

NSL 6/26/00



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

RECEIVED
JUN - 5 2000
OIL CONSERVATION DIVISION

May 31, 2000

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

Attn: Mr. Michael E. Stogner
Chief Hearing Officer/Engineer

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 32-7 UNIT #35M WELL
W/2 SECTION 22-32N-7W
SAN JUAN COUNTY, NEW MEXICO

Dear Mr. Stogner:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an Unorthodox Well Location for said well.

Phillips proposes to drill the San Juan 32-7 Unit #35M well at a location of 1725' FNL & 2495' FWL of Section 22-32N-7W, San Juan County, New Mexico. This will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the W/2 of Section 22 designated as the drillblock for the Mesaverde and N/2 as the drillblock for the Dakota. This is an orthodox location for the Mesaverde (as per Order No. R-10987-A) and is an 80 acre infill well for the Mesaverde Pool, however it is not an orthodox location for the Dakota Pool, as currently established.

Topographical considerations and optimal spacing of this 80 acre Mesaverde infill well for the reservoir drainage purposes are the primary reasons this location was selected. As demonstrated in the Exhibits presented in conjunction with Case No. 12137 (Phillips' application for downhole commingling) it is unlikely that a stand-alone Dakota well can be drilled on an economic basis. The most viable alternative to recover Dakota reserves is to drill Dakota/Mesaverde commingled wells. Utilization of 80 acre Mesaverde infill wells accomplishes this, however it precludes drilling the well at a standard Dakota location. The drilling of commingled wells also provides the added benefit of less surface disturbance.

For your benefit in reviewing this request, we are providing the following:

1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. A plat of this well's location in relation to existing and proposed Mesaverde wells
5. Copies of Exhibits presented in Case 12137, (Order No. 11210 issued)

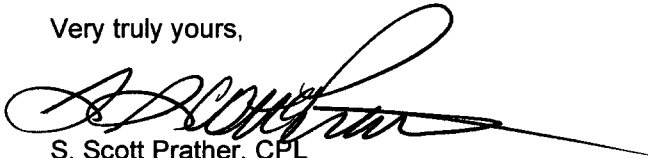
Mr. Michael Stogner
Application for Administrative Approval of Unorthodox Well Location
San Juan 32-7 Unit #35M Well
May 31, 2000
Page 2

I have been advised that personnel from the Aztec District Office have met with our Drilling Supervisor. Richard Allred, at the location and concur with our determination that an orthodox location is not possible.

This drillblock is located within the confines of the San Juan 32-7 Unit. Phillips is the Operator of this unit. The ownership of all Dakota offset spacing units to the Northwest, North, Northeast and East is different from the Dakota Spacing unit for this well and per Rule 104.F notice of this application is required to be sent to all affected persons. All affected persons are being furnished with 3 copies of this application by certified mail and are advised that they must submit objections to this application is required to be sent to all affected persons. All affected persons are being furnished with 3 copies of this application by certified mail and are advised that they must submit objections to this application in writing within twenty (20) days. They may alternately forward an executed waiver to your office, retain one copy for their records and return one copy to our office.

We appreciate and thank you for your attention to this request and should you need additional information or clarification on this matter, please do not hesitate to contact the undersigned.

Very truly yours,



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

cc: J. L. Mathis (r)C40463
Frank Chavez-OCD, Aztec
Offset Owners

_____ hereby waives objection to Phillips Petroleum Company's application for a Dakota unorthodox location for the San Juan 32-7 Unit #35M well as proposed above.

