

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 2040 South Pacheco, Santa Fe, NM 87505



477-A

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:

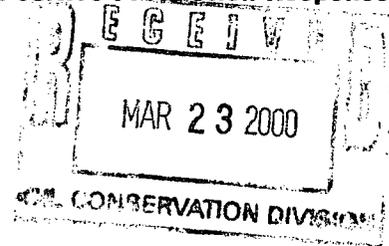
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [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.

Print or Type Name: SCOTTY PRATHER
 Signature: *[Signature]*
 Title: Sr. LANDMAN
 Date: 3/23/00



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

March 21, 2000

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

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

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 29-6 UNIT #77M WELL
E/2 SECTION 22-29N-6W
RIO ARRIBA 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 29-6 Unit #77M well at a location of 10' FSL & 585' FEL of Section 22-29N-6W, Rio Arriba County, New Mexico. This will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the E/2 of Section 22 designated as the drillblock for the Mesaverde and as the drillblock for the 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.

The major basis for this location selection was archaeological considerations. Spacing of the Mesaverde infill to optimize drainage was also considered. As demonstrated in Exhibits presented in conjunction with Case No. 12136 (Phillips' application for downhole commingling) the cost savings realized from drilling multiple formation wells improves the economics. 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.

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

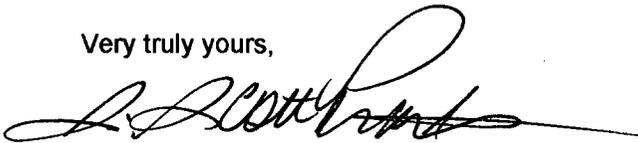
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of Exhibits presented in Case 12136, (Order No. 11187 issued)
5. A copy of letter from La Plata Archaeological Consultants

MR. MICHAEL STOGNER
APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHOD WELL LOCATION
SAN JUAN 29-6 UNIT #77M WELL
MARCH 21, 2000
PAGE 2

This drillblock is located within the confines of the San Juan 29-6 Unit. Phillips is the Operator of this unit. The ownership of all Dakota offset spacing units is common with 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. Per the definitions of "affected persons" as noted in Rule 1207.A(2), Phillips is the only party affected, therefore no notice is necessary.

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,

A handwritten signature in black ink, appearing to read "S. Scott Prather", written over a horizontal line.

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

cc: J. L. Mathis (r)C40453
Frank Chavez-OCD, Aztec

July 1992)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPL... (Other instructions on reverse side)

Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN []
b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE [X]
2. NAME OF OPERATOR Phillips Petroleum Company
3. ADDRESS AND TELEPHONE NO. 5525 Highway 64, NBU 3004, Farmington, NM 87401 505-599-3454
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At surface Unit P, 10' FSL & 585' FEL At proposed prod. zone Same as above
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 21.5 miles from Blanco, NM
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 10'
16. NO. OF ACRES IN LEASE 400 acres
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 DK & MV E/2
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
19. PROPOSED DEPTH 7819'
20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF,RT, GR, etc.) 6422' (unprepared groundlevel)
22. APPROX. DATE WORK WILL START* 3rd Qtr 2000

Table with 5 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12-1/4", 8-3/4", and 6-1/4" hole sizes.

* The surface casing will be set at a minimum of 320', but could be deeper if required to maintain hole stability.
** The production casing cement is calculated to cover the openhole interval with 60% excess and annular volume 100' within intermediate shoe. Depending on hole conditions, the well may be cemented in a single stage or two staged.

