

ABOVE THIS LINE FOR DIVISION USE ONLY

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



#76-11

**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]

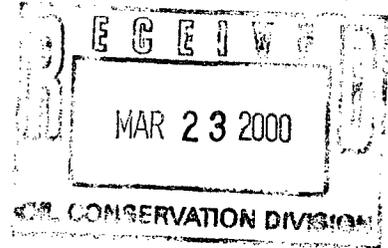
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [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 (per call to Mr. Stagner)**

- [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.

SCOTT PRATHER SR. LANDMAN 3/22/00  
 Print or Type Name Signature Title Date



## 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 #76M WELL  
W/2 SECTION 23-29N-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 #76M well at a location of 1652' FNL & 455' FWL of Section 23-29N-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 W/2 of Section 23 designated as the drillblock for the Mesaverde and as the drillblock for 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.

In the San Juan 29-6 Unit the Mesaverde has been developed on the optional 160 acre basis. Optimal spacing of this 80 acre Mesaverde infill well for the reservoir drainage purposes was the primary reason this location was selected. As demonstrated in the Exhibits presented in conjunction with Case No. 12136 (Phillips' application for downhole commingling) it is unlikely that a stand-alone Dakota well can be drilled on an economic basis. 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. The drilling of commingled wells also provides the added benefit of less surface disturbance.

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

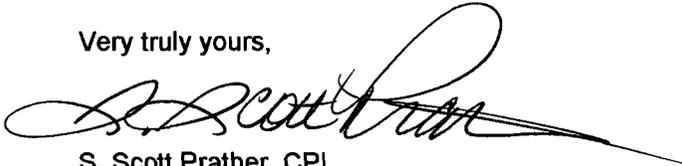
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of Exhibits presented in Case 12136, Order No. 11187 issued)

MR. MICHAEL STOGNER  
APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHOD WELL LOCATION  
SAN JUAN 29-6 UNIT #76M 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", with a long horizontal flourish extending to the right.

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

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

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE  
(Other instructions on reverse side)

OMB NO. 1004-0136  
Expires: February 28, 1995

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1. TYPE OF WORK  
 DRILL  DEEPEN

2. NAME OF OPERATOR  
 Phillips Petroleum Company

3. ADDRESS AND TELEPHONE NO.  
 5525 Highway 64, NBU 3004, Farmington, NM 87401 505-599-3454

5. LEASE DENOMINATION AND SERIAL NO.  
 SF-078284

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME  
 San Juan 29-6 Unit

8. FARM OR LEASE NAME, WELL NO.  
 SJ 29-6 Unit #76M

9. API WELL NO.  
 30-039-26341

10. FIELD AND POOL, OR WILDCAT  
 Basin Dakota and Blanco Mesaverde

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Section 23, T29N, R6W

12. COUNTY OR PARISH  
 Rio Arriba, NM

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)  
 At surface  
 Unit E, 1652' FNL & 455' FWL  
 At proposed prod. zone  
 Same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
 21.5 miles east of Blanco, NM

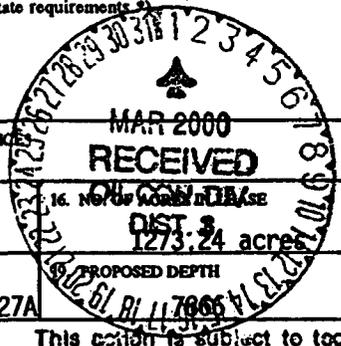
15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.  
 (Also to nearest drlg. unit line, if any) 455'

16. NO. OF ACRES IN LEASE  
 1273.24 acres

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 320 W/2

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 1200' from 29-6 #27A

20. ROTARY OR CABLE TOOLS  
 Rotary



21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 6449' unprepared ground level

22. APPROX. DATE WORK WILL START\*  
 1st Qtr 2000

**23. PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#, J/K-55	320' *	159 sx (141 yield = 222 cf) Type III
8-3/4"	7"	20#, J/K-55	3930'	L-344 sx(2.9 yield = 998cf)Type III
6-1/4"	4-1/2"	11.6#, I-80	7866'	T-100 sx(1.41 yield = 141cf)Type III 247sx (2.13 yield = 527 cf) CI H **

\* The surface casing will be set at a minimum of 320', but could be set deeper if required to maintain hole stability.