By: _____

Date: _____

**SAN JUAN 32-7 UNIT
MESAVERDE PARTICIPATING AREA OWNERS**

ENERGEN RESOURCES

PHILLIPS PETROLEUM COMPANY

WILLIAMS PRODUCTION COMPANY

District I
 790 Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 71599		3 Pool Name Basin Dakota	
4 Property Code 009260		5 Property Name SAN JUAN 32-7 UNIT			6 Well Number 35M
7 OGRID No. 017654		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6673'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	32N	7W		1725'	NORTH	2495'	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

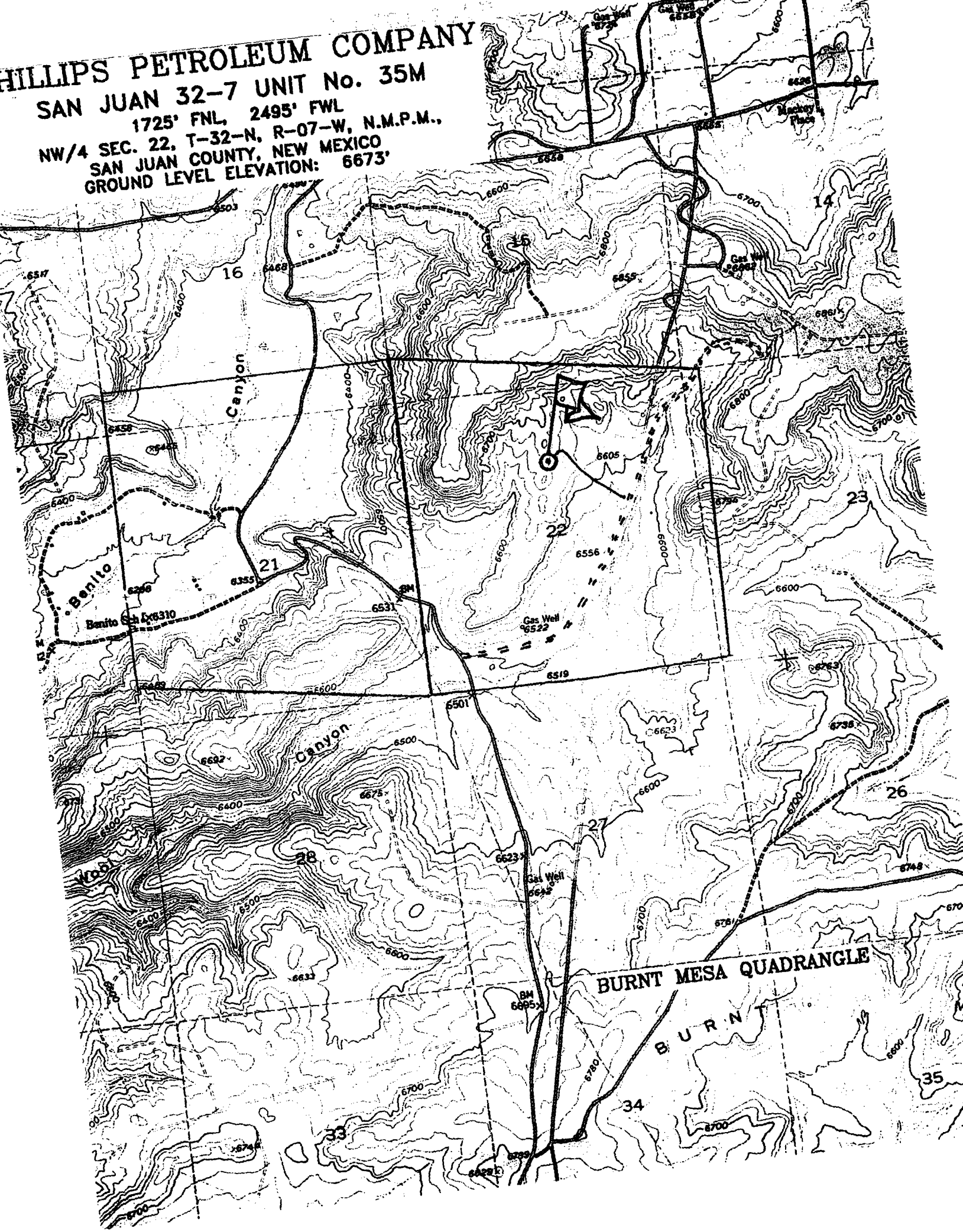
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F									

