

446



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

PLANNING
(505)-827-5752

January 8, 1997

Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, New Mexico 87401

Attn: Mr. Patrick H. Noah

Re: San Juan 32-8 Unit
21st Expansion
Fruitland Participating Area
Well No. 249
320.57 Additional Acres
San Juan County, New Mexico

Dear Mr. Noah:

This office is in receipt of your application letter of December 10, 1996, requesting approval of the 21st Expansion of the Fruitland Participating Area for the San Juan 32-8 Unit, San Juan County, New Mexico.

The Bureau of Land Management has advised this office of their approval to this expansion by their letters of December 6, 1996 and December 16, 1996.

Please be advised that the Commissioner of Public Lands concurs with the Bureau of Land Management and has this date approved the expansion of the above-mentioned participating area effective as follows:

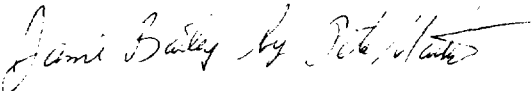
The 21st Expansion contains 320.57 acres described as Lots 1, 2, S/2NE/4, SE/4 of Section 3-31N-08W and is effective August 1, 1995.

Phillips Petroleum Company
Page 2
January 8, 1997

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

cc: Reader File

BLM--Mr. Duane Spencer

OCD--Mr. Roy Johnson

TRD--Mr. Valdean Severson



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(505)-827-5724

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ROYALTY
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State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

December 11, 1996

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401

Attn: Mr. Patrick H. Noah

Re: San Juan 32-8 Unit
Commercial Determination
Fruitland Formation
San Juan County, New Mexico

Dear Mr. Noah:

We received your letter of November 6, 1996, together with additional data that supports your commercial determination regarding the San Juan 32-8 Unit Well No. 249.

By their letter of November 13, 1996, the Bureau of Land Management advised this office that they have concurred with your determination that the San Juan 32-8 Unit Well No. 249 has been determined to be capable of producing in paying quantities from the Fruitland formation.

The Commissioner of Public Lands concurs with Meridian Oil Inc.'s and the Bureau of Land Management's determination regarding the above-mentioned well and the effective date.

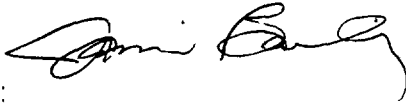
Please submit an application for the appropriate expansion of the Fruitland Participating Area to this office for approval.

Phillips Petroleum Company
December 11, 1996
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over the printed name.

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
cc: Reader File
OCD-Roy Johnson
TRD
BLM



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

December 10, 1996

United States Department of Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Floyd O. Prando
P.O. Box 1148
Santa Fe, NM 87504-1148

State of New Mexico
Oil Conservation Division
Attn: Mr. William J. LeMay
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: SAN JUAN 32-8 UNIT
#14-08-001-446, OGRID NO. 099208, 017654
APPLICATION FOR EXPANSION
FRUITLAND PARTICIPATING AREA
TWENTY-FIRST EXPANSION - EFFECTIVE 08-01-95
SAN JUAN COUNTY, NEW MEXICO
G.F. 5465, LCN 650251, LCN 651251

Gentlemen:

Pursuant to Section 11(a) of the San Juan 32-8 Unit Agreement, #14-08-001-446, approved January 13, 1953, Phillips Petroleum Company, as Unit Operator determined on the date indicated below that the well listed below is capable of producing unitized substances in paying quantities from the Fruitland Formation. Therefore, application for the Twenty-first Expansion of the Participating Area established for the Fruitland Formation is submitted as follows:

TWENTY-FIRST EXPANDED PARTICIPATING AREA - EFFECTIVE AUGUST 1, 1995

| <u>DRILLING BLOCK</u> | <u>NEW ACRES</u> | <u>WELL NUMBER</u> |
|---|------------------|--------------------|
| Lots 1,2, S/2 NE/4, SE/4 Section 3-T31N-R8W | 320.57 | 249 |

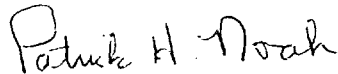
The San Juan 32-8 Unit #249 was completed August 16, 1991. The Fruitland Formation was tested August 9, 1991, with cumulative gas production of 222,367 MCF through October 21, 1996. The spacing unit for this well is described as Lots 1, 2, S/2 NE/4, SE/4 Section 3-T31N-R8W and contains 320.57 acres. This well was originally determined to be non-commercial, but was deemed commercial effective August 1, 1995 per letter dated December 6, 1996 from the Bureau of Land Management.

SAN JUAN 32-8 UNIT
#14-08-001-446
TWENTY-FIRST EXPANSION
DECEMBER 10, 1996
PAGE 2

Enclosed with this letter is Schedule XXII for the Twenty-first Expanded Participating Area for the Fruitland Formation of the San Juan 32-8 Unit Area. This schedule describes the leases comprising the Twenty-first Expansion of the Participating Area and indicates the percentages of unitized substances allocated to the unit tracts according to the Fruitland Formation ownership of such tracts.

Unless this application is disapproved or contested in whole or in part, the Twenty-first Expanded Participating Area is effective August 1, 1995. Copies of this application with enclosures are being sent to the Unit working interest owners described on the attached schedule. This application completes operator filings for the wells submitted under our letter dated April, 25, 1995, November 30, 1994, February 7, 1994, August 23, 1993 and November 6, 1996 and is consistent with those findings set forth in letters dated October 29, 1993, March 24, 1994, March 16, 1995, May 8, 1995 and December 6, 1996 from the Bureau of Land Management. Please signify your approval and return one copy of this application to my attention.

Very truly yours,



Patrick H. Noah
Senior Land Specialist
San Juan Basin
(505) 599-3410

cc: San Juan 32-8 Unit Owners
C.D. Richard (r) Local Supervisors
J.L. Mathis (r) G.F. 5465

SAN JUAN 32-8 UNIT
#14-08-001-446
TWENTY-FIRST EXPANSION
DECEMBER 10, 1996
PAGE 3

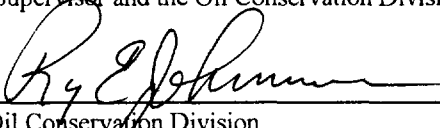
The signatory approvals below are for the Twenty-first Expanded Participating Area of the Fruitland Formation in the San Juan 32-8 Unit #14-08-001-446.

APPROVED _____
Assistant District Manager, Minerals Bureau of
Land Management
Subject to like approval by the Commissioner of
Public Lands and the Oil Conservation Division

DATE _____

APPROVED _____
Commissioner of Public Lands
Subject to like approval by the Area Oil and Gas
Supervisor and the Oil Conservation Division

DATE _____

APPROVED  _____
Oil Conservation Division
Subject to like approval by the Area Oil and Gas
Supervisor and the Commissioner of Public Lands

DATE 12/16/96

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS**

Burlington Resources Oil & Gas Company

CBP San Juan Limited Partnership

Four Star Oil & Gas Company

Susanna P. Kelly

Dr. Andrew B. Kelly

Dr. Charles E. Kelly

Susanna Phillips Kelly, Jr.

Phillips- New Mexico Partners, L.P.

Phillips- San Juan Partners, L.P.

