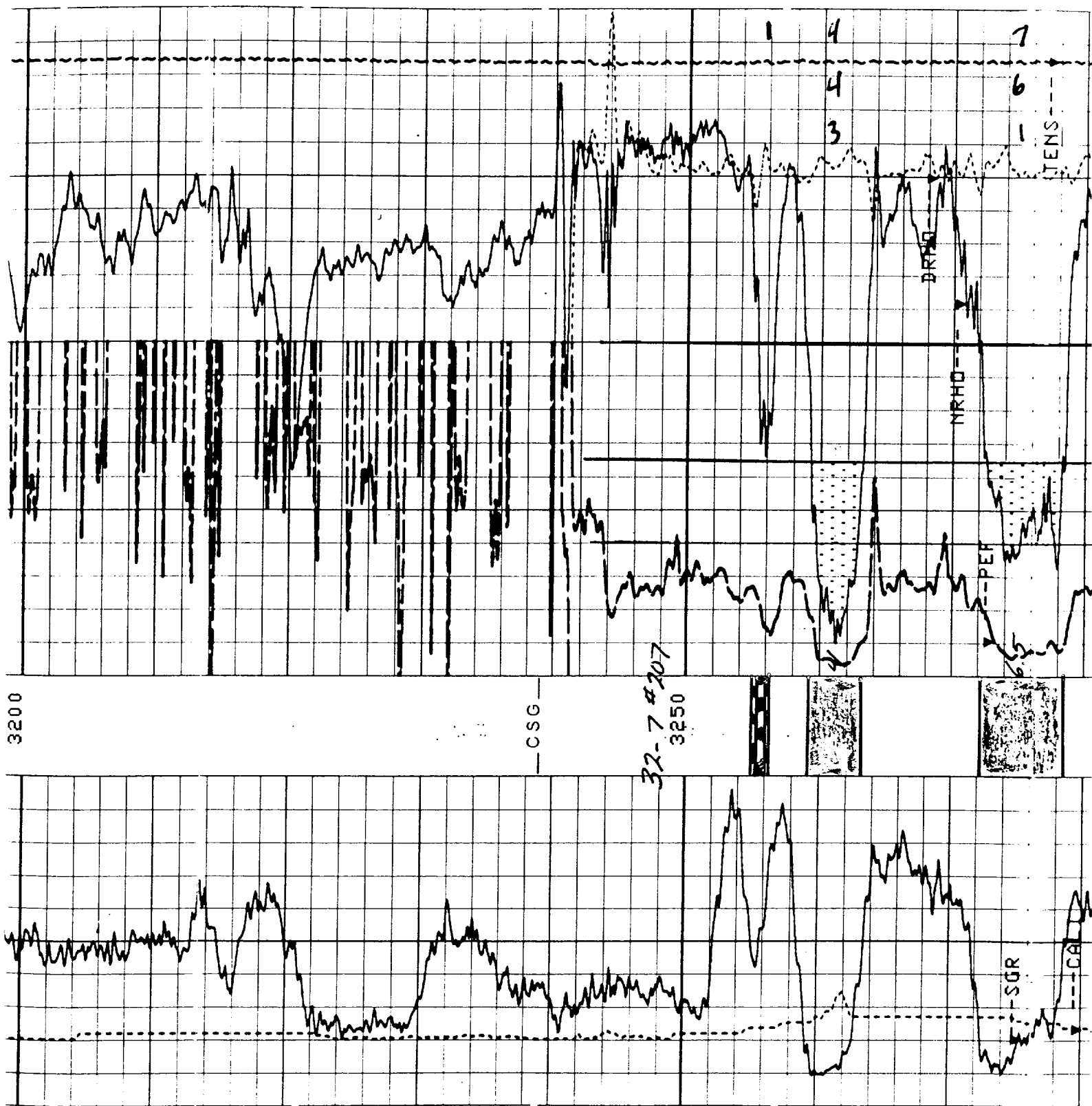
The well name, location and borehole reference data were furnished by the customer.