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
342.56 N/2	I	U	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p> <p>N81°57'W</p> <p>5395.50'</p> <p>4</p> <p>3</p> <p>2</p> <p>1</p> <p>1725'</p> <p>2495'</p> <p>2554.36 acres</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>SF-078459</p> <p>Section 22</p> <p>6011.28'</p> <p>5161.20'</p> <p>N00°45'E</p> <p>N01°09'E</p> <p>89°58'W</p> <p>2639.34'</p> <p>S87°50'W</p> <p>2675.64'</p>				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Monica D. Rodahl</p> <p>Signature</p> <p>Monica D. Rodahl</p> <p>Printed Name</p> <p>Regulatory Assistant</p> <p>Title</p> <p>March 9, 2000</p> <p>Date</p>	
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>02/22/00</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>				<p>HENRY P. BROADHURST, JR.</p> <p>NEW MEXICO</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p> <p>1533</p> <p>Certificate Number</p>	

HILLIPS PETROLEUM COMPANY
SAN JUAN 32-7 UNIT No. 35M
1725' FNL, 2495' FWL
NW/4 SEC. 22, T-32-N, R-07-W, N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 6673'



**PLAT OF OFFSET OPERATORS TO W/2
SECTION 22-32N-7W, SAN JUAN COUNTY, NEW MEXICO**