Williams Production Company

Wintergreen Energy Corporation

DATE 06/15/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
RECAPITULATION

DESCRIPTION OF COMMITTED LANDS IN PARTICIPATING AREA:

DESCRIPTION ON NON-COMMITTED LANDS IN PARTICIPATING AREA

TOWNSHIP 31N, RANGE 8W
SECTION 3 : LOTS 1, 2, 3, 4, S/2 N/2, S/2
SECTION 4 : LOTS 1, 2, 3, 4, S/2 N/2, S/2
SECTION 9 : ALL
SECTION 10 : ALL
SECTION 11 : ALL
SECTION 14 : ALL
SECTION 15 : ALL
SECTION 16 : ALL
SECTION 21 : ALL
SECTION 22 : ALL
SECTION 23 : ALL
SECTION 24 : ALL

TOWNSHIP 32N, RANGE 8W
SECTION 23 : ALL
SECTION 25 : E/2
SECTION 27 : W/2
SECTION 28 : ALL
SECTION 29 : ALL
SECTION 30 : LOTS 1, 2, 3, 4, E/2 W/2, E/2
SECTION 33 : ALL
SECTION 34 : ALL
SECTION 35 : ALL

TOTAL COMMITTED: 12679.93

TOTAL ACRES NON-COMMITTED: 0.00

TOTAL NUMBER OF ACRES IN PARTICIPATING AREA: 12679.93

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|--|--------------------|-----------|-------------------|------------|-------------------------|------------------------------------|
| NM-013364 | T31N R8W | 360.00 | | TRACT: 003 | | | 2.839132 |
| | SEC. 21 N/2 N/2, N/2 S/2, SE/4 SE/4 | | | | 1.294640 * | 1.294640 * | |
| | ORRI: | | | | 12.500000 | 12.500000 | |
| | ROYALTY: | | | | | | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 17.871093 | 17.871093 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 53.783485 | 53.783485 | |
| | WINTERGREEN ENERGY CORPORATION | | | | 10.253906 | 10.253906 | |
| | SUSANNA PHILLIPS KELLY | | | | 1.562500 | 1.562500 | |
| | ANDREW B. KELLY, JR. | | | | 1.025391 | 1.025391 | |
| | CHARLES E. KELLY | | | | 1.025391 | 1.025391 | |
| | SUSANNA PHILLIPS KELLY, JR. | | | | 0.683594 | 0.683594 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #234 | | | | | | |
| | SAN JUAN 32-8 UNIT #235 | | | | | | |
| SF-079004 | T31N R8W | 1720.00 | | TRACT: 004 | | | 13.564744 |
| | SEC. 9 ALL | | | | 5.000000 | 5.000000 | |
| | SEC. 10 ALL | | | | 12.500000 | 12.500000 | |
| | SEC. 15 NE/4, E/2 SE/4, NW/4 SE/4, NW/4 | | | | 14.850000 | 14.850000 | |
| | WORKING INTEREST: | | | | 67.650000 | 67.650000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | | | |
| | FOUR STAR OIL & GAS COMPANY | | | | | | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #221 | | | | | | |
| | SAN JUAN 32-8 UNIT #222 | | | | | | |
| | SAN JUAN 32-8 UNIT #223 | | | | | | |
| | SAN JUAN 32-8 UNIT #224 | | | | | | |
| | SAN JUAN 32-8 UNIT #225 | | | | | | |
| | SAN JUAN 32-8 UNIT #226 | | | | | | |
| SF-079013 | T32N R8W | 640.00 | | TRACT: 005 | | | 5.047347 |
| | SEC. 29 ALL | | | | 5.000000 | 5.000000 | |
| | ORRI: | | | | 12.500000 | 12.500000 | |
| | ROYALTY: | | | | | | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 67.650000 | 67.650000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 14.850000 | 14.850000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #208 | | | | | | |
| | SAN JUAN 32-8 UNIT #232 | | | | | | |

EFFECTIVE 95/08/01

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|---|--------------------|----------------------------------|-------------------|------------|-------------------------|---------------------------------|
| SF-079029 | T31N R8W | 1562.08 | | TRACT: 007 | | | 12.319311 |
| SEC. 3 | LOTS 1, 2, 3, 4, S/2 N/2, S/2 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 4 | LOTS 1, 2, 3, 4, S/2 N/2, S/2 | | ROYALTY: | | 12.500000 | 12.500000 | |
| SEC. 21 | S/2 N/2, S/2 SW/4, SW/4 SE/4 | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #234 SAN JUAN 32-8 UNIT #235 SAN JUAN 32-8 UNIT #240 SAN JUAN 32-8 UNIT #241 SAN JUAN 32-8 UNIT #242 SAN JUAN 32-8 UNIT #249 | | | | | | |
| SF-079047 | T31N R8W | 880.00 | | TRACT: 008 | | | 6.940101 |
| SEC. 11 | S/2 NW/4, SW/4 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 14 | W/2 | | ROYALTY: | | 12.500000 | 12.500000 | |
| SEC. 23 | W/2 | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #238 SAN JUAN 32-8 UNIT #243 SAN JUAN 32-8 UNIT #245 | | | | | | |
| SF-079341-A | T32N R8W | 861.20 | | TRACT: 011 | | | 6.791836 |
| SEC. 28 | W/2 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 30 | LOTS 1, 2, 3, 4, E/2 W/2, E/2 | | ROYALTY: | | 12.500000 | 12.500000 | |
| | | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| | REMARKS: SAN JUAN 32-8 UNIT #231 SAN JUAN 32-8 UNIT #233 SAN JUAN 32-8 UNIT #239 | | | | | | |

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|---|--------------------|---|-------------------|--|--|------------------------------------|
| SF-079351 | T31N R8W SEC. 24 LOTS 1-3, 6-16, 33-48, 65-80, 97-112, 129-136 | 383.89 | ORRI: ROYALTY: WORKING INTEREST: PHILLIPS-NEW MEXICO PARTNERS, L.P. | TRACT: 013 | 2.500000 12.500000 85.000000 | 2.500000 12.500000 85.000000 | 3.027540 |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: | SAN JUAN 32-8 UNIT #220 SAN JUAN 32-8 UNIT #206 | | | | | | |
| SF-079353 | T32N R8W SEC. 28 SEC. 33 W/2 | 640.00 | ORRI: ROYALTY: WORKING INTEREST: PHILLIPS-SAN JUAN PARTNERS, L.P. WILLIAMS PRODUCTION COMPANY | TRACT: 014 | 5.000000 12.500000 67.650000 14.850000 | 5.000000 12.500000 67.650000 14.850000 | 5.047347 |
| REMARKS: | SAN JUAN 32-8 UNIT #230 SAN JUAN 32-8 UNIT #250 | | | | | | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| SF-079380 | T32N R8W SEC. 23 ALL | 640.00 | ORRI: ROYALTY: WORKING INTEREST: PHILLIPS-NEW MEXICO PARTNERS, L.P. BURLINGTON RESOURCES O&G CO CBP SAN JUAN LIMITED PARTNERSHIP | TRACT: 015 | 5.000000 12.500000 55.000688 15.465614 12.033698 | 5.000000 12.500000 55.000688 15.465614 12.033698 | 5.047347 |
| REMARKS: | SAN JUAN 32-8 UNIT #37 SAN JUAN 32-8 UNIT #41 | | | | | | |
| | TOTAL | | | | 100.000000 | 100.000000 | |

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|----------------------------------|------------------------|--------------------|------------------------------------|------------------|------------|-------------------------|---------------------------------|
| SF-079381 | T32N R8W | 1920.00 | | TRACT: 016 | | | 15.142039 |
| SEC. 25 | E/2 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 33 | E/2 | | ROYALTY: | | 12.500000 | 12.500000 | |
| SEC. 34 | ALL | | WORKING INTEREST: | | | | |
| SEC. 35 | ALL | | PHILLIPS-NEW MEXICO PARTNERS, L.P. | | 55.000688 | 55.000688 | |
| | | | BURLINGTON RESOURCES O&G CO | | 15.465614 | 15.465614 | |
| | | | CBP SAN JUAN LIMITED PARTNERSHIP | | 12.033698 | 12.033698 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #36 | | | | | | | |
| SAN JUAN 32-8 UNIT #203 | | | | | | | |
| SAN JUAN 32-8 UNIT #204 | | | | | | | |
| SAN JUAN 32-8 UNIT #205 | | | | | | | |
| SAN JUAN 32-8 UNIT #218 | | | | | | | |
| SAN JUAN 32-8 UNIT #219 | | | | | | | |
| SF-079717 | T32N R8W | 120.00 | | TRACT: 017 | | | 0.946377 |
| SEC. 27 | W/2 SW/4, SE/4 SW/4 | | ORRI: | | 5.000000 | 5.000000 | |
| | | | ROYALTY: | | 12.500000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 67.650000 | 67.650000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | 14.850000 | 14.850000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #202 | | | | | | | |
| NM-84809 | T32N R8W | 200.00 | | TRACT: 018 | | | 1.577296 |
| SEC. 27 | NW/4, NE/4 SW/4 | | ORRI: | | 2.500000 | 2.500000 | |
| | | | ROYALTY: | | 12.500000 | 12.500000 | |
| | | | WORKING INTEREST: | | | | |
| | | | PHILLIPS-NEW MEXICO PARTNERS, L.P. | | 85.000000 | 85.000000 | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #202 | | | | | | | |

