

COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772



State of New Mexico '96 OCT 17 10 0 52
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

11522
PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

October 15, 1996

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Attn: Mr. James S. Welin

Re: Final Approval
State-35 Unit Agreement
Lea County, New Mexico

Dear Mr. Welin:

This office is in receipt of your letter of October 10, 1996, requesting final approval of the State-35 Unit Agreement, Lea County, New Mexico.

The Commissioner of Public Lands has this date granted final approval to the State-35 Unit Agreement, Lea County, New Mexico. Also, approved on this date is your initial plan of operation for the above-mentioned unit area.

Pursuant to Section 22(D) of the State-35 Unit Agreement, the unit will become effective upon submittal of a "Certificate of Effectiveness".

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are five (5) Certificates of Approval. Your filing fee in the amount of thirty (\$30.00) dollars has been received.

Phillips Petroleum Company

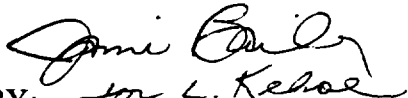
Page 2

October 16, 1996

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: *for L. Kehoe*

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

RP/LK/cpm

Enclosure

cc: Reader File

OCD--Mr. Roy Johnson

TRD--Mr. Valdean Severson

UNIT NAME: STATE-35 UNIT
OPERATOR: PHILLIPS PETROLEUM COMPANY
COUNTY: LEA

DATE	OCC CASE NO.	TOTAL	INDIAN	SEGREGATION		
APPROVED	OCC ORDER NO.	ACREAGE	STATE	FEDERAL FEE	CLAUSE	TERM

EFFECTIVE	11522--R-10599-A	560.00	560.00	0	0	MODIFIED	SO LONG AS
10-16-96	11523--R-10599-B						

APPROVALS:

SLO--10-16-96
OCD--9-27-96

TOWNSHIP 17 SOUTH, RANGE 34 EAST

Section 35: N/2, SE/4, E/2SW/4

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
ATTACHED TO AND MADE A PART OF THAT CERTAIN STATE-35 UNIT AGREEMENT DATED
MAY 1, 1996; PHILLIPS PETROLEUM COMPANY, OPERATOR.

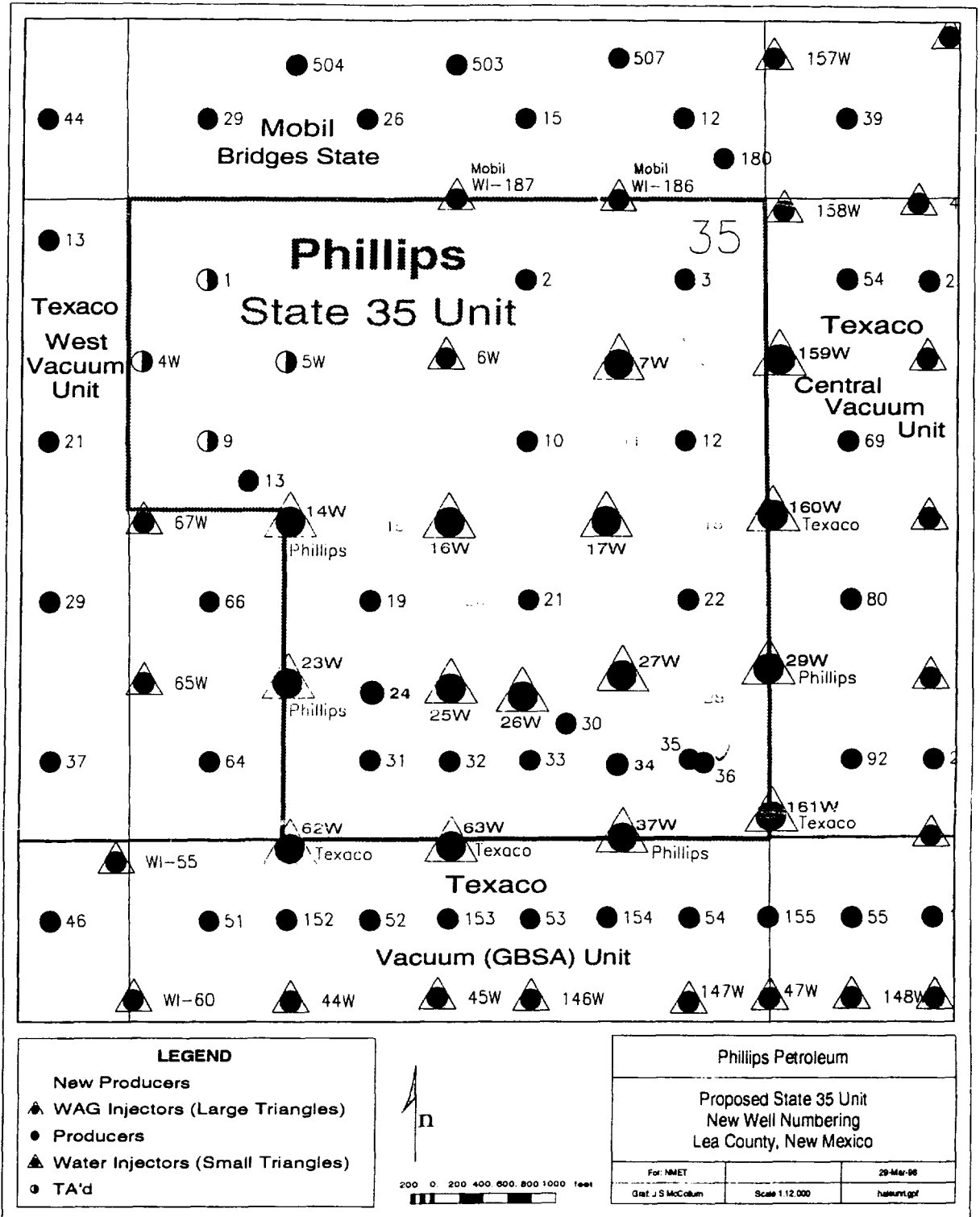
Township 17 South, Range 34 East, NMPM, Lea County, New Mexico