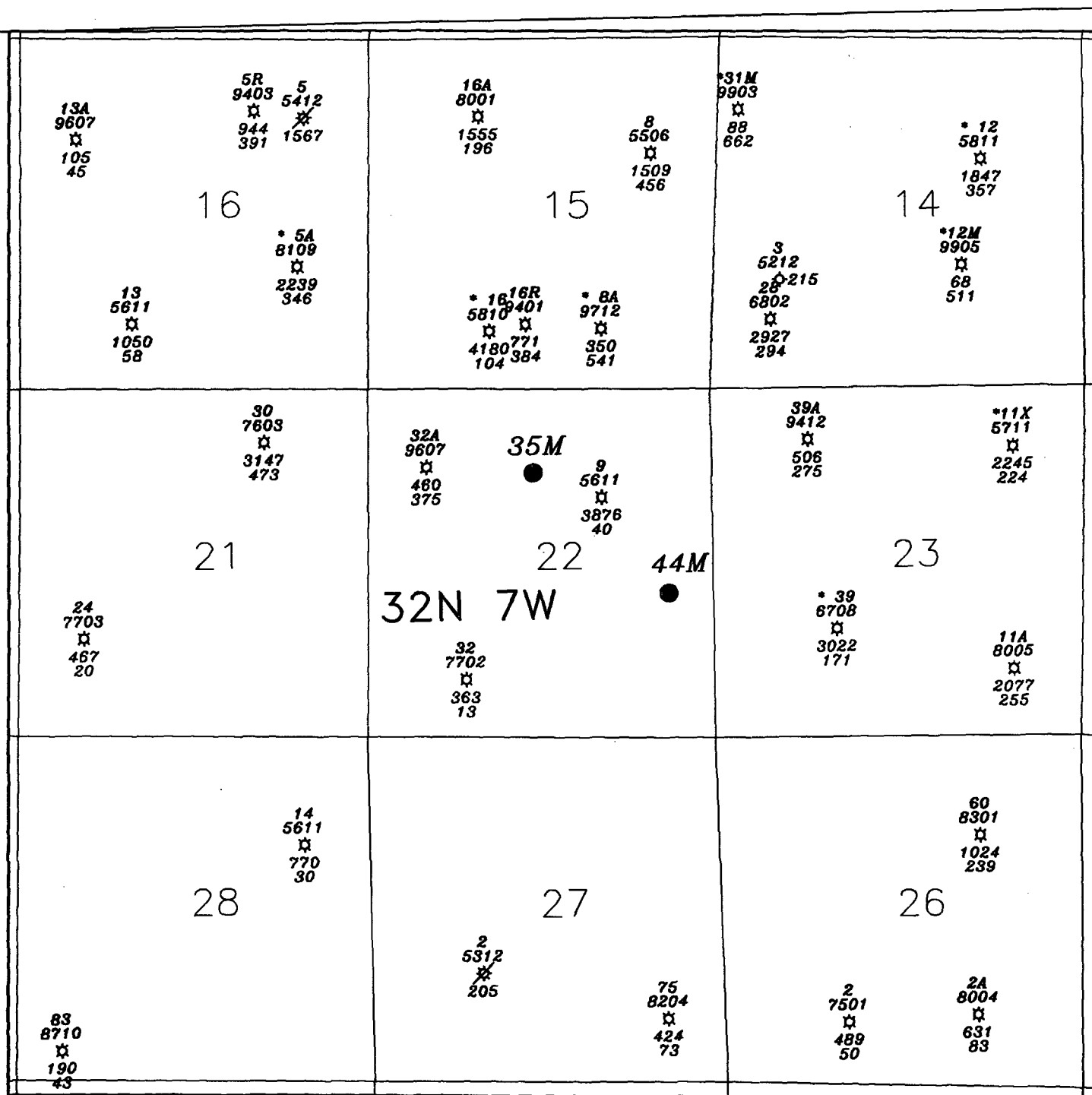
32N

	16 Burlington Resources Oil & Gas	Burlington Resources Oil & Gas	15 Burlington Resources Oil & Gas	Burlington Resources Oil & Gas	14
	21 Phillips Petroleum Company (SJ 32-7 Unit)	<div style="background-color: #cccccc; padding: 10px; display: inline-block;"> #35M • </div>	22 <div style="background-color: #cccccc; padding: 10px; display: inline-block;"> </div>	Burlington Resources Oil & Gas	23
	28 Phillips Petroleum company (SJ 32-7 Unit)	Phillips Petroleum Company (SJ 32-7 Unit)	27 <div style="background-color: #cccccc; padding: 10px; display: inline-block;"> Phillips Petroleum Company (SJ 32-7 Unit) </div>	<div style="background-color: #cccccc; padding: 10px; display: inline-block;"> Phillips Petroleum Company (SJ 29-6 Unit) </div>	26
			Phillips Petroleum Company (SJ 32-7 Unit)	Burlington Resources Oil & Gas	

7W

OFFSET OWNERSHIP LISTING

Burlington Resources Oil & Gas Company



San Juan 32-7 (Mesaverde)
Proposed 35M & 44M MV/DK Well

DRILLING AND COMPLETION COSTS **CAPITAL EXPENSES (M\$)**

MESAVERDE

DAKOTA

SINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3
				Two Singles (Dakota + Mesaverde)			
				1003.9			