EFFECTIVE 95/08/01

PHILLIPS PETROLEUM COMPANY
 SCHEDULE XXI
 THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
 SAN JUAN 32-8 UNIT AREA

DATE 12/10/95

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|---|--|--------------------|----------------------------------|-------------------|------------|-------------------------|---------------------------------|
| SF-080854 | | 952.76 | | TRACT: 019 | | | 7.513922 |
| SEC. 11 | N/2 NW/4, E/2 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 14 | E/2 | | ROYALTY: | | 12.500000 | 12.500000 | |
| SEC. 24 | LOTS 4, 5, 17-32, 49-64, 81-96, 113-128 | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #220 SAN JUAN 32-8 UNIT #243 SAN JUAN 32-8 UNIT #244 SAN JUAN 32-8 UNIT #248 | | | | | | | |
| SF-081089 | | 320.00 | | TRACT: 020 | | | 2.523673 |
| SEC. 23 | E/2 | | ORRI: | | 5.000000 | 5.000000 | |
| | | | ROYALTY: | | 12.500000 | 12.500000 | |
| | | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #237 | | | | | | | |
| NM-03402 | | 840.00 | | TRACT: 021 | | | 6.624642 |
| SEC. 15 | SW/4, SW/4 SE/4 | | ORRI: | | 5.000000 | 5.000000 | |
| SEC. 22 | ALL | | ROYALTY: | | 12.500000 | 12.500000 | |
| | | | WORKING INTEREST: | | 67.650000 | 67.650000 | |
| | | | PHILLIPS-SAN JUAN PARTNERS, L.P. | | 14.850000 | 14.850000 | |
| | | | WILLIAMS PRODUCTION COMPANY | | | | |
| | | | TOTAL | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #207 SAN JUAN 32-8 UNIT #225 SAN JUAN 32-8 UNIT #226 SAN JUAN 32-8 UNIT #236 | | | | | | | |

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|---|--|--------------------|------------|------------------|------------|-------------------------|---------------------------------|
| E-1204-3 | T31N R8W SEC. 16 NW/4 NE/4, SE/4 NE/4, N/2 SE/4 NW/4, NE/4 SW/4, SW/4 SW/4 | 400.00 | TRACT: 024 | | | | 3.154592 |
| | ORRI: | | | | 5.000000 | 5.000000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | FOUR STAR OIL & GAS COMPANY | | | | 67.650000 | 67.650000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 14.850000 | 14.850000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #227 SAN JUAN 32-8 UNIT #228 | | | | | | | |
| E-3704-2 | T31N R8W SEC. 16 SW/4 SE/4 | 40.00 | TRACT: 026 | | | | 0.315459 |
| | ORRI: | | | | 5.000000 | 5.000000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 67.650000 | 67.650000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 14.850000 | 14.850000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #228 | | | | | | | |
| E-3868-3 | T31N R8W SEC. 16 SW/4 NE/4 | 40.00 | TRACT: 028 | | | | 0.315459 |
| | ORRI: | | | | 5.000000 | 5.000000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 67.650000 | 67.650000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 14.850000 | 14.850000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: SAN JUAN 32-8 UNIT #226 | | | | | | | |

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|----------------------------------|--------------------|-----------|------------------|------------|-------------------------|---------------------------------|
| E-5113-70 | T31N R8W NW/4 SW/4 | 40.00 | | TRACT: 031 | | | 0.315459 |
| | ORRI: | | | | 6.000000 | 6.000000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 66.830000 | 66.830000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 14.670000 | 14.670000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: | SAN JUAN 32-8 UNIT #227 | | | | | | |
| E-5382 | T31N R8W NE/4 NE/4 | 40.00 | | TRACT: 034 | | | 0.315459 |
| | ORRI: | | | | 0.000000 | 0.000000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | FOUR STAR OIL & GAS COMPANY | | | | 87.500000 | 87.500000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: | SAN JUAN 32-8 UNIT #228 | | | | | | |
| B-11240-71 | T31N R8W SE/4 SW/4 | 40.00 | | TRACT: 038 | | | 0.315459 |
| | ORRI: | | | | 2.500000 | 2.500000 | |
| | ROYALTY: | | | | 12.500000 | 12.500000 | |
| | WORKING INTEREST: | | | | | | |
| | PHILLIPS-SAN JUAN PARTNERS, L.P. | | | | 69.700000 | 69.700000 | |
| | WILLIAMS PRODUCTION COMPANY | | | | 15.300000 | 15.300000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |
| REMARKS: | SAN JUAN 32-8 UNIT #227 | | | | | | |

DATE 12/10/95

PHILLIPS PETROLEUM COMPANY
SCHEDULE XXI
THE 020 EXPANDED PARTICIPATING AREA FOR FRUITLAND COAL FORMATION
SAN JUAN 32-8 UNIT AREA

| SERIAL NUMBER | DESCRIPTION | NUMBER OF ACRES | OWNERSHIP | DRILLING BLOCK | PERCENTAGE | PERCENTAGE COMMITTED | PERCENT ACTUAL PARTICIPATION |
|------------------|---|--------------------|-----------|-------------------|------------------------|-------------------------|---------------------------------|
| B-11240-70 | T31N R8W SEC. 16 1/4 SE/4 SE/4 | 40.00 | | TRACT: 038A | 5.000000 12.500000 | 5.000000 12.500000 | 0.315459 |
| | ORRI: ROYALTY: WORKING INTEREST: PHILLIPS-SAN JUAN PARTNERS, L.P. WILLIAMS PRODUCTION COMPANY | | | | 67.650000 14.850000 | 67.650000 14.850000 | |
| | TOTAL | | | | 100.000000 | 100.000000 | |

REMARKS: SAN JUAN 32-8 UNIT #228

TOTAL 12679.93 100.000000



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

November 6, 1996

Assistant District Manager, Minerals
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Floyd O. Prando
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

State Of New Mexico
Oil Conservation Division
Attn: Mr. William J. LeMay
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

**RE: SAN JUAN 32-8 UNIT
#14-08-001-446
COMMERCIAL DETERMINATION
FRUITLAND FORMATION
SAN JUAN 32-8 UNIT #249 WELL
SAN JUAN COUNTY, NM
GF-5465**

Gentlemen:

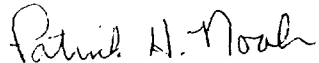
Pursuant to the provisions of Section 11(a) of the San Juan 32-8 Unit Agreement, #14-08-001-446, approved January 13, 1953, Phillips Petroleum Company ("Phillips"), as Operator, submitted determinations for various wells. Included in these wells was the San Juan 32-8 Unit #249 well, which was deemed a non-paying well per BLM letter dated March 16, 1995. Due to a significant change in circumstances, Phillips Petroleum Company, as Operator, requests that the #249 well be re-evaluated for determination as a paying well.

SAN JUAN 32-8 UNIT
COMMERCIAL DETERMINATION
NOVEMBER 6, 1996
PAGE 2

The San Juan 32-8 Unit #249 well was completed August 16, 1991. When the well was originally submitted for determination in November, 1994 it produced at a rate of approximately 40 Mcf/day. Production has currently increased to nearly 600 Mcf/day. Several factors have contributed to this sharp increase in production. First, line pressures have dropped from an average of 300 psi to 130 psi. Second, our lease operator has opened the well's choke from 16/64" to full open. Finally, the dewatering and relative permeability to gas of coal reservoirs allow for significant increases in gas production.