\*\* The cement for the 4-1/2" casing is designed to cover the open hole section to 100' above the Cliffhouse Sandstone. Circulation/squeeze cementing will be conducted to isolate the Lewis Shale interval prior to its completion (see attached drilling prognosis for more details on this and mud program).

See attached for details on BOP equipment and Cathodic Protection. DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

The gas pipeline qualifies for the APD/ROW process (see WFS pipeline plat attached).

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 Patsy Clug TITLE Sr. Regulatory/Proration Clerk DATE 1/31/00

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:  
 ahsc  
 APPROVED BY Charlie Beecham TITLE Team Lead, Petroleum Management DATE FEB 28 2000

\* 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.

South First, Arteria, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

200 FEB -1 PM 12:28

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAN**

* API Number		* Pool Code	* Pool Name
		71599	Basin Dakota
* Property Code	* Property Name		* Well Number
009257	SAN JUAN 29-6 UNIT		76M
* OGRID No.	* Operator Name		* Elevation
017654	PHILLIPS PETROLEUM COMPANY		6449'

**10 Surface Location**

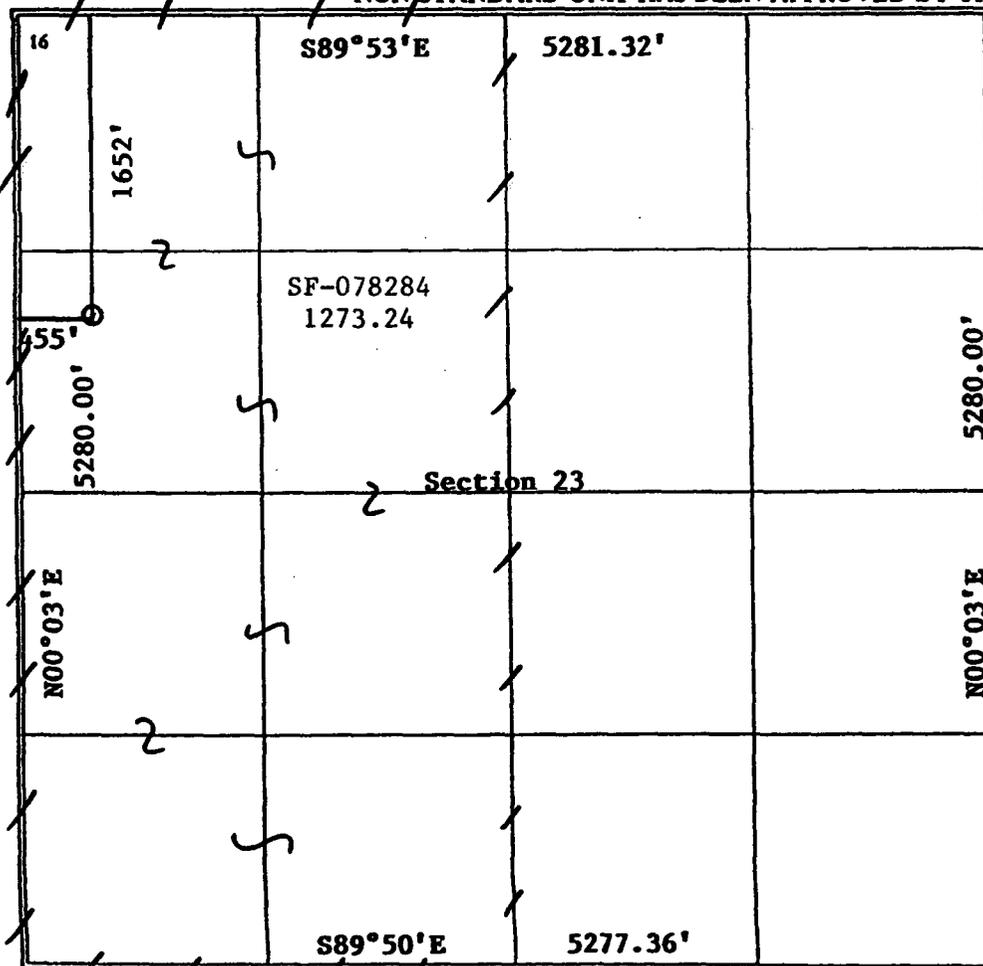
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	23	29N	6W		1652'	NORTH	455'	WEST	RIO ARRIBA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E									