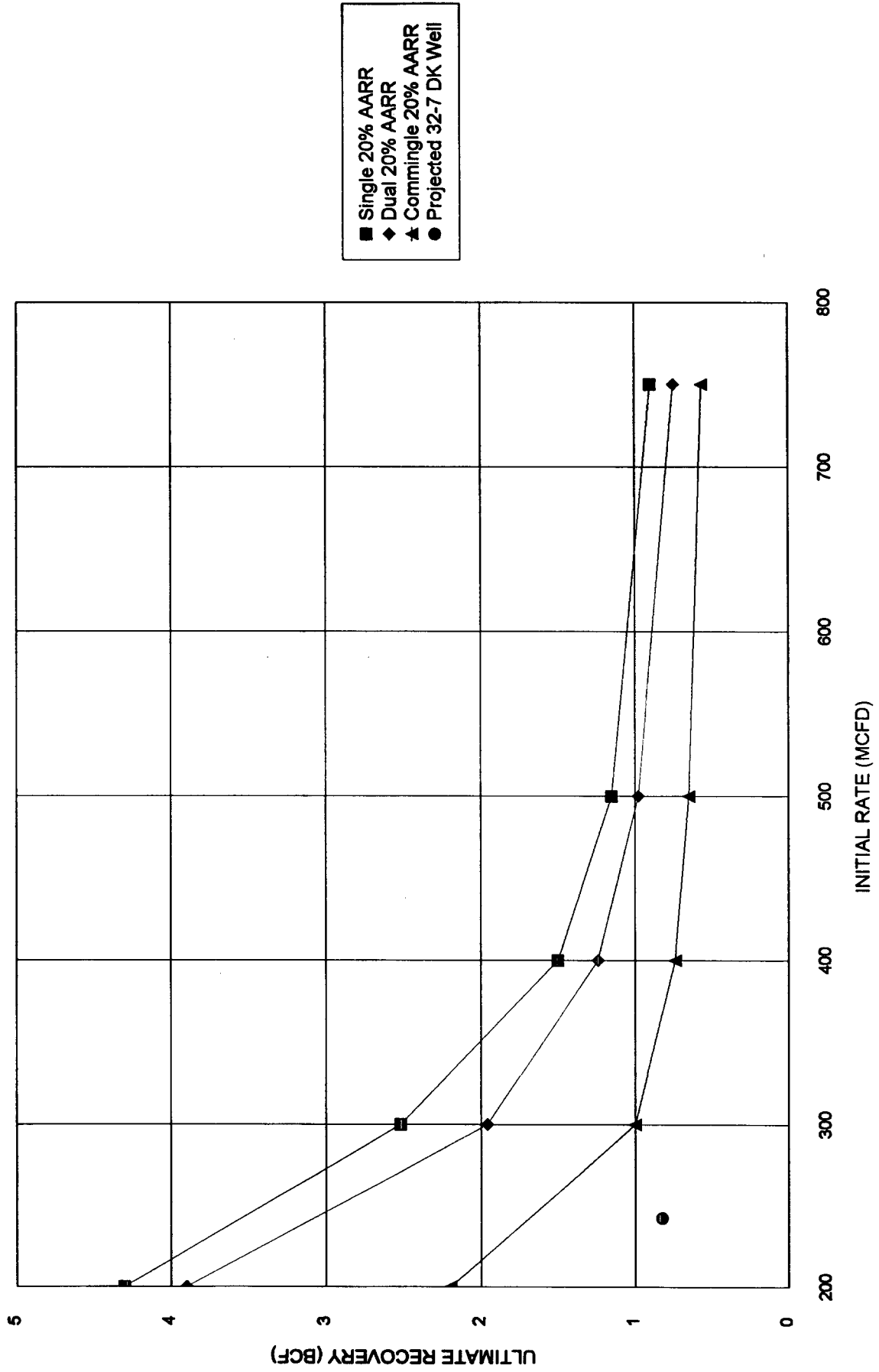
DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6
				Dually Completed (Dakota + Mesaverde)			
				925.4			