Please review the information included with this letter and confirm the #249 well a paying well. Copies of this submittal are being sent to the working interest owners in the attached sheet.

Very truly yours,



Patrick H. Noah
Senior Land Specialist
San Juan Basin
(505) 599-3410

cc: w/o K.L. Czirr (r)S.C. Helton
w/attach. - S.J. 32-8 Unit Owners
- J.L. Mathis (r)GF-5465

**SAN JUAN 32-8 UNIT
FRUITLAND FORMATION PARTICIPATING AREA**

WILLIAMS PRODUCTION COMPANY

FOUR STAR OIL & GAS COMPANY

MERIDIAN OIL PRODUCTION INC.

CBP SAN JUAN LIMITED PARTNERSHIP

WINTERGREEN ENERGY CORP.

SUZANNA P. KELLY

CHARLES E. KELLY

ANDREW B. KELLY, JR.

SUSANNA P. KELLY, JR.

PHILLIPS-SAN JUAN PARTNERS, L.P.

PHILLIPS-NEW MEXICO PARTNERS, L.P.

BURLINGTON RESOURCES OIL & GAS COMPANY

**San Juan 32-8 Unit #249
Basin Fruitland Coal
E/2 Section 3-T31N-R8W
Rio Arriba County, New Mexico**

Date of Commericality Submittal: _____

| | | | |
|--|-------------------|--------------|----------|
| <u>Total Well Costs:</u> | <u>304,546</u> | | |
| <u>Production Taxes & Royalty:</u> | <u>20.442175%</u> | BLM | 12.50 |
| | | Severance | 3.750000 |
| | | School | 4.000000 |
| | | Conservation | 0.180000 |
| | | Ad Valorem | 0.012175 |

| | |
|------|----------|
| 1996 | 1.32/MCF |
|------|----------|

| <u>Year</u> | <u>Gas (MMCF)</u> | <u>*Operating Expenses (\$)</u> |
|--------------|-------------------|---------------------------------|
| 1995 (12/95) | 11.008 (actual) | 1,199 (actual) |
| 1996 | 188 | 24,407 |
| 1997 | 185 | 24,407 |
| 1998 | 161 | 24,407 |
| 1999 | 141 | 24,407 |
| 2000 | 125 | 24,407 |
| 2001 | 111 | 24,407 |
| 2002 | 100 | 24,407 |
| 2003 | 90 | 24,407 |
| 2004 | 82 | 24,407 |
| 2005 | 74 | 24,407 |
| 2006 | 68 | 24,407 |
| 2007 | 62 | 24,407 |
| 2008 | 57 | 24,407 |
| 2009 | 53 | 24,407 |

*** Effective date of significant increase in monthly production.

SAN JUAN 32-8 UNIT #249

The San Juan 32-8 Unit #249 was initially reviewed by Phillips Petroleum Company during September, 1994 and with the provided information deemed non-paying by the BLM. At the time Phillips was reviewing the subject well for commerciality determination, S.J. 32-8 #249 had an average production rate of only 40 MCFD. As a result of the poor current and historical production at the time of review, this well was not able to meet BLM's guidelines for commercial status. However, production started to significantly increase during December, 1995 (effective date). In fact, current production (09/19/96) is 578 MCFD. Three factors have contributed to the significant increase in monthly production. First, line pressures have dropped from an average of 300 psi to 130 psi. Second, our lease operator has opened the well's choke from 16"/64" to full open. Finally, the dewatering and relative permeability to gas of coal reservoirs allow for significant increases in gas production.

7/93-8/96

Current Cums

INITIAL PROD / MNTH : 1.0
REMAINING LIFE : 3.17

190954. MCF GAS

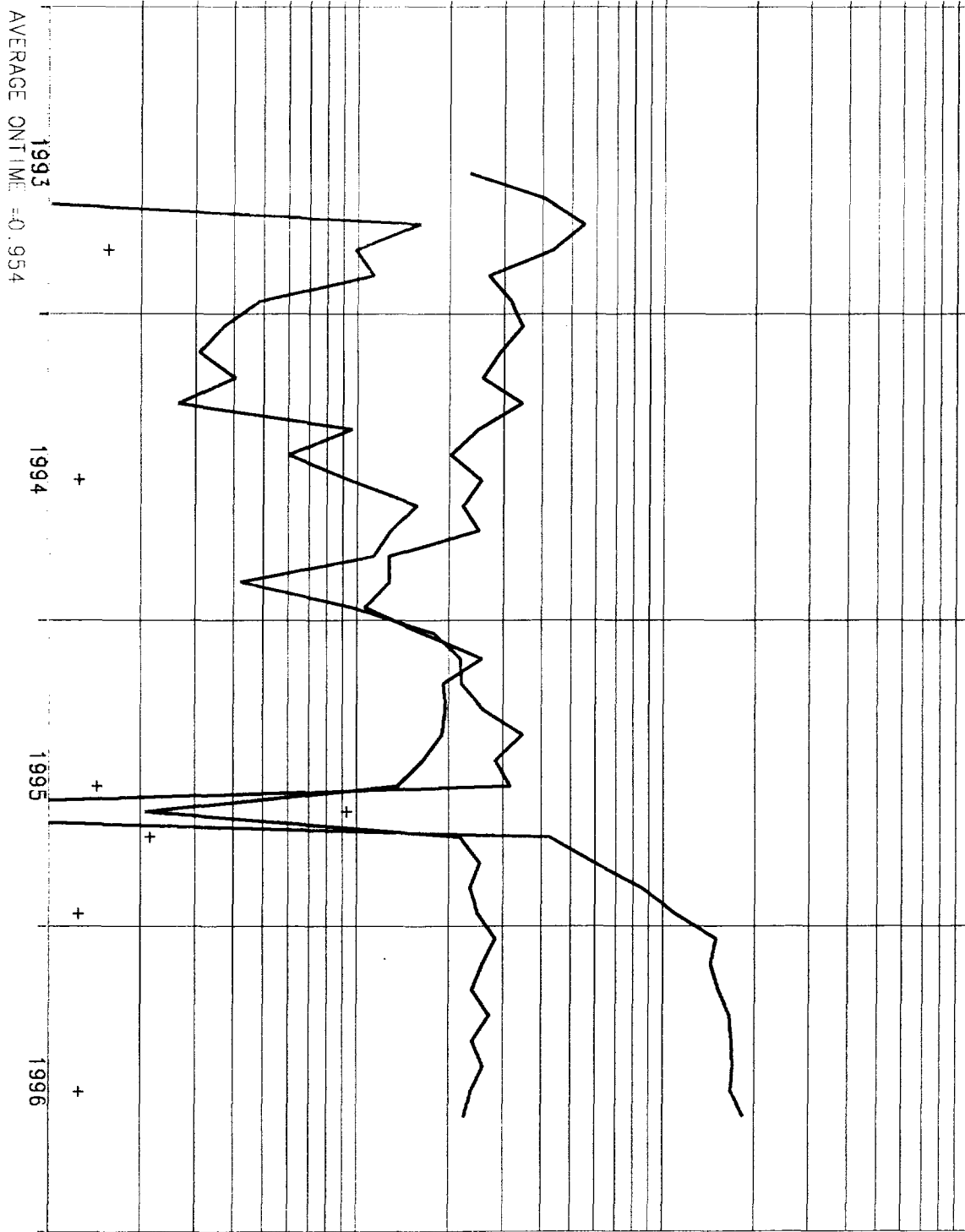
92274. BBL WTR

CUM PRODUCTION : 190954.
FINAL PROD / MNTH : 18089.2

0.0 DOWNTIME FRACT. + 1.0

GAS (MCF/MNTH)