** Dedicated Acres	** Joint or Infill	** Consolidation Code	** Order No.
320 W/2	I	U	

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



**17 OPERATOR CERTIFICATION**

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

*Patsy Clugston*  
Signature

Patsy Clugston  
Printed Name

SR. Regulatory Clerk  
Title

January 20, 2000  
Date

5280.00'

5280.00'

Date

**18 SURVEYOR CERTIFICATION**

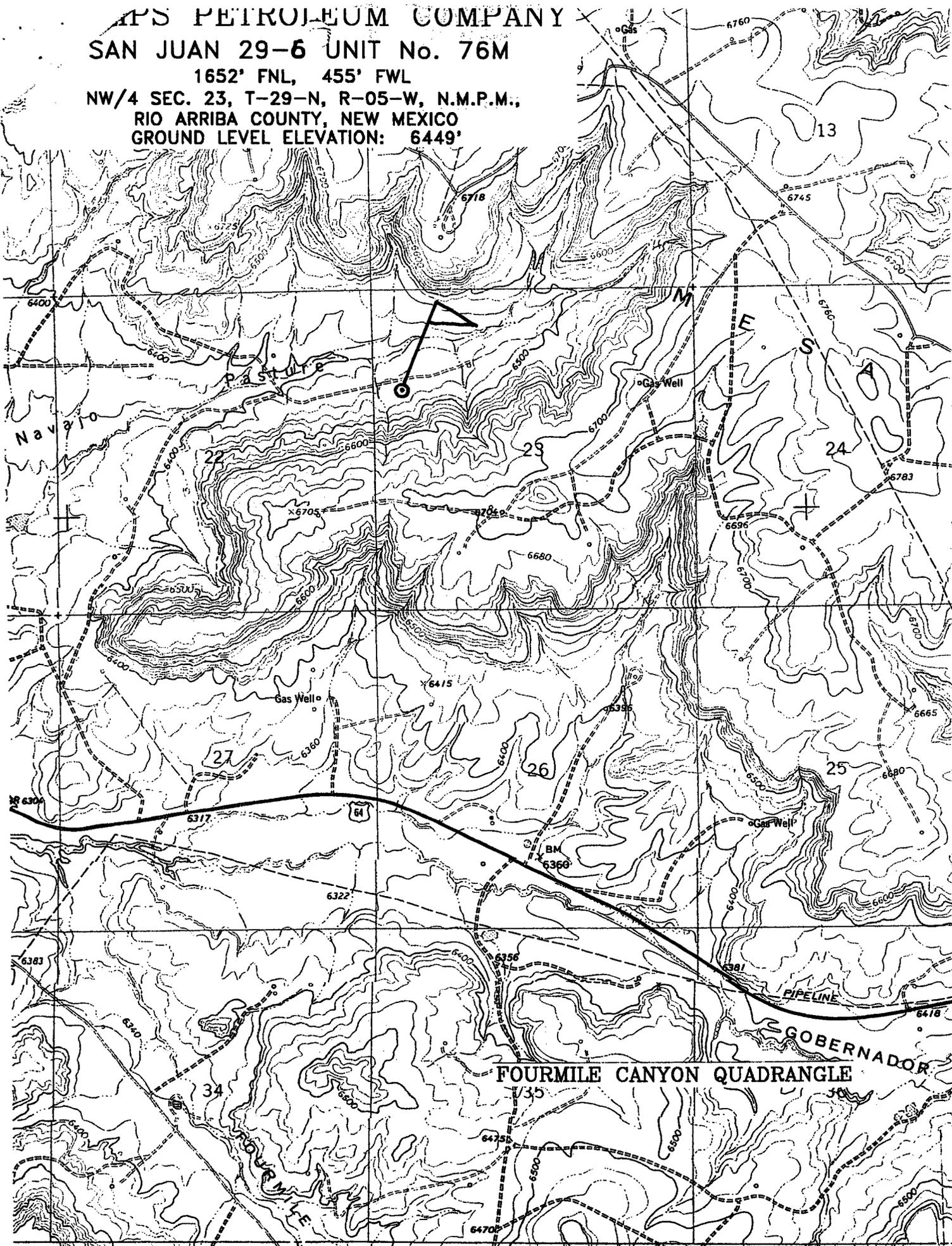
I hereby certify that the well location shown on this plan was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