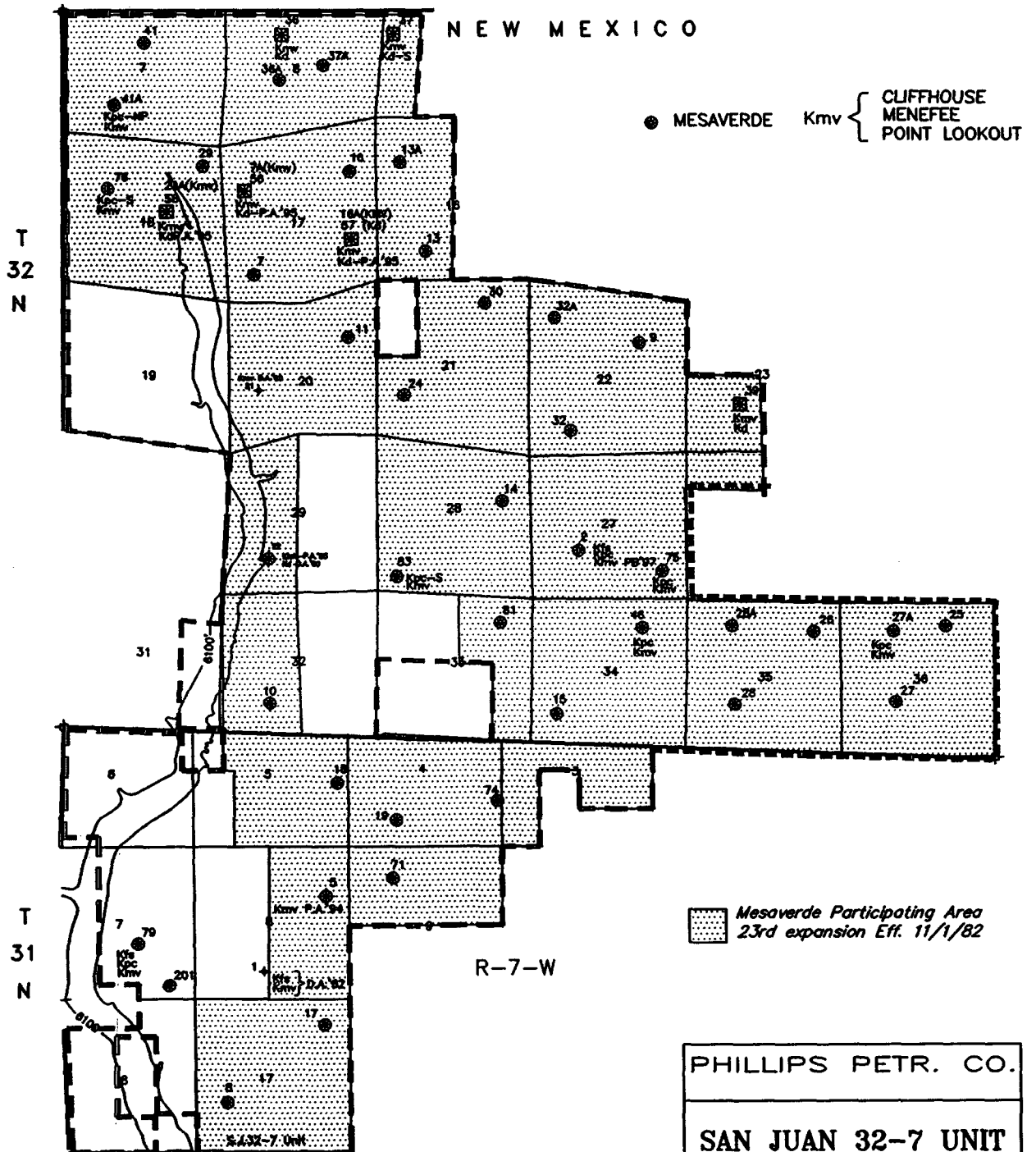
COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5
				Commingled Completion (Dakota + Mesaverde)			
				725.2			

SAN JUAN 32-7 UNIT DAKOTA MARGINAL ECONOMICS



COLORADO
NEW MEXICO



PHILLIPS PETR. CO.