See the attached for details on the BOP equipment and Cathodic Protection.
The pipeline for this well qualifies for APD/ROW process. See attached WFS plat and details in the Surface Use Plan.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Monica D. Rodahl TITLE Regulatory Assistant DATE 03/16/00

(This space for Federal or State office use)
PERMIT NO. APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY TITLE DATE

*See Instructions On Reverse Side
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District I
 (17) 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

Form C-1
 Revised October 18, 19
 Instructions on b
 Submit to Appropriate District Off
 State Lease - 4 Cop
 Fee Lease - 3 Cop

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

AMENDED REPO

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 AIT Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 29-6 UNIT			6 Well Number 77M
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6422'

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
P	22	29N	6W		10'	SOUTH	585'	EAST	RIO ARRIE

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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16	S89°59'E	5266.80'	
5280.00'			5280.00'
	Section 22		
N00°02'E			N00°03'E
	S89°58'E	5266.80'	10' 585'

17 OPERATOR CERTIFICATIO

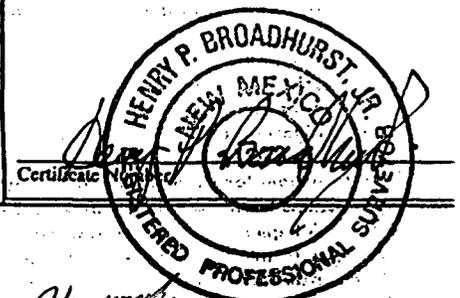
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belie

Signature _____
 Printed Name _____
 Title _____
 Date _____

18 SURVEYOR CERTIFICAT

I hereby certify that the well location shown on this pla was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief.

12/07/99
 Date of Survey
 Signature and Seal of Professional Surveyer:



#85 Basin Dt. comp.
 is loc. 890' EUL-990' FEL
 (A) of Sec. 27

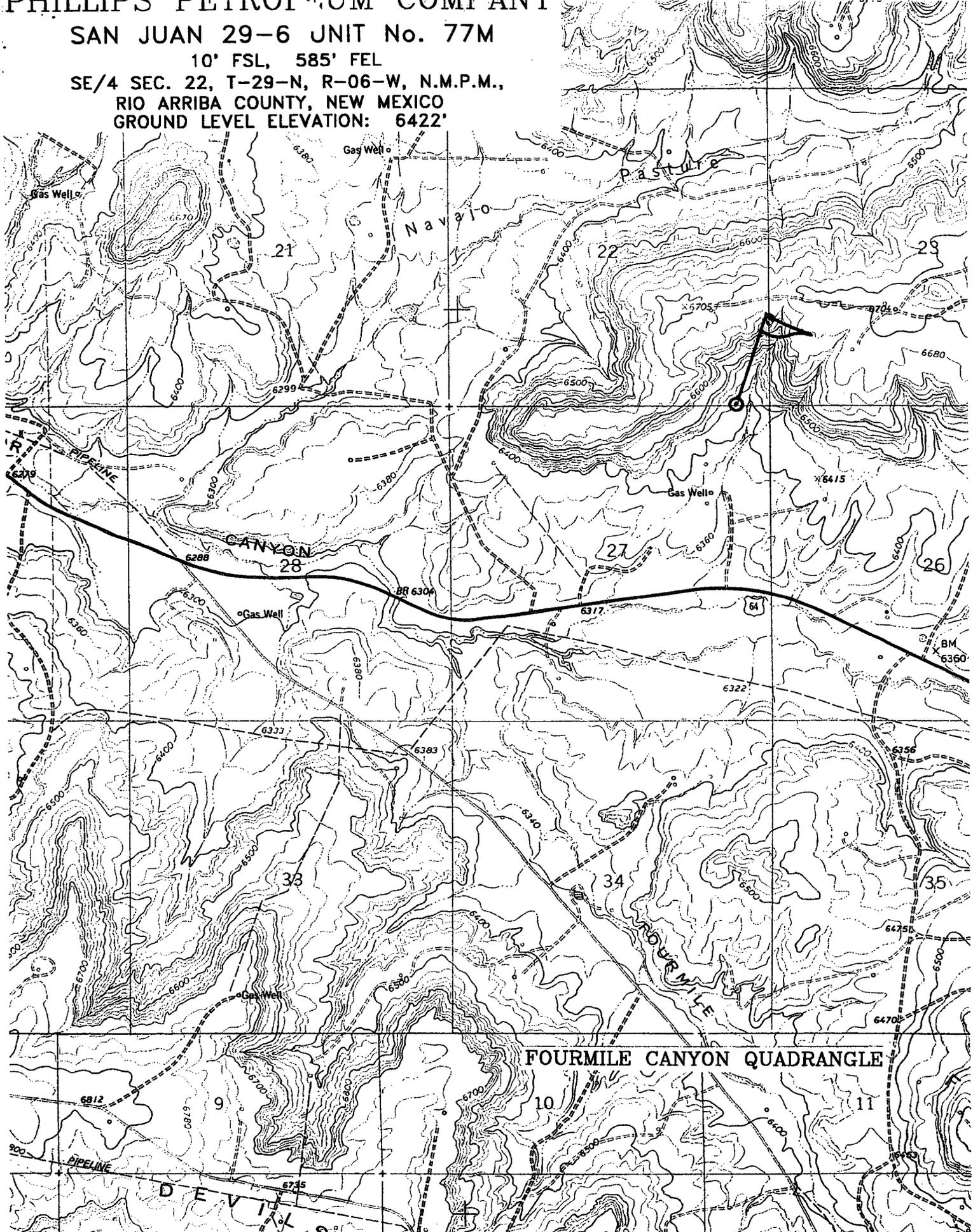
SAN JUAN 29-6 UNIT No. 77M

10' FSL, 585' FEL

SE/4 SEC. 22, T-29-N, R-06-W, N.M.P.M.,

RIO ARRIBA COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6422'