10² 10³ 10⁴ 10⁵



AVERAGE DOWNTIME = 0.954

LEASE- 650236: SAN JUAN 32-8 UNIT #249
RESVR- 001: BASIN
CUM MCF = 190953.
FRUITLAND COAL

LSERES-650236001

THRU 96/08

10² 10³ 10⁴ 10⁵

WTR (BBL/MNTH)

ILLEGIBLE

CASE : CD 32-8 #249 ** ECONOMICS CASE SUMMARY **
 DESCRIPTION: COMMERCIALITY DETERMINATION WORKING INT : 100.000%
 CASE REVENUE INT : 79.558% OIL REV INT : 79.558% GAS REV INT : 79.558%
 CASE LIFE -FIRST MO-YR : 12-1995 PROD MO-YR : 12-1995 LAST YEAR : 2009

MEASURES OF MERIT

AARR (%) : 42.3
 BREAKEVEN POINT (YRS.) : 2.3
 PAYOUT (YRS.) : 2.3
 NTER : 2.9
 ECONOMIC LIFE (YRS.) : 14.1

RESERVES SUMMARY

OIL-GROSS MBBLS :
 NET MBBLS :
 NET REVENUE (M\$) :
 BBL/DAY TO PAYOUT:
 GAS_GROSS MMCF : 1508.0
 NET MMCF : 1199.7
 NET REVENUE (M\$) : 1583.7
 MCF/DAY TO PAYOUT: 499.0

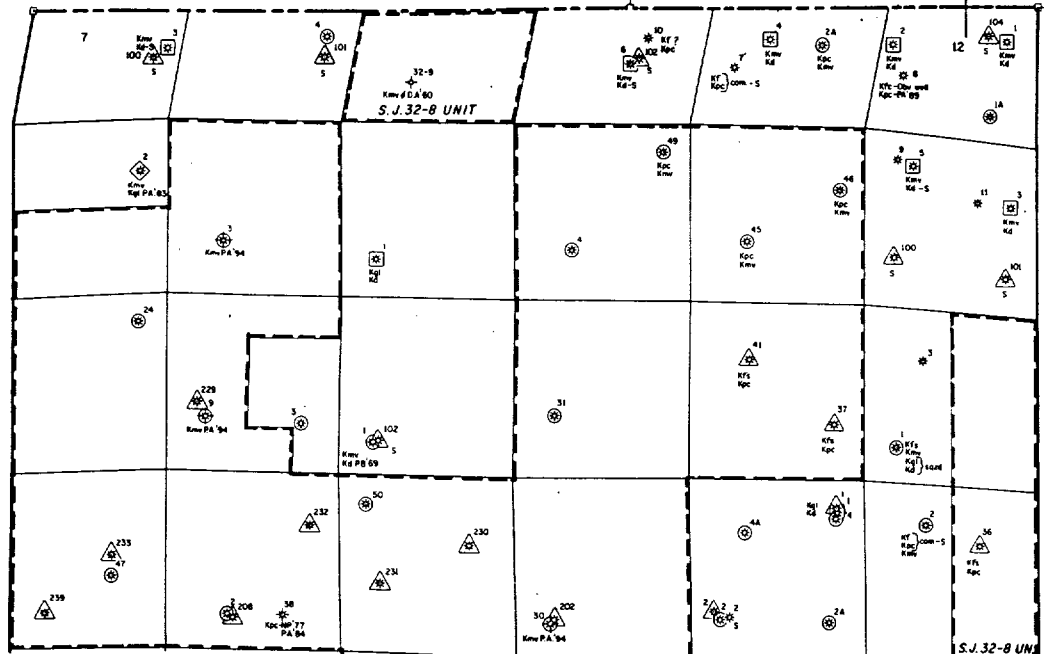
PRESS "ENTER" TO CONTINUE...

NET CASH FLOW SUMMARY (M\$)

CAPITAL OUTLAY : 304.5
 TOTAL REVENUE : 1583.7
 TOTAL EXPENSES : 342.9
 IBRT : 1240.8
 CURRENT INCOME TAX : 365.1
 SALVAGE :
 CASH RETURNED : 875.6
 CASH FLOW : 571.1
 NET PRESENT VALUE (M\$) P.I.
 @ 13.0 %: 240.2 1.79
 @ 6.0 %: 379.8 2.25
 @ 8.0 %: 333.0 2.09
 @ 10.0 %: 292.2 1.96

GOWEE_CASE_SUM

R-8-W



T
32
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PRODUCING INTERVAL

| | |
|------------------------------------|-----|
| ARMINGTON | Kfm |
| KIRTLAND | Kk |
| FRUITLAND | Kf |
| PICTURED CLIFFS | Kpc |
| CHACRA | Kc |
| LA VENTANA | Klv |
| MESAVERDE | Kmv |
| GALLUP | Kg |
| CANOTA | Kc |
| ALL PRODUCTION BELOW CRETACEOUS | |

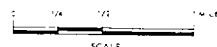
| | |
|--------------|-----|
| ENTRADA | Kt |
| PARADISE | Kp |
| BARKER CREEK | Kbc |
| LEADVILLE | Kl |

| | |
|---------------|-----|
| CLIFFHOUSE | Kch |
| MENEFEE | Km |
| POINT LOOKOUT | Kpl |
| TOTOO | Kt |
| GREENHORN | Kgn |



PHILLIPS PETROLEUM COMPANY
FARMINGTON AREA

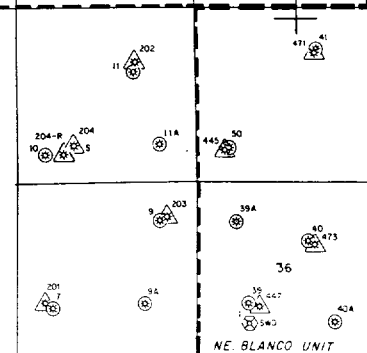
S. J. 32-8 UNIT
San Juan County, New Mexico



GEORGE R. HAWKINS

Jan 15 1996

T
31
N



SWD AND GATHERING SYSTEM COSTS

The SWD facility and gathering system costs were allocated equally back to each well in the unit. The allocated costs were then charged against the well by including them in the operating cost in the fifteen year forecast.

**San Juan 32-8 Unit #249
Basin Fruitland Coal
E/2 Section 3-T31N-R8W
Rio Arriba County, New Mexico**

Date of Commericality Submittal: _____

| | | | |
|--|-------------------|--------------|----------|
| <u>Total Well Costs:</u> | <u>304,546</u> | | |
| <u>Production Taxes & Royalty:</u> | <u>20.442175%</u> | BLM | 12.50 |
| | | Severance | 3.750000 |
| | | School | 4.000000 |
| | | Conservation | 0.180000 |
| | | Ad Valorem | 0.012175 |

1996 1.32/MCF

| <u>Year</u> | <u>Gas (MMCF)</u> | <u>*Operating Expenses (\$)</u> |
|--------------|-------------------|---------------------------------|
| 1995 (12/95) | 11,008 (actual) | 1,199 (actual) |
| 1996 | 188 | 24,407 |
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| 2003 | 90 | 24,407 |
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| 2007 | 62 | 24,407 |
| 2008 | 57 | 24,407 |
| 2009 | 53 | 24,407 |

*** Effective date of significant increase in monthly production.

SAN JUAN 32-8 UNIT #249

The San Juan 32-8 Unit #249 was initially reviewed by Phillips Petroleum Company during September, 1994 and with the provided information deemed non-paying by the BLM. At the time Phillips was reviewing the subject well for commerciality determination, S.J. 32-8 #249 had an average production rate of only 40 MCFD. As a result of the poor current and historical production at the time of review, this well was not able to meet BLM's guidelines for commercial status. However, production started to significantly increase during December, 1995 (effective date). In fact, current production (09/19/96) is 578 MCFD. Three factors have contributed to the significant increase in monthly production. First, line pressures have dropped from an average of 300 psi to 130 psi. Second, our lease operator has opened the well's choke from 16"/64" to full open. Finally, the dewatering and relative permeability to gas of coal reservoirs allow for significant increases in gas production.