11/30/99  
Date of Survey

Signature and Seal of Professional Surveyor:

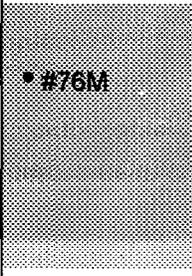


AMPS PETROLEUM COMPANY  
SAN JUAN 29-6 UNIT No. 76M  
1652' FNL, 455' FWL  
NW/4 SEC. 23, T-29-N, R-05-W, N.M.P.M.,  
RIO ARriba COUNTY, NEW MEXICO  
GROUND LEVEL ELEVATION: 6449'

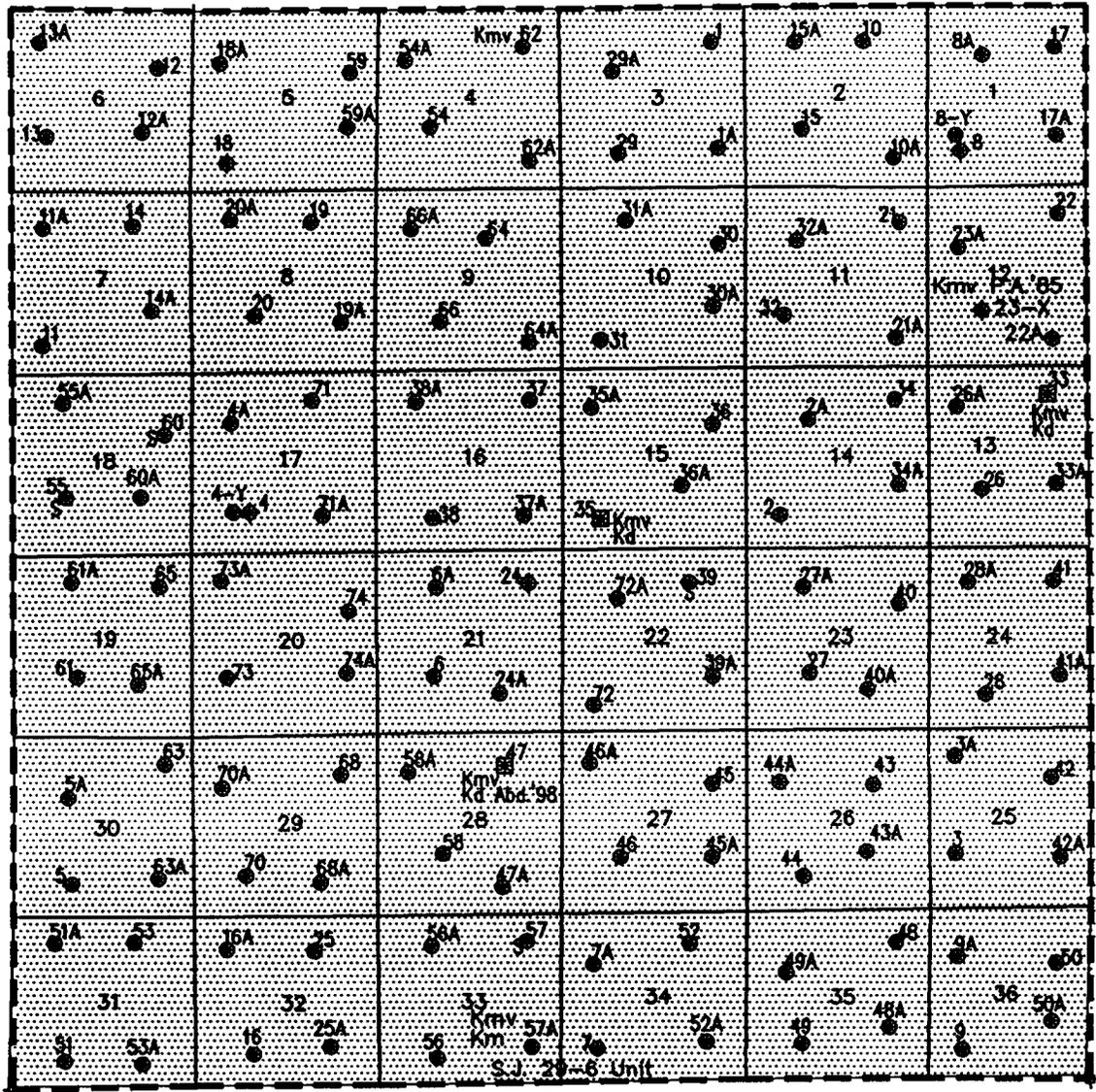


**PLAT OF OFFSET OPERATORS TO  
W/2 SECTION 23-29N-6W, RIO ARRIBA COUNTY, NEW MEXICO**

29N

	15  Phillips Petroleum Company	Phillips Petroleum Company	14  Phillips Petroleum Company	13
	22  Phillips Petroleum Company	 #76M	23  Phillips Petroleum Company	24
	27  Phillips Petroleum Company	Phillips Petroleum Company	26  Phillips Petroleum Company	25

6W



R-6-W

T  
29  
N

● MESAVERDE Kmv — Kpl CLIFFHOUSE  
Kpl MENEFEE  
Kpl 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