<u>Tract No.</u>	<u>Lease Date</u>	<u>Company Lease Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>NM State Lease Number</u>	<u>Lease Royalty Rate (Percentage)</u>	<u>Lessee of Record</u>	<u>Overriding Royalty Percentage</u>	<u>Working Interest Owner</u>	<u>Working Interest Percentage</u>
1	12-18-33	022206-002	Section 35; W½ NW¼	80.00	NM-B-2317-3	12.50%	Phillips Petroleum Company	10.93750% Crescent Porter Hale Foundation	Phillips Petroleum Company	100.00%
2	12-18-33	022206-000	Section 35; E½ SW¼, SW¼ SE¼, N½ SE¼, SE¼ SE¼	80.00 40.00 80.00 40.00	NM-B-2317-A	12.50%	Phillips Petroleum Company	6.25000% Crescent Porter Hale Foundation	Phillips Petroleum Company	100.00%
3	08-10-34	217920-000	Section 35; E½ NW¼, NE¼	80.00 <u>160.00</u>	NM-B-3196	12.50%	Floyd Oil Company	NONE	Phillips Petroleum Company	100.00%
TOTAL STATE OF NEW MEXICO ACREAGE				560.00						

RECAPITULATION

560 Acres of State of New Mexico Lands = 100 %

EXHIBIT "A"
MAP OF UNIT AREA
STATE-35 UNIT
LEA COUNTY, NEW MEXICO





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 17, 1996


KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 11522
ORDER N. R-10599-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Pete Martinez - SLO

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

FACSIMILE COVER SHEET

DATE: July 23, 1996

NUMBER OF PAGES: ~~7~~ 4
(including cover sheet)

TIME: 2:20 PM (Santa Fe)

TO: Michael E. Stogner
OF: NMOCD

FAX NO: (505) 827-8177

REF: NMOCD Cases 11522
Phillips Petroleum Company's State 35 Unit
Lea County, N.M.**MESSAGE:**

Dear Mike:

I am writing to request your help in having the Division issue a Nunc Pro Tunc Order in case 11522. I've enclosed a copy of Order R-10599 which contains an erroneous description of the township and range. Finding (3) and Ordering Paragraph (1) both in error show T18S R33E while the exhibit and ordering paragraph (2) use the correct T17S, R34E.

I check the advertisement of the case and the application. Both are correct, so the error is simply a typo which should be easy to fix.

Regards,



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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11522
ORDER NO. R-10599

APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR A UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of May, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing Division Case Nos. 11522 and 11523 were consolidated for the purpose of testimony.

(3) The applicant, Phillips Petroleum Company ("Phillips"), seeks approval of the State-35 Unit Agreement for an area comprising 560 acres, more or less, of State lands in Lea County, New Mexico, described as follows and hereinafter referred to as the "Unit Area":

TOWNSHIP 18 SOUTH, RANGE 13 EAST, NMPM
Section 35: N/2, E/2 SW/4, and SE/4.

(4) The "Unitized Formation", as described within the State-35 Unit Agreement, should comprise the stratigraphic interval underlying the Unit Area in the Vacuum-Grayburg-San Andres Pool that extends from a measured depth of 4,000 feet (+

Case No. 11522
Order No. R-10599
Page 2

21 feet sub-sea datum) to 4,950 feet (-929 feet sub-sea datum), both depths as identified on the Lane Wells Acoustic Log, dated March 12, 1964, for the Phillips M. E. Hale Well No. 8 (API No. 30-025-20780), located 660 feet from the South line and 560 feet from the East line (Unit P) of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(5) Within the State-35 Unit Area, the applicant proposes to initiate an enhanced oil recovery project for the tertiary recovery of oil and gas from that portion of the Vacuum-Grayburg-San Andres Pool designated the Unitized Formation within the Unitized Area (being the subject of companion Case No. 11523).

(6) At the time of the hearing Phillips had obtained preliminary approval of the State-35 Unit from the Commissioner of Public Lands for the State of New Mexico.

(7) No interested party appeared and objected to the proposed unit agreement.

(8) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the Unit Area should be submitted to the Director of the Division for approval.

(9) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Phillips Petroleum Company ("Phillips") for the State-35 Unit Agreement and Area comprising 560 acres, more or less, of State lands in Lea County, New Mexico, described as follows and hereinafter referred to as the "Unit Area", for the purpose of establishing an enhanced oil recovery project is hereby approved:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 35: N/2, E/2 SW/4, and SE/4.

(2) The "Unitized Formation or Interval" shall include that stratigraphic interval underlying the Unit Area in the Vacuum-Grayburg-San Andres Pool that extends from a measured depth of 4,000 feet (+ 21 feet sub-sea datum) to 4,950 feet (-929 feet sub-sea datum), both depths as identified on the Lane Wells Acoustic Log, dated March 12, 1964, for the Phillips M. E. Hale Well No. 8 (API No. 30-025-20780), located 660 feet from the South line and 560 feet from the East line (Unit P) of Section 35, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

Case No. 11522
Order No. R-10599
Page 3

(3) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(4) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(5) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(6) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate *ipso facto* upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(7) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

**Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505**

May 14, 1996

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

**RE: CASE NO. 11522
ORDER N. R-10599**

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
Pete Martinez - SLO