7/93-8/96

Current Cums

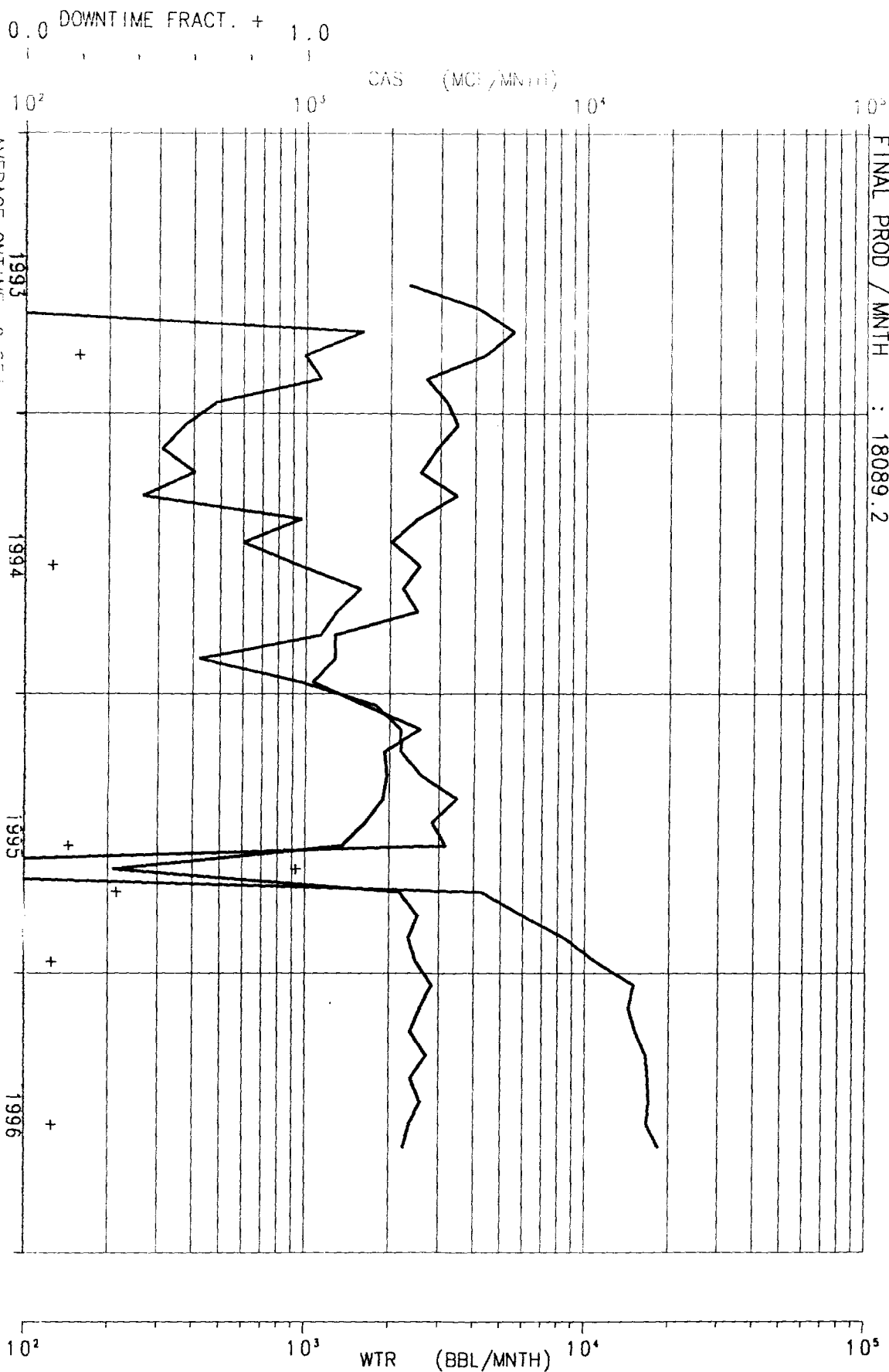
INITIAL PROD / MNTH : 1.0
REMAINING LIFE : 3.17

190954. MCF GAS

0.00

92274. BBL WTR

CUM PRODUCTION : 190954.
FINAL PROD / MNTH : 18089.2



LEASE-
RESVR-

650236 : SAN JUAN 32-8 UNIT #249

FRUITLAND COAL

LSERES-650236001

CUM MCF = 190953.

THRU 96/08

M2Y60-02 PRODUCTION HISTORY FOR WELLZONE F8A6001 DATE: 10/01/96
USERK: SCHELTO

PROPERTY: 650236 - SAN JUAN 32-8 UNIT #249
WELL NO: 000249 RESVR: FRUITLAND COAL
WELL: 1 OF 1

| DATE | | DAYS | | DAYS | | ST | CL | TY | RESVR | OIL PRODUCTION | GAS PRODUCTION | WATER PRODUCTION |
|--------------|----|-------|------|------|------|-------|-------|-------|-------|-------------------|-------------------|---------------------|
| 199501 | 31 | OPER | PROD | 31 | 1.00 | | | | | | | |
| 199501 | 31 | 31.00 | 31 | 11 | 03 | 2 | 20001 | 0.00 | 1733 | 1625 | | |
| 199502 | 28 | 28.00 | 11 | 03 | 2 | 20001 | 0.00 | 1958 | 1958 | | | |
| 199503 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 2179 | 1956 | | | |
| 199504 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 2489 | 1923 | | | |
| 199505 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 3461 | 1936 | | | |
| 199506 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 2730 | 1624 | | | |
| 199507 | 26 | 26.00 | 11 | 03 | 2 | 20001 | 0.00 | 3200 | 1403 | | | |
| 199508 | 01 | 1.00 | 11 | 03 | 2 | 20001 | 0.00 | 6 | 208 | | | |
| 199509 | 20 | 20.00 | 11 | 03 | 2 | 20001 | 0.00 | 4027 | 2101 | | | |
| 199510 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 6031 | 2603 | | | |
| 199511 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 8002 | 2266 | | | |
| 199512 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 11008 | 2569 | | | |
| YEARLY TOTAL | | | | | | | | | | 46824 | 22576 | |
| | | | | | | | | | | | | |
| 199601 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 14536 | 2835 | | | |
| 199602 | 29 | 29.00 | 11 | 03 | 2 | 20001 | 0.00 | 12862 | 2372 | | | |
| 199603 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 15115 | 2424 | | | |
| 199604 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 15932 | 2671 | | | |
| 199605 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 16715 | 2438 | | | |
| 199606 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 16310 | 2544 | | | |
| 199607 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 16775 | 2437 | | | |
| 199608 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 17976 | 2245 | | | |
| YEARLY TOTAL | | | | | | | | | | 126221 | 19965 | |

| | | | |
|-------------------------|------|--------|-------|
| FSA6001 SELECTION TOTAL | 0.00 | 173045 | 42542 |
|-------------------------|------|--------|-------|

| F8A6001 LIFE CUMULATIVE | 0.00 | 186188 | 92275 |
|-------------------------|------|--------|-------|
|-------------------------|------|--------|-------|

CASE : CD 32-8 #249 ** ECONOMICS CASE SUMMARY **

DESCRIPTION: COMMERCIALITY DETERMINATION

WORKING INT : 100.000%

CASE REVENUE INT : 79.558% OIL REV INT : 79.558%

GAS REV INT : 79.558%

CASE LIFE -FIRST MO-YR : 12-1995

PROD MO-YR : 12-1995

LAST YEAR : 2009

MEASURES OF MERIT

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PAYOUT (YRS.) : 2.3
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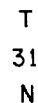
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PRESS "ENTER" TO CONTINUE...