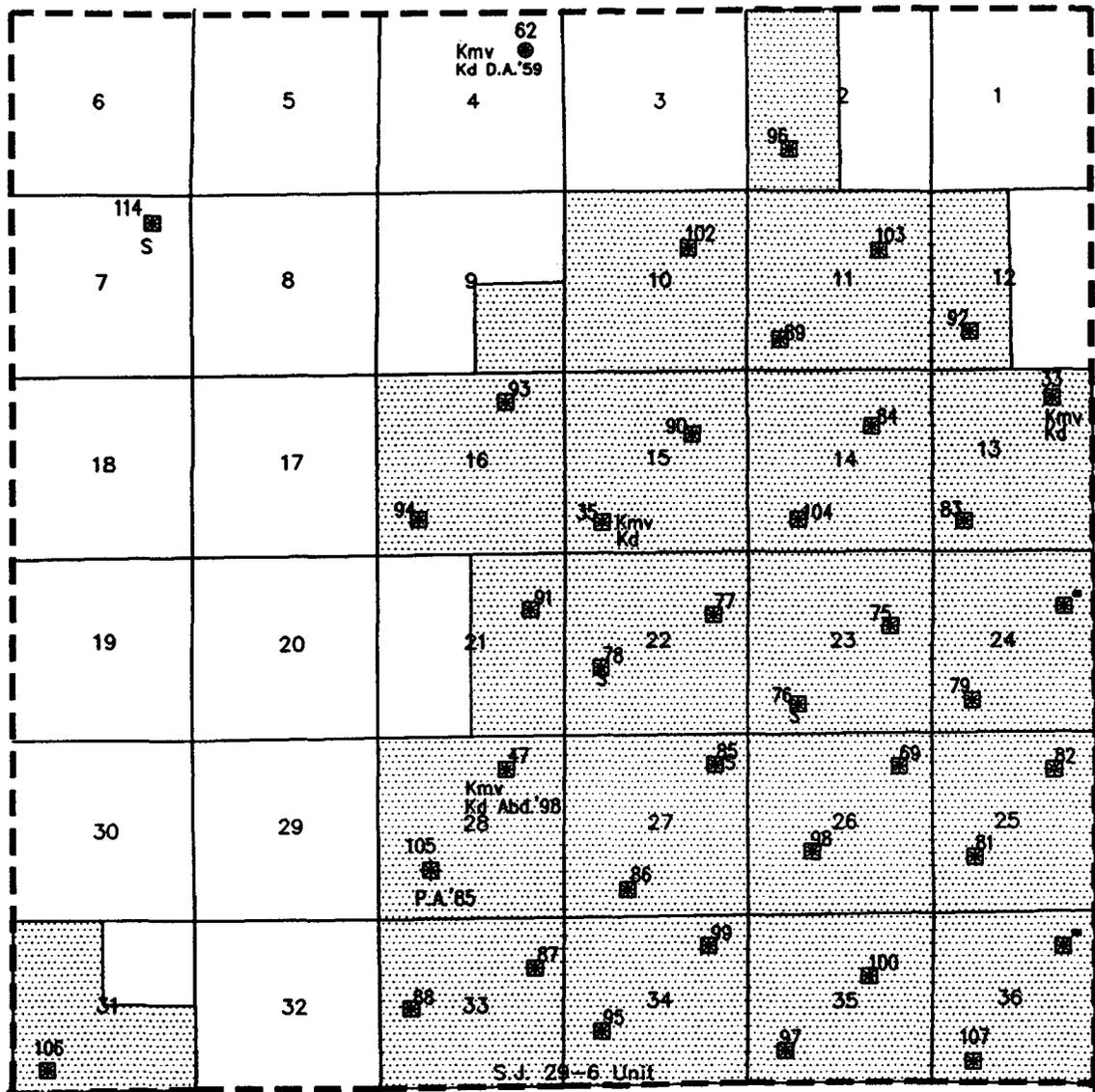
	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	105.2	339.4	444.6	<b>DRILL &amp; COMPLETE</b>	119.1	362.2	481.3
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	127.8	355.8	483.6	<b>TOTAL</b>	141.7	378.6	520.3
<b>Two Singles (Dakota + Mesaverde)</b>				1003.9			

### DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	74.5	330.3	404.8	<b>DRILL &amp; COMPLETE</b>	80.6	362.0	442.6
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	97.1	346.7	443.8	<b>TOTAL</b>	103.2	378.4	481.6
<b>Dually Completed (Dakota + Mesaverde)</b>				925.4			

### COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	51.7	284.5	336.2	<b>DRILL &amp; COMPLETE</b>	69.7	280.3	350.0
<b>FACILITIES</b>	11.3	8.2	19.5	<b>FACILITIES</b>	11.3	8.2	19.5
<b>TOTAL</b>	63.0	292.7	355.7	<b>TOTAL</b>	81.0	288.5	369.5
<b>Commingled Completion (Dakota + Mesaverde)</b>				725.2			



R-6-W

PHILLIPS PETR. CO.

