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September 13, 1993

Mr. William J. LeMay
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail, 2nd Floor
Santa Fe, New Mexico 87501

HAND DELIVERED

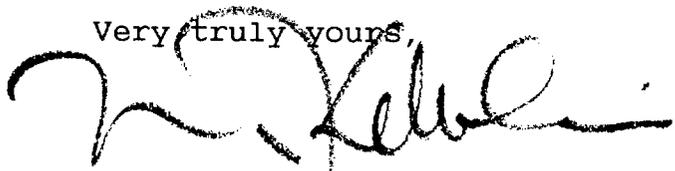
Re: Application of Phillips Petroleum Company
for Approval of its Vacuum Glorieta East Unit
Agreement, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for October 7, 1993.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

WTK/mg
Enclosure

cc: Phillips Petroleum Company
cc: Commissioner of Public Lands
for the State of New Mexico

PROPOSED ADVERTISEMENT

CASE 10815 Application of Phillips Petroleum Company for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of its Vacuum Glorieta East Unit Agreement for an area comprising 4,239.80 acres, more or less, of State lands in portions of Sections 26-34, T17S, R35E and in part of Section 5, T18S, R35E, NMPM which is centered approximately 10 miles southeast from Lovington, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF ITS VACUUM GLORIETA
EAST UNIT, LEA COUNTY, NEW MEXICO

CASE NO.

APPLICATION

Comes now PHILLIPS PETROLEUM COMPANY, by its attorneys,
Kellahin & Kellahin, and applies to the New Mexico Oil Conservation
Division for an order approving its proposed Vacuum Glorieta East
Unit, a voluntary enhanced oil recovery project in the Vacuum Glorieta
Pool, for an area comprising 4239.80 acres, more or less, of State of
New Mexico oil and gas leases in portions of Sections 26-34, T17S,
R35E and in part of Section 5, T18S, R35E, Lea County, New
Mexico, and in support states:

(1) Phillips Petroleum Company, is a Delaware corporation authorized to transact business in the State of New Mexico, and is engaged in the business of, among other things, producing and selling oil and gas.

(2) Phillips Petroleum Company is the proposed operator of a voluntary enhanced oil recovery unit to be called the "Vacuum Glorieta East Unit."

(3) The proposed area for which application is made for unitized operations is known as the "Vacuum Glorieta East Unit" and consists entirely of State of New Mexico oil & gas leases located in Lea County, New Mexico and comprises 4239.80 acres, more or less, identified as the "Unit Area" on Exhibit "A" attached and being the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 26: N/2NW/4; SW/4NW/4; NW/SW/4
Section 27: All
Section 28: E/2; SW/4; E/2NW/4; SW/4NW/4
Section 29: S/2; S/2N/2
Section 30: SE/4; S/2NE/4; E/2SW/4; SE/4NW/4
Section 31: E/2; E/2W/2
Section 32: All
Section 33: N/2; N/2S/2; SW/4SW/4
Section 34: N/2NW/4; SW/4NW/4; NW/4SW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 5: N/2N/2; SW/4NW/4

(4) The "Unitized Formation" shall mean that stratigraphic interval underlying the Unit Area found between the top of the Glorieta formation to the base of the Paddock formation in the Vacuum Glorieta Pool. The top of the Glorieta formation for unitization purposes is defined as all points underlying the Unit Area correlative to the depth of 5,838 feet and the base of the Paddock Formation is defined as all points underlying the Unit Area correlative to the depth of 6,235 feet, both depths as identified on the Schlumberger Sonic Log for the Socony Mobil Bridges State Well No 95, located in the SE/4SE/4 (Unit P) of Section 26, T17S, R34E, NMPM, Lea County, New Mexico.

(5) The Unitized Formation included within the Unit Area has been reasonably defined by development.

(6) Phillips Petroleum Company proposes to institute an enhanced oil recovery project for the secondary recovery of oil and gas from the Unitized Formation within the Unit Area.

(7) The proposed plan of unitization is embodied in the Unit Agreement is fair, reasonable and equitable.

(8) The proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid is embodied in the Unit Operating Agreement.

(9) Phillips Petroleum Company projects that the unitized management, operations and further development of the Unitized Formation within the Unit Area will increase reserves by approximately 16.4 MMSTBO and will improve the producing rate of this reservoir. It is therefore evidence that the unitized management, operations and further development of the Unitized Formation is reasonably necessary in order to effectively carry on enhanced oil recovery operations to substantially increase the ultimate recovery of oil and gas from the Unitized Formation within the Unit Area.

(10) The Unitized Formation within the Unit Area constitutes a reasonable geologic area to be effectively and efficiently developed by enhanced oil recovery operations.

(11) The method of operation which is proposed in the Unit Operating Agreement is feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the Unitized Formation than would otherwise be recovered.

(12) The estimated additional costs of conducting unitized operations will not exceed the estimated value of the additional oil and gas to be recovered plus a reasonable profit.

(13) The proposed unitization and adoption of the methods of operation embodied in the Unit Operating Agreement will benefit the working interest owners and royalty owners of the oil and gas rights within the Unitized Formation of the Unit Area.

(14) Applicant has obtained preliminary approval from the Commissioner of Public Lands of New Mexico for the Unit.

(15) Phillips Petroleum Company has made a good faith effort to secure voluntary unitization within the Unitized Formation of the Unit Area and has obtained the approval of the Unit from a sufficient percentage of the interest owners so that the unit operations will be orderly and efficient and therefore will avoid waste and protect correlative rights.

(16) Applicant has obtained the approval for the unit from a sufficient percentage of the interest owners so that the unit operations will be orderly and uniformly develop the area and therefore will avoid waste and protect correlative rights

(17) The participation formula contained in the Unit Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis, and protects the correlative rights of all owners of interests within the Unit Area.

WHEREFORE, Phillips Petroleum Company requests that this application be set for hearing on October 7, 1993 before the Division's Examiner and that the Division enter its order approving the Unit Agreement and Unit Operating Agreement and providing for the unitized management, operations and further development of the Unitized Formation within the Unit Area in accordance with the Act.

Respectfully submitted,



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