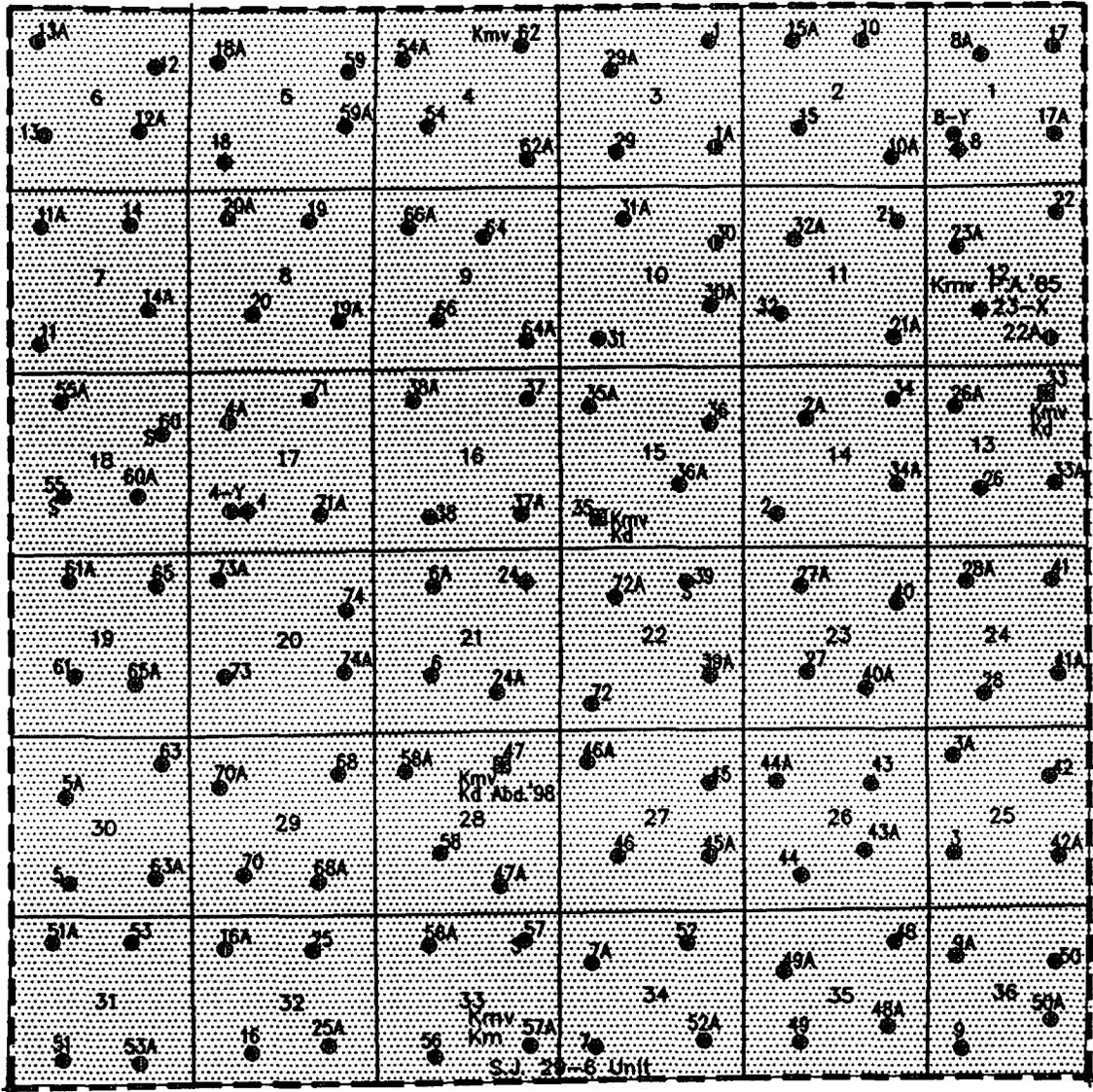


**PLAT OF OFFSET OPERATORS TO
E/2 SECTION 22-29N-6W, RIO ARRIBA COUNTY, NEW MEXICO**

29N

	16 Phillips Petroleum Company	Phillips Petroleum Company	15 Phillips Petroleum Company	Phillips Petroleum Company	14
	21 Phillips Petroleum Company	Phillips Petroleum Company	22 #77M •	Phillips Petroleum Company	23
	28 Phillips Petroleum Company	Phillips Petroleum Company	27 Phillips Petroleum Company	Phillips Petroleum Company	26

6W



T
29
N

R-6-W

● MESAVERDE Km — Koh CLIFFHOUSE Km MENEFEE Kpt POINT LOOKOUT
 Mesaverde Participating Area 37th expansion Eff. 11/1/62

PHILLIPS PETR. CO.

SAN JUAN 29-6 UNIT
 RIO ARRIBA CO, NM

March 4, 1999 J. Hopkins

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

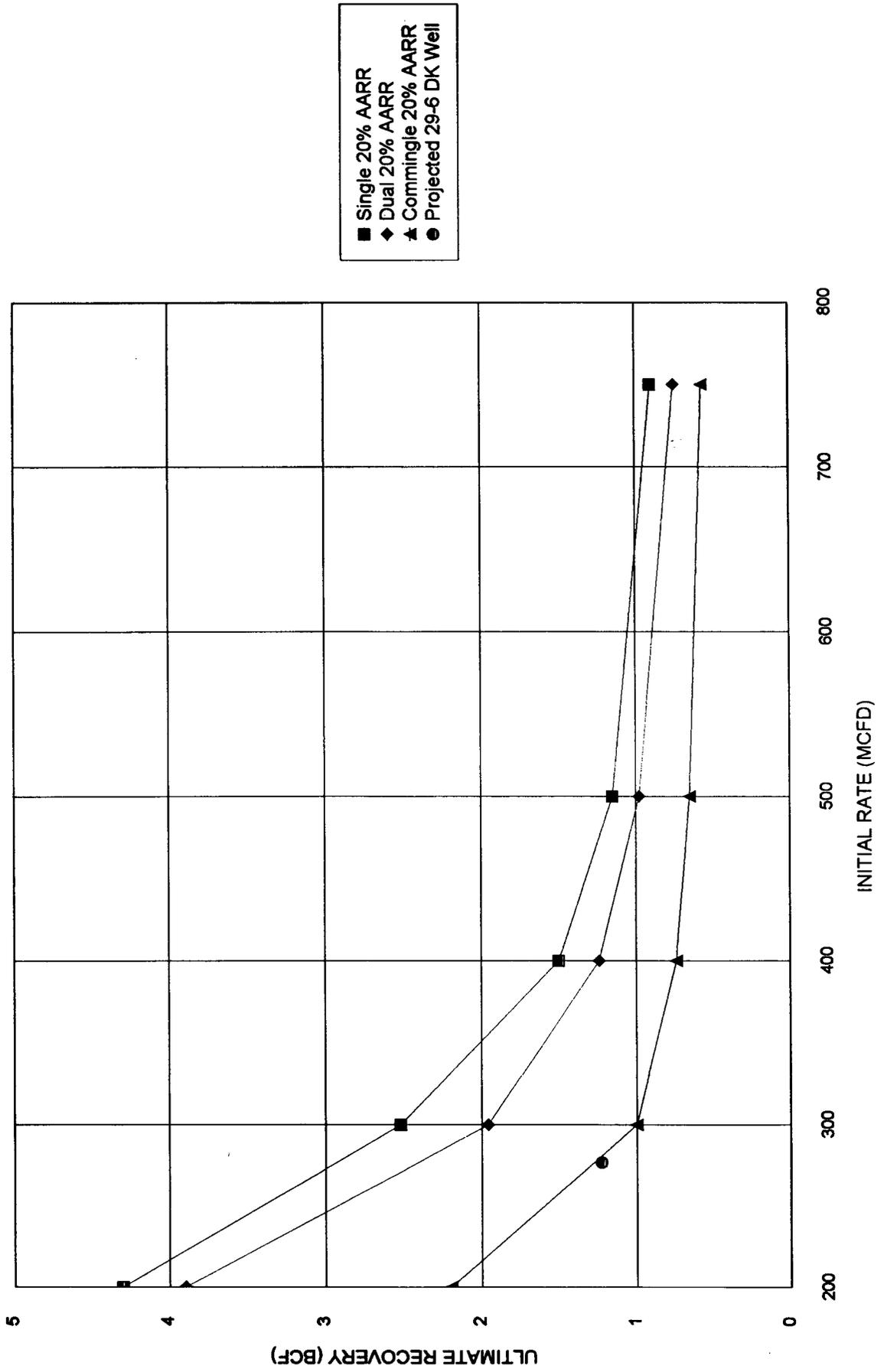
MESAVERDE OPERATING COSTS (\$/YR)

	SINGLE COMPLETION	DUAL COMPLETION	COMMINGLE COMPLETION
SAN JUAN 29-6 UNIT	7350	6620	5510
SAN JUAN 31-6 UNIT	5540	4990	4160
SAN JUAN 32-7 UNIT	6900	6210	5180
SAN JUAN 32-8 UNIT	6220	5600	4670

DAKOTA OPERATING COSTS (\$/YR)

	SINGLE COMPLETION	DUAL COMPLETION	COMMINGLE COMPLETION
SAN JUAN 29-6 UNIT	5560	5000	4170
SAN JUAN 31-6 UNIT	5560	5000	4170
SAN JUAN 32-7 UNIT	5500	4950	4130
SAN JUAN 32-8 UNIT	5025	4525	3770

SAN JUAN 29-6 UNIT
 DAKOTA MARGINAL ECONOMICS



■ Single 20% AARR
 ◆ Dual 20% AARR
 ▲ Commingle 20% AARR
 ● Projected 29-6 DK Well



**LA PLATA
ARCHAEOLOGICAL
CONSULTANTS**

March 16, 2000

Mr. Richard Allred
Phillips Petroleum
5525 Highway 64 NBU 3004
Farmington, NM 87401

RE: Proposed SJ 29-6 Unit #77M well pad

Dear Richard:

Between December 1 and 7, 1999, archaeologists working for La Plata Archaeological Consultants attempted to find a suitable location for your proposed SJ 29-6 Unit #77M well pad. A general reconnaissance was made through the SE $\frac{1}{4}$ of Section 22, T29N, R6W. Although the reconnaissance was of a general nature, a high number of archaeological sites were noted in this quarter section. No areas within the legal drilling window were found that were of a sufficient size and topography to fit a well pad without overlapping with cultural resources. As a result, we ended up recommending a possible drilling location in the very southeast corner of the section where the well pad was eventually staked at 10 FSL/585FEL.

If you or anyone else have any questions about the reconnaissance we conducted within the SE $\frac{1}{4}$ of Section 22, please let me know.

Sincerely,



Steven L. Fuller

Enclosures