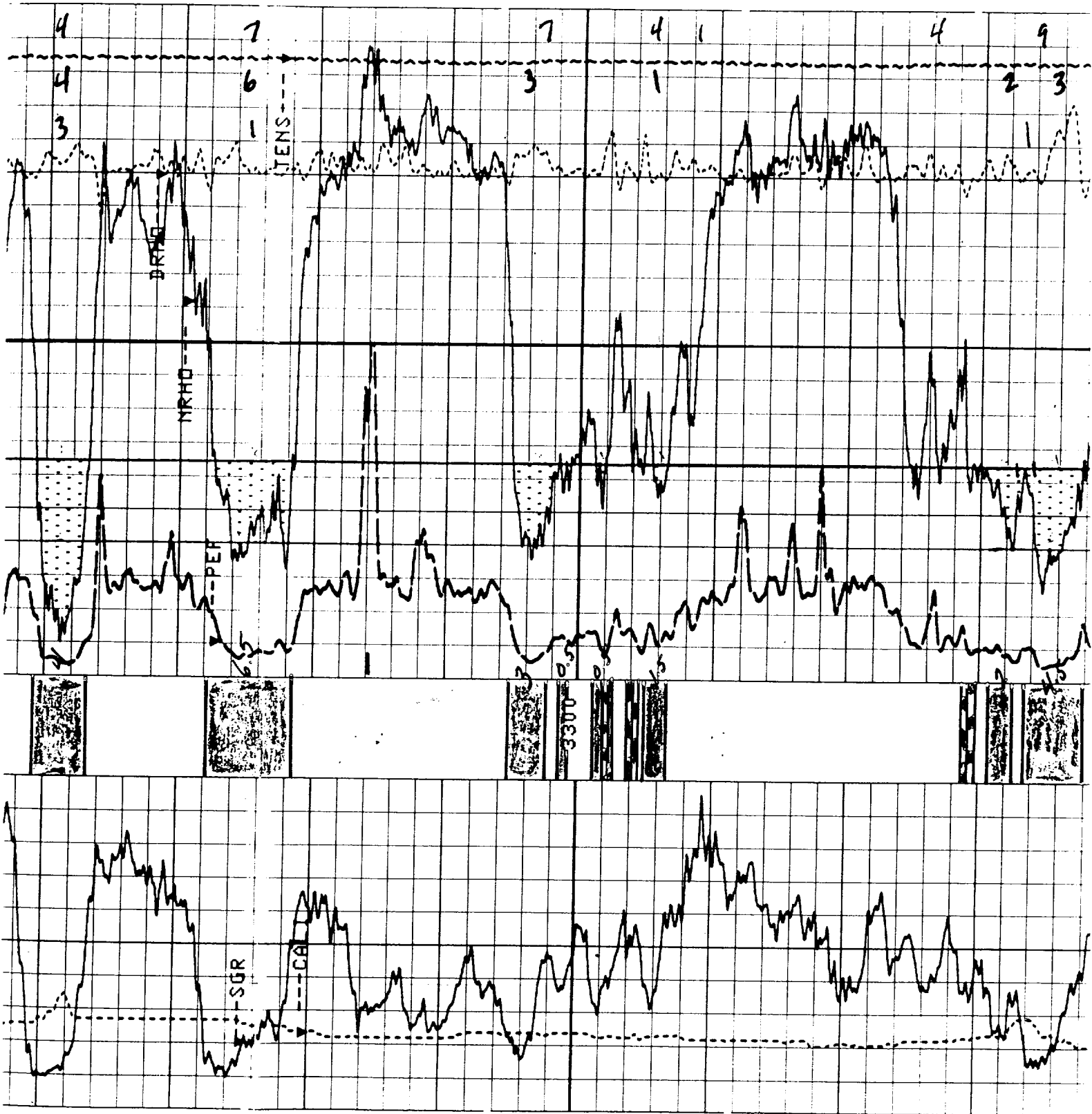
FILE COPY

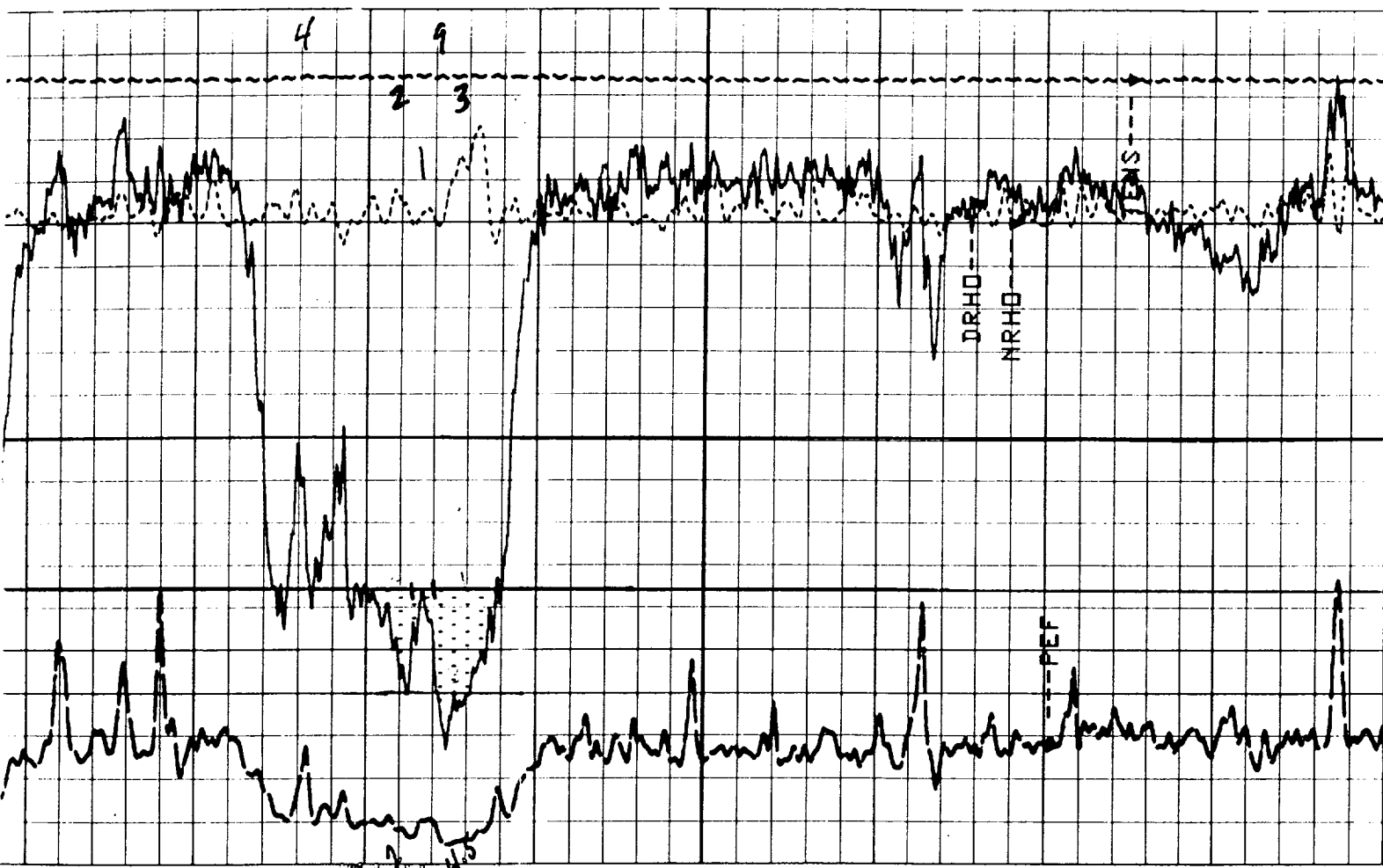
SGR (GAPI)		PEF		DRHQ(G/C3)	
0.0	200.00	0.0	10.000	-.2500	.25000
CALI(IN...)		NRHQ(G/C3)		TENS(LBF)	
4.0000	14.000	1.0000	3.0000	0.0	0.0