GOWEE_CASE_SUM

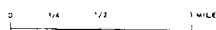
R-8-W



| | | | |
|----|------------------------------------|-----|---|
| 1 | ARMINGTON | KRM | |
| 2 | CURTLAND | KA | |
| 3 | FRUITLAND | KF | |
| 4 | PICTURED CLIFFS | KPC | |
| 5 | SHACAHA | KS | |
| 6 | LA VENTANA | KLV | |
| 7 | MESAVERDE | KMY | { KCH CLIFFHOUSE KM MENEFEE KPI POINT LOOKOUT } |
| 8 | GALLUP | KGI | |
| 9 | DAROTA | KG | { K1 TOOTO KGH GREENHORN } |
| 10 | ALL PRODUCTION BELOW CRETACEOUS | HP | - ENTRADA - PARADISE - BARBER CREEK - LEADVILLE |

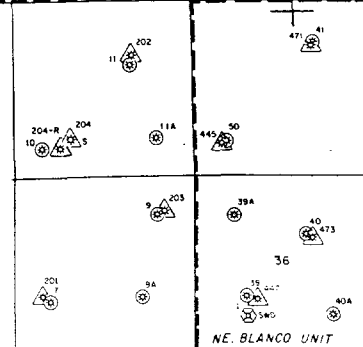


S. J. 32-8 UNIT
San Juan County, New Mexico



Geol.: H. HAWKS

Jan. 15 1996



SWD AND GATHERING SYSTEM COSTS

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**San Juan 32-8 Unit #249
Basin Fruitland Coal
E/2 Section 3-T31N-R8W
Rio Arriba County, New Mexico**

Date of Commerciality Submittal: _____

| | | |
|--|------------|-----------------------|
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| | |
|------|----------|
| 1996 | 1.32/MCF |
|------|----------|

| <u>Year</u> | <u>Gas (MMCF)</u> | <u>*Operating Expenses (\$)</u> |
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*** Effective date of significant increase in monthly production.

SAN JUAN 32-8 UNIT #249

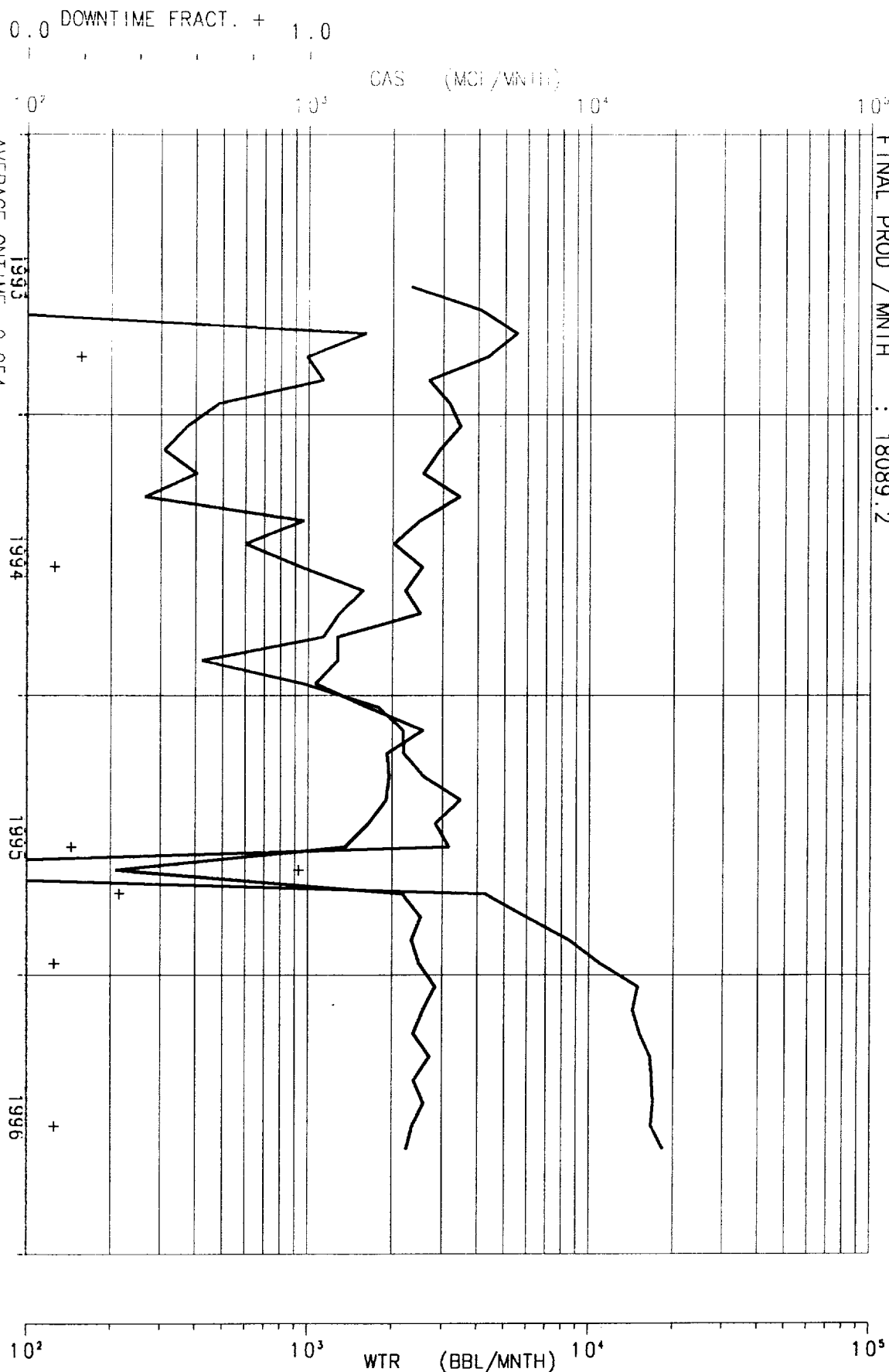
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7/93-8/96

INITIAL PROD / MNTH : 1.0
 REMAINING LIFE : 3.17

CUM PRODUCTION : 190954.
 FINAL PROD / MNTH : 18089.2

Current Cums
 190954. MCF GAS
 92274. BBL WTR



AVERAGE DOWNTIME = 0.954

LFASE- 650236 : SAN JUAN 32-8 UNIT #249
 RTSVR- 001 : BASIN FRUITLAND COAL
 CUM MCF = 190953.

LSERES-650236001

THRU 96/08

ILLEGIBLE

M2Y60-02
PRODUCTION HISTORY FOR WELLZONE F8A6001
DATE: 10/01/96
USER: SHELATO

PROPERTY: 650236 - SAN JUAN 32-8 UNIT #249
WELL NO: 000249
RESV: FRUITLAND COAL

WELL: 1 OF 1

| DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | | DAYS | |
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| | | | | | | | | | |
|--------------|----|-------|----|----|---|-------|------|--------|-------|
| 199601 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 14536 | 2835 |
| 199602 | 29 | 29.00 | 11 | 03 | 2 | 20001 | 0.00 | 12862 | 2372 |
| 199603 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 15115 | 2424 |
| 199604 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 15932 | 2671 |
| 199605 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 16715 | 2438 |
| 199606 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 16310 | 2544 |
| 199607 | 30 | 30.00 | 11 | 03 | 2 | 20001 | 0.00 | 16775 | 2437 |
| 199608 | 31 | 31.00 | 11 | 03 | 2 | 20001 | 0.00 | 17976 | 2245 |
| YEARLY TOTAL | | | | | | | | 126221 | 19966 |
| | | | | | | | | 0.00 | 19966 |

F8A6001 SELECTION TOTAL
42542

F8A6001 LIFE CUMULATIVE
92275

CASE : CD 32-8 #249 ** ECONOMICS CASE SUMMARY **

DESCRIPTION: COMMERCIALITY DETERMINATION

WORKING INT : 100.000%

CASE REVENUE INT : 79.558% OIL REV INT : 79.558%

GAS REV INT : 79.558%

CASE LIFE -FIRST MO-YR : 12-1995

PROD MO-YR : 12-1995

LAST YEAR : 2009

MEASURES OF MERIT

AARR (%) : 42.3
BREAKEVEN POINT (YRS.) : 2.3
PAYOUT (YRS.) : 2.3
NTER : 2.9
ECONOMIC LIFE (YRS.) : 14.1

RESERVES SUMMARY

OIL-GROSS MBBLS :
NET MBBLS :
NET REVENUE (M\$) :
BBL/DAY TO PAYOUT:
GAS GROSS MMCF : 1508.0
NET MMCF : 1199.7
NET REVENUE (M\$) : 1583.7
MCF/DAY TO PAYOUT: 499.0

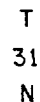
NET CASH FLOW SUMMARY (M\$)

CAPITAL OUTLAY : 304.5
TOTAL REVENUE : 1583.7
TOTAL EXPENSES : 342.9
IBRT : 1240.8
CURRENT INCOME TAX : 365.1
SALVAGE :
CASH RETURNED : 875.6
CASH FLOW : 571.1
NET PRESENT VALUE (M\$) P.I.
@ 13.0 %: 240.2 1.79
@ 6.0 %: 379.8 2.25
@ 8.0 %: 333.0 2.09
@ 10.0 %: 292.2 1.96

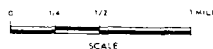
PRESS "ENTER" TO CONTINUE...

