

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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:

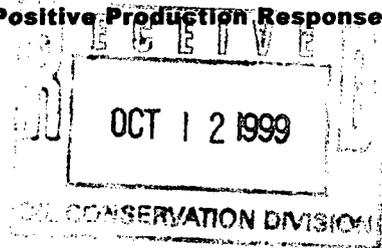
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion]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

S. SCOTT PRATHER
 Print or Type Name

[Signature]
 Signature

SR. LANDMAN
 Title

10/8/99
 Date



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

October 7, 1999

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

Attn: Mr. Michael Stogner

RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 32 FED 34 #1 WELL
E/2 SECTION 34-32N-9W
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS CONTRACT C49656

Dear Mr. Stogner:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an unorthodox well location for the captioned well.

Phillips has drilled the San Juan 32 Fed 34 #1 well at a location of 2510' FNL & 1640' FEL of Section 34-32N-9W. This well has been completed in the Basin Fruitland Coal Pool with the E/2 of Section 34 designated as the drillblock.

This well was originally located Northwest of its present location, but during an onsite inspection with a BLM representative, it was requested that the location be moved due to erosion concerns on the part of the BLM. A move North or East was not possible due to topographical, archaeological and pipeline location conditions. Per agreement with the onsite BLM inspector the location was moved South across an existing road to the present location.

An orthodox location from the North-line of the section would be 2510' with the center line of the section being located a distance of 2640' from the North and South section lines. On the East side, Section 34 measures 5,086.62' from North to South. This makes the centerline of the section located at 2543.31'. Due to an error in calculation of the survey footages our well was located at 2510' FNL with the distance from the centerline of the section being only 33.31' rather than the 130' required per NMOCD rules.

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

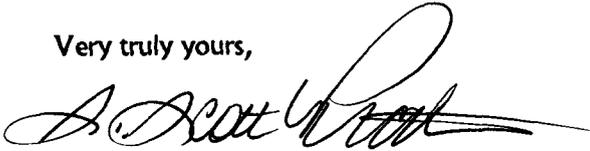
1. Approved APD Form, C-102 and attachments
2. Copy of Archaeological Inventory Report Page noting relocation
3. Various plats noting location & topography
4. A nine-section plat existing offset operation

San Juan 32 Fed 34 #1
Request for Administrative
Approval of Unorthodox Well Location
October 7, 1999
Page 2

This drillblock is not located within the boundaries of any unit. The offset operators have been furnished with three (3) copies of this correspondence by certified mail and are requested to furnish your office with a Waiver of Objection, keep one copy for their records and return one copy to our office.

We thank you for your considerate attention to this request and should you need additional information or clarification, please do not hesitate to contact the undersigned.

Very truly yours,



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

cc: J. L. Mathis (r)C49656
Ernie Busch-OCD, Aztec
Burlington Resources Oil & Gas Co.-Attn: Shannon Nichols
Koch Exploration - Attn: Lance Harmon

_____ hereby waives its objection to Phillips Petroleum Company's application for a Fruitland Coal unorthodox location for the San Juan 32 Fed 34 #1 well as proposed above

By: _____

Date: _____

RECEIVED
BLM