CP 32.4      FILE 3      06-SEP-1990 14:00 (UP)      HIGH RESOLUTION LOG

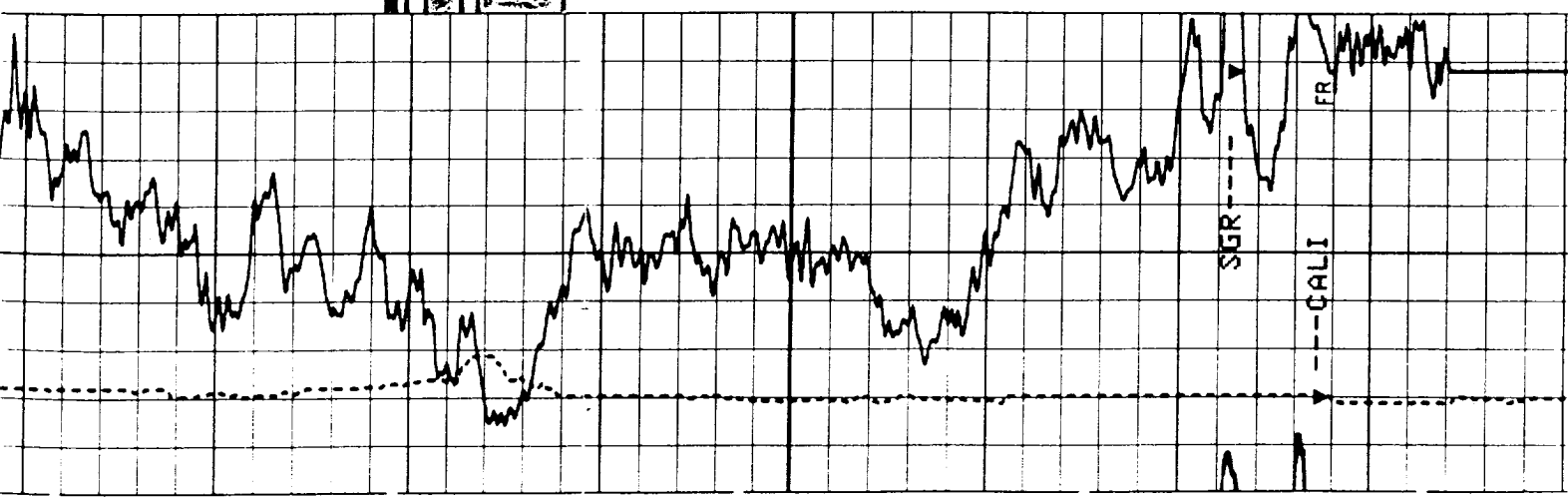




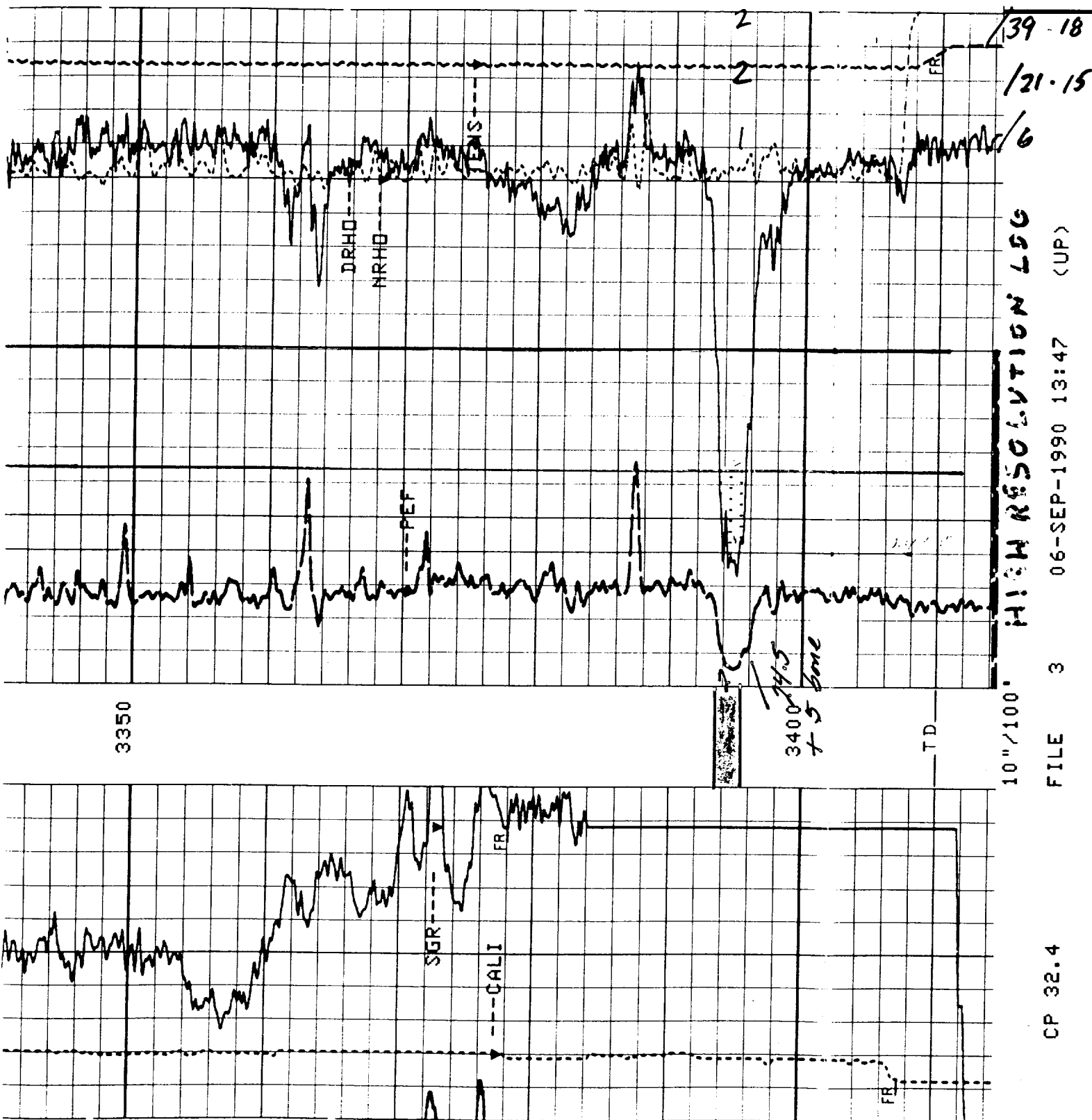




3350







10"/100" HIGH RESOLUTION LOG

FILE 3 06-SEP-1990 13:47 (UP)

CP 32.4