GOWEE_CASE_SUM

R-8-W
R-7-W

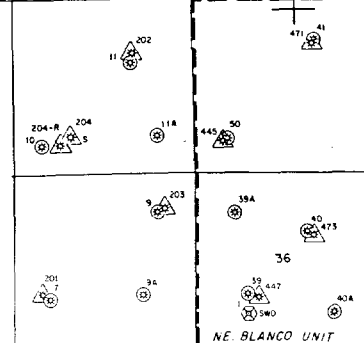
[illegible]

S. J. 32-8 UNIT
San Juan County, New Mexico



Geol., R. HAWKS

Jan. 15 1996



SWD AND GATHERING SYSTEM COSTS

The SWD facility and gathering system costs were allocated equally back to each well in the unit. The allocated costs were then charged against the well by including them in the operating cost in the fifteen year forecast.



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

March 19, 1996

(505) 827-5760
FAX (505) 827-5766

Phillips Petroleum Company
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401

Attn: Mr. Patrick H. Noah

Re: 1996 Plan of Development
San Juan 32-8 Unit
Rio Arriba County, New Mexico

Dear Mr. Noah:

The Commissioner of Public Lands has this date approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.


The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:


LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

cc: Reader File

Commissioner's File

OCD

TRD

BLM



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

March 12, 1996

Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, NM 87401

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87501-1148

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

Re: San Juan 32-8 Unit
#14-08-001-446
Rio Arriba County, New Mexico
1996 Plan of Development
G.F.-5465

Gentlemen:

By letter dated March 3, 1995 Phillips Petroleum Company ("Phillips"), as Unit Operator, filed the 1995 Initial Plan of Development ("POD"). The POD indicated that the following wells were proposed for possible drilling in 1995:

| <u>Well Number</u> | <u>Location</u> | <u>Formation</u> |
|--------------------|-----------------|-----------------------|
| San Juan 32-8 #246 | Fruitland Coal | S/2 Section 18-32N-8W |
| San Juan 32-8 #247 | Fruitland Coal | W/2 Section 19-32N-8W |
| San Juan 32-8 #251 | Fruitland Coal | W/2 Section 17-32N-8W |
| San Juan 32-8 #252 | Fruitland Coal | E/2 Section 19-32N-8W |

None of the above wells were drilled in 1995. These wells will not be carried over to the 1996 POD.

The Participating Areas which have been established in the San Juan 32-8 Unit are as follows:

| <u>Formation</u> | <u>Revision</u> | <u>Effective</u> |
|------------------|-----------------|-------------------|
| Fruitland Coal | Twentieth | November 1, 1992 |
| Pictured Cliffs | First | January 1, 1983 |
| Mesaverde | Nineteenth | July 1, 1983 |
| Dakota | Initial | February 10, 1982 |

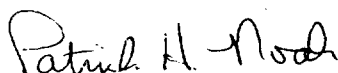
Pursuant to Section 10 of the San Juan 32-8 Unit Agreement, Phillips, as Unit Operator, hereby submits no wells for the 1996 POD. The San Juan 32-8 Unit working interest owners have been contacted with respect to this POD and are being provided with a copy of this letter.

San Juan 32-8 Unit
#14-08-001-446
Rio Arriba County, New Mexico
1996 Plan of Development
G.F.-5465
March 12, 1996
Page 2

Phillips Petroleum Company, as Unit Operator, will drill any wells that may be required to prevent drainage and any other wells deemed necessary or requested by the Unit Working Interest Owners under the terms and provisions of the Unit Operating Agreement.

Per Section 10 of the Unit Agreement, please confirm your approval of this POD by signing in the appropriate space below and returning an executed copy to my attention.

Respectfully,



Patrick H. Noah
Senior Land Specialist
San Juan Basin
(505) 599-3410

SAN JUAN 32-8 UNIT #14-08-001-446
1996 INITIAL PLAN OF DEVELOPMENT

BUREAU OF LAND MANAGEMENT

DATE

NEW MEXICO
COMMISSIONER OF PUBLIC LANDS

DATE



NEW MEXICO
OIL CONSERVATION DIVISION

3/15/96

DATE

cc: San Juan 32-8 Owners
J.L. Mathis (r)G.F.-5465
C.D. Richard (r)local supervisors

**SAN JUAN 32-8 UNIT
WORKING INTEREST OWNERS**

Cinco General Partnership

Suzanna P. Kelly

Dr. Andrew B. Kelly

Dr. Charles E. Kelly

Susanna Phillips Kelly, Jr.

Meridian Oil Production Inc.

Phillips Petroleum Company

Phillips-San Juan Partners, L.P.

Texaco Exploration & Production Inc.

Williams Production Company

Wintergreen Energy Corporation



ST. JOSEPH
RECEIVED

1995 JUL 27 AM 8 52

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

July 24, 1995

Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, New Mexico 87401

Attention: Mr. Patrick H. Noah

Re: San Juan 32-8 Unit
Fruitland Participating Area
20th Expansion
320 Additional Acres
San Juan County, New Mexico

Dear Mr. Noah:

This office is in receipt of your letter of June 19, 1995, requesting approval of the 20th Expansion of the Fruitland Participating Area for the San Juan 32-8 Unit, San Juan County, New Mexico.

The Bureau of Land Management has advised this office of their approval to this expansion by their letter of June 29, 1995.

Please be advised that the Commissioner of Public Lands concurs with the Bureau of Land Management and has this date approved the expansion of the above-mentioned participating area effective as follows:


The 20th Expansion contains 320.00 acres described as the E/2, Section 35-32N-08W and is effective November 1, 1992.

Phillips Petroleum Company
Page 2
July 24, 1995

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Deputy Director
Oil/Gas and Minerals Division
(505) 827-5745

RP/JB/cpm

Enclosure

cc: Reader File

OCD--Attention: Mr. Roy Johnson

TRD--Attention: Mr. Valdean Severson

BLM--Attention: Mr. Duane Spencer



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

OIL CONSERVATION DIVISION
RE: 14-08-001-446

5 7 1 1 1 8 52

July 3, 1995

United States Department of Interior
Bureau of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

State of New Mexico
Commissioner of Public Lands
Attn: Mr. Floyd O. Prando
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

State of New Mexico
Oil Conservation Division
Attn: Mr. William J. Lemay
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: San Juan 32-8 Unit
#14-08-001-446, OGRID No. 099208, 017654
Application for Expansion
Fruitland Participating Area
Twentieth Expansion - Effective 11-01-92
San Juan County, New Mexico
GF-5465, LCN 650251, LCN 651251

Gentlemen:

Further to the application for the San Juan 32-8 Unit Twentieth Expansion of the Fruitland Formation, enclosed please find maps depicting the corresponding participating area and expansions for said unit.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

Kathryn D. Burleson
Sr. Land Aide
Farmington Area