SAN JUAN 32-7 UNIT
SAN JUAN CO, NM

March 4, 1999

J. Hopkins

COLORADO
NEW MEXICO

T
32
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T
31
N

DAKOTA Kd

R-7-W

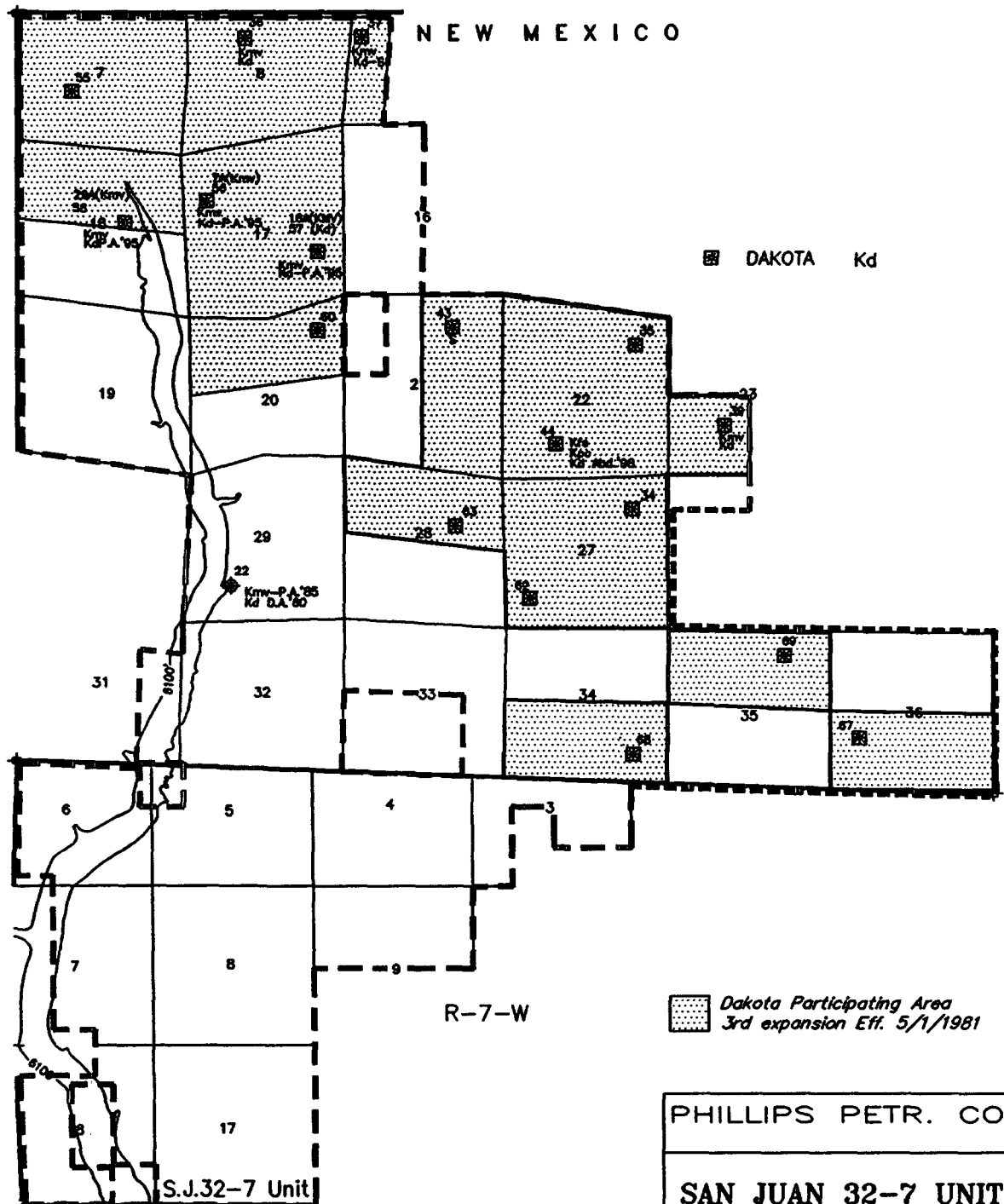
Dakota Participating Area
3rd expansion Eff. 5/1/1981

PHILLIPS PETR. CO.

SAN JUAN 32-7 UNIT
SAN JUAN CO, NM

March 4, 1999

J. Hopkins



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/05/00 12:28:19
OGOMES -TPX2
PAGE NO: 1

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5 45.13 Federal owned U	6 43.50 Federal owned U	7 42.06 Federal owned U A	8 40.42 Federal owned U A

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

342.56

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/05/00 12:28:23
OGOMES -TPX2
PAGE NO: 2

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Federal owned U	Federal owned U	Federal owned U	Federal owned U A
M 40.00	N 40.00	11 42.61	12 40.58
Federal owned U A	Federal owned U A A	Federal owned U	Federal owned U

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12