**SAN JUAN 29-6 UNIT**  
**RIO ARRIBA CO., NM**

March 4, 1999

J. Hopkins

■ DAKOTA Kd

▨ Dakota Participating Area  
 10th expansion Eff. 7/1/66

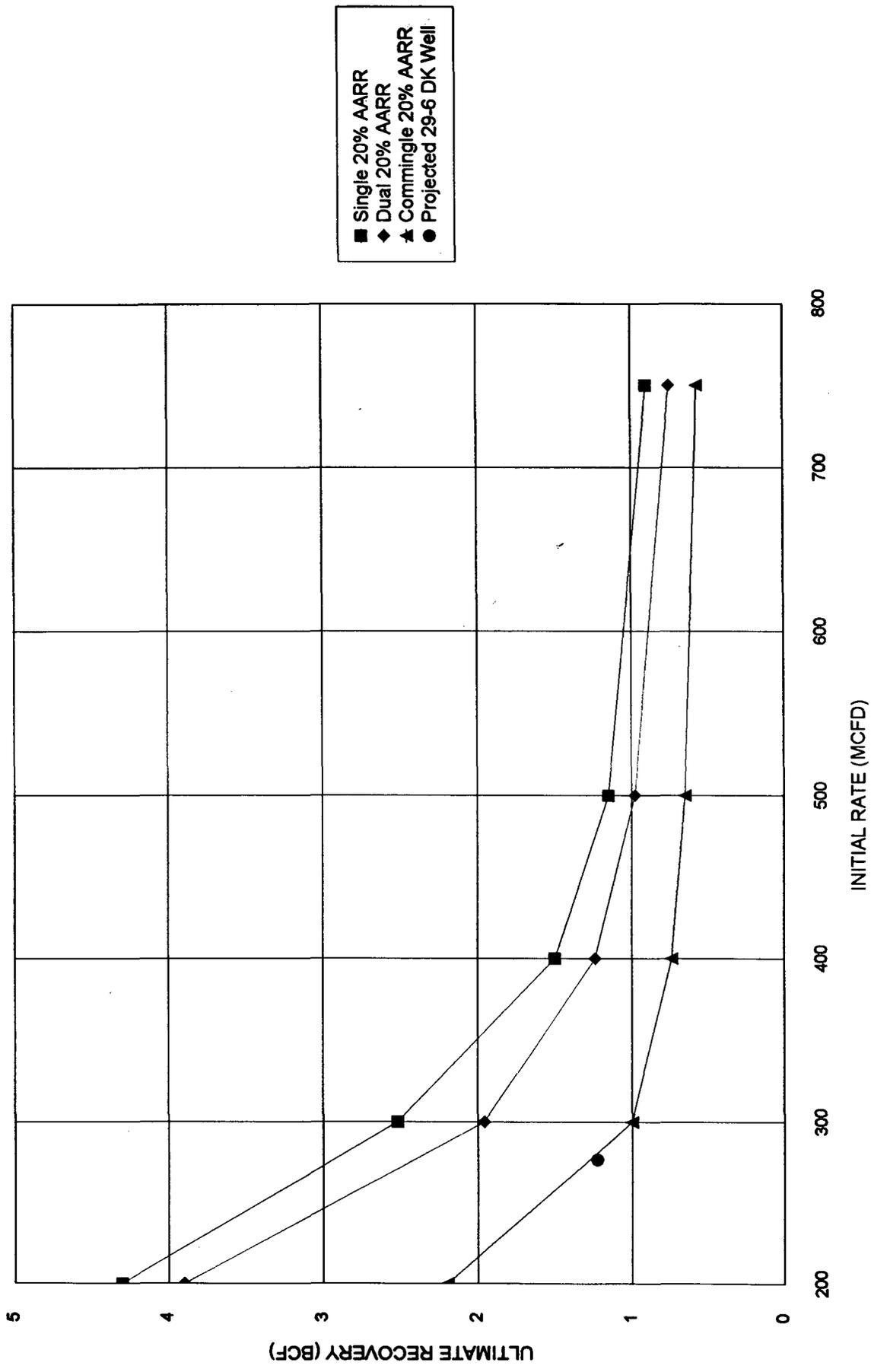
## MESAVERDE OPERATING COSTS (\$/YR)

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

## DAKOTA OPERATING COSTS (\$/YR)

	SINGLE COMPLETION	DUAL COMPLETION	COMMINGLE COMPLETION
<b>SAN JUAN 29-6 UNIT</b>	5560	5000	4170
<b>SAN JUAN 31-6 UNIT</b>	5560	5000	4170
<b>SAN JUAN 32-7 UNIT</b>	5500	4950	4130
<b>SAN JUAN 32-8 UNIT</b>	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