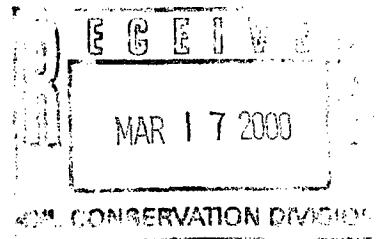




PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



March 16, 2000

New Mexico Oil & Gas Conservation Div.
2040 South Pacheco
Santa Fe, NM 87505-6429

Downhole Commingling Allocation Method
on the San Juan 30-5 Unit #112

Dear Sirs:

Phillips is proposing to utilize the subtraction method on the subject well for approximately six months after actual commingling occurs. After the six month period we will convert to the ratio method as indicated in our commingling application. We believe this will be a more accurate method of allocating production considering that the Dakota interval has been producing for several months and that the production will not be stabilized on the Mesaverde for several months.

Dakota Production Forecast

March 2000	1,870	April 2000	1,803
May 2000	1,856	June 2000	1,789
July 2000	1,841	August 2000	1,833
September 2000	1,767	October 2000	1,819
November 2000	1,753	December 2000	1,805

For example, if the total volume for June 2000 were 15,500 mcf, then the Dakota would be allocated 1,789 mcf and the Mesaverde 13,711 mcf. And subsequently, the Dakota would be allocated $1,789/15,500$ or 11.54% and Mesaverde would be allocated $99,726/15,500$ or 88.46%.

Sincerely,
PHILLIPS PETROLEUM COMPANY

Clint Hutchinson
Reservoir Engineer

CH/pc

cc: OCD - Aztec
BLM - Farmington
NM Commissioner of Public Lands - Santa Fe

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1893

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Phillips Petroleum Company Address 5525 Hwy. 64, Farmington, NM 87401

San Juan 30-5 Unit 112 0 12, 30N, 5W Rio Arriba

Lessee Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 017654 Property Code 009258 API NO. 30-039-26159 Spacing Unit Lease Types: (check 1 or more)
☒ Federal ☐ State ☐ (land/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	72319 Blanco Mesaverde		71599 Basin Dakota
2. Top and Bottom of Pay Section (Perforations)			
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	a. (Current) 1030 (est.)	a.	a. 546
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) 1294 (est.)	b.	b. 3412 (est.)
6. Oil Gravity (°API) or Gas BTU Content	1030		990
7. Producing or Shut-In?			Producing
Production Marginal? (yes or no)	Yes		Yes
• If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: estimate Rates: 375 mcf/d	Date: Rates:	Date: 2/29/1999 Rates: 71 mcf/d
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☒ Yes ☐ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☐ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10770

16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Clinton W. Hutchinson TITLE Reservoir Eng. DATE 3/16/00

TYPE OR PRINT NAME Clint Hutchinson TELEPHONE NO. (505) 599-3423

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2040 South Pacheco, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply[A] ☐ Working, Royalty or Overriding Royalty Interest Owners[B] ☐ Offset Operators, Leaseholders or Surface Owner[C] ☐ Application is One Which Requires Published Legal Notice[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,[F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Certification

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Clint Hutchinson
 Print or Type Name

Clint Hutchinson
 Signature

Reservoir Engr.
 Title

3/16/00
 Date

District I
Box 1900, Hobbs, NM 88241-1900
District II
411 South First, Artesia, NM 88210
District III
1000 Rio Grande Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Dep. 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

* API Number		* Pool Code 71599	* Pool Name Basin Dakota
* Property Code 009258	* Property Name SAN JUAN 30-5		* Well Number 112
* OGRID No. 017654	* Operator Name PHILLIPS PETROLEUM COMPANY		* Elevation 6671'

10 Surface Location

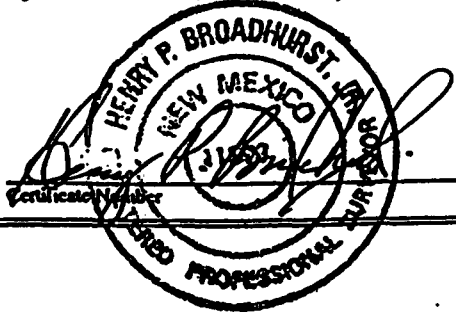
UL or lot no. 0	Section 12	Township 30N	Range 5W	Lot Ida	Feet from the 1190'	North/South line SOUTH	Feet from the 1730'	East/West line EAST	County RIO ARriba
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11 Bottom Hole Location If Different From Surface

UL or lot no. 0	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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* Dedicated Acres 268.85 S/2	* Joint or Infill N	* Consolidation Code U	* Order No.
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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

16 N89°58'W 2640.00'		1320.00'	470.58'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>Patsy Clugston</i> Signature Patsy Clugston Printed Name Regulatory Assistant Title March 30, 1999 Date	
5280.00'			5280.00'		18 SURVEYOR CERTIFICATION 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. 03/03/99 Date of Survey Signature and Seal of Professional Surveyer: 
N00°03'E	Section 12	SF-080537 807.21 acres	North		
2640.00' N89°53'W		1730'	1190'		

District I
Box 1988, Hobbs, NM 88241-1988
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
Geology, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

RECEIVED
BLM

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

99 APR -1 AM 9:56

* API Number		* Pool Code 72319	* Pool Name Blanco Mesa Verde	
* Property Code 009258	* Property Name SAN JUAN 30-5			* Well Number 112
* OGRID No. 017654	* Operator Name PHILLIPS PETROLEUM COMPANY			* Elevation 6671'

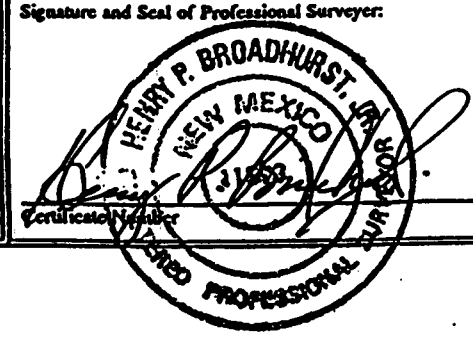
10 Surface Location

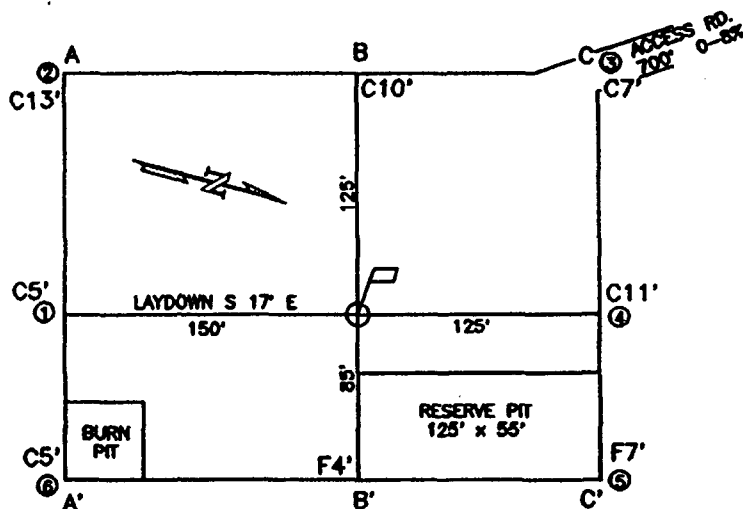
UL or lot no. 0	Section 12	Township 30N	Range 5W	Lot Idn	Feet from the 1190'	North/South line SOUTH	Feet from the 1730'	East/West line EAST	County RIO ARriba
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11 Bottom Hole Location If Different From Surface

UL or lot no. 0	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
* Dedicated Acres 268.85S/2	* Joint or Infill N	* Consolidation Code II		* Order No.					

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

16 N89°58'W 2640.00'		1320.00'	470.58'	1	5280.00'	North	3	477.84'	1190'	1730'	2640.00' N89°53'W	
5280.00'												
N00°03'E		SF-080537 807.21 acres										
Section 12											17 OPERATOR CERTIFICATION	
											I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
											Signature Patsy Clugston	
											Printed Name Regulatory Assistant	
											Title March 30, 1999	
											Date	
											18 SURVEYOR CERTIFICATION	
											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.	
											03/03/99	
											Date of Survey	
											Signature and Seal of Professional Surveyor:	
												
											Certification Number	



ELEVATION A-A'

C/L

6691				
6681				
6671				
6661				
6651				

B-B'

C/L

6691				
6681				
6671				
6661				
6651				

C-C'

C/L

6691				
6681				
6671				
6661				
6651				

COMPANY: PHILLIPS PETROLEUM COMPANY

LEASE: SAN JUAN 30-5 UNIT No.112

FOOTAGE: 1190' FSL. 1730' FEL UNIT 0

SEC. 12 TWN. 30-N RNG. 05-W N.M.P.M.

COUNTY, RIO ARriba STATE, N.M.

ELEVATION: 6671

LATITUDE: 36-49-25

LONGITUDE: 107-18-28



PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO

SURVEYED: 3/3/99

REV. DATE:

APP. BY H.B.

DRAWN BY: T.G.

DATE DRAWN: 3/9/99

FILE NAME: P007201

UNITED
FIELD SERVICES INC.

P.O. BOX 3631
FARMINGTON, NM 87499
OFFICE: (505)334-0408

M2Y67-01 PARPI - WELLZONE PRODUCTION BROWSE Date: 3/15/00
 DAILY AVERAGE BY MONTH User: #W9R
 Wellzone F0647 01 Yr: 1999 Mth: 09 Property: 650479 SAN JUAN 30-5 UNIT #
 Screen: 1 (1-Prod, 2-Inj, 3-Both) Well No: 0000112
 Type: D (T-Total, D-Daily Avg) Field: 0422 BASIN
 Period: M (M-Monthly, Y-Yearly, C-Cumm) Reserv: 20076 DAKOTA

ADJ	OIL (BBL)	GAS (MCF)	WATER (BBL)	PROD	OP	ST	CL	TY
FLG DATE				DAYS				
* 1999-09	0.00	5	0	28.00	3	11	03	2
* 1999-10	0.00	43	0	31.00	31	11	03	2
* 1999-11	0.00	32	1	30.00	30	11	03	2
* 1999-12	0.00	64	7	31.00	31	11	03	2
2000-01	0.00	91	0	31.00	31	11	03	2

PA1=ICE PF1=Help PF3=End PF10=Next Well
 PF7=Backward PF8=Forward PF11=Prev Well

PHILLIPS PETROLEUM COMPANY
5525 HWY 64 NBU 3004
FARMINGTON, NEW MEXICO 87401

DATE: MARCH 2, 2000

WELL NAME: SAN JUAN 30-5 # 112
FORMATION: DAKOTA

TYPE TEST: STATIC GRADIENT

COUNTY: RIO ARriba
STATE: NEW MEXICO

TOTAL DEPTH: 8233'
PERFS: MID PERFS 8125'
TUBING: 2 3/8" 8151'
CASING SIZE: 4 1/2" TO 8236'
PACKER:
OTHER: 1.81" FN @ 8119'
PRESSURED UP @ 11:45

CASING PRESSURE: 452
TUBING PRESSURE: 452
OIL LEVEL:
WATER LEVEL:
TEMPERATURE:
ELEMENT NO.
ELEMENT RANGE 0 TO 3000

WELL STATUS: PLUNGER LIFT SYSTEM

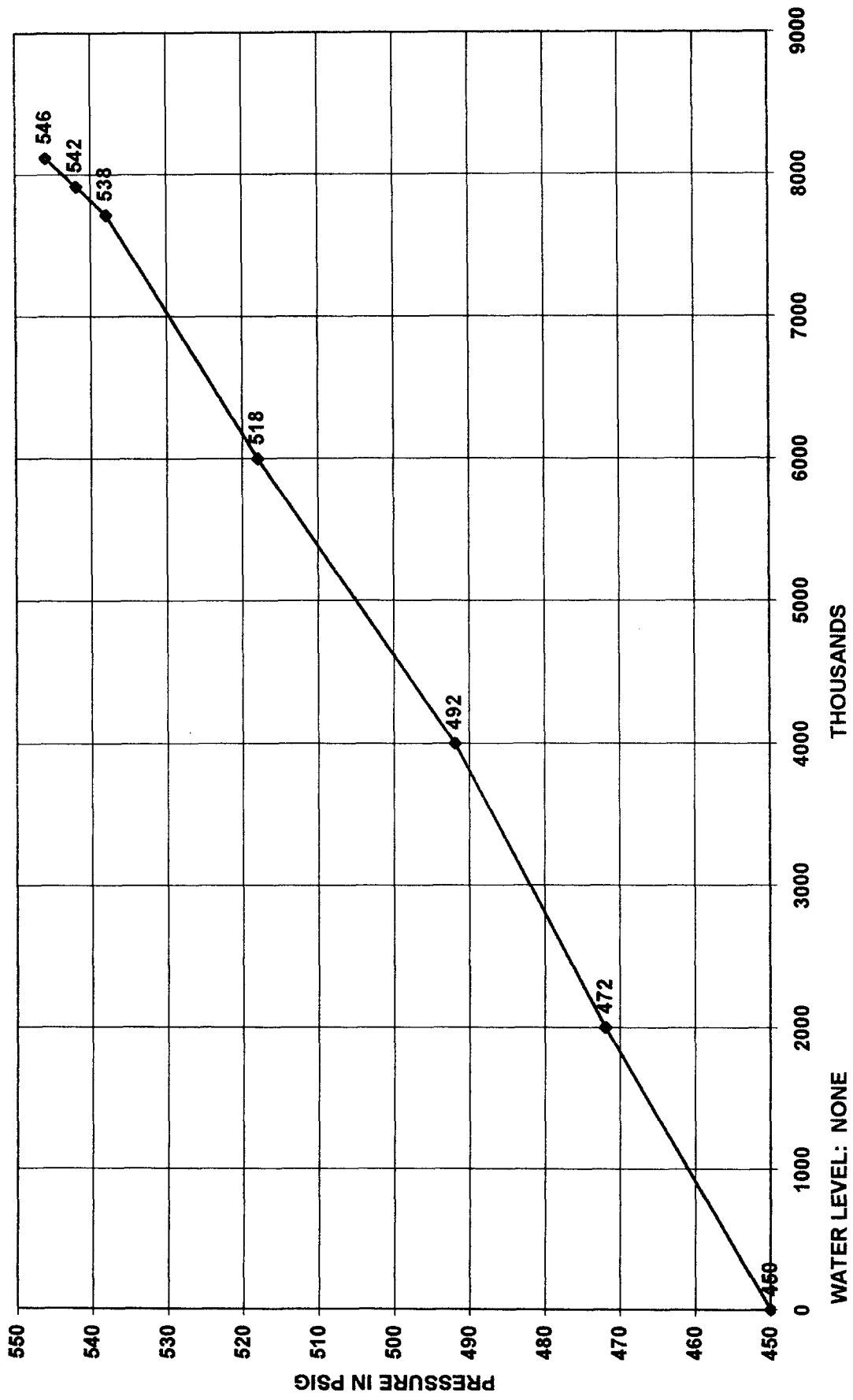
DEPTH IN FEET	PRESSURE PSIG	GRADIENT PSI/FOOT
0	450	
2000	472	0.011
4000	492	0.010
6000	518	0.013
7719	538	0.012
7919	542	0.020
8119	546	0.020

TD @

H & H WIRELINE SERVICE INC.
P. O. BOX 899
FLORA VISTA, NEW MEXICO 87415
OPERATOR: C. HUGHES
UNIT NO. T-11

PHILLIPS PETROLEUM: SAN JUAN 30-5 # 112

DATE: MARCH 2, 2000



**Dakota Production Forecast for 30-5 Unit
Well #112**

Year	Month	Gas (MCF)
Mar-00	1	1870
Apr-00	2	1803
May-00	3	1856
Jun-00	4	1789
Jul-00	5	1841
Aug-00	6	1833
Sep-00	7	1767
Oct-00	8	1819
Nov-00	9	1753
Dec-00	10	1805
Jan-01	11	1797
Feb-01	12	1617
Mar-01	13	1784
Apr-01	14	1719
May-01	15	1770
Jun-01	16	1706
Jul-01	17	1756
Aug-01	18	1749

Initial Rate 60 MCF/D

30-5 Unit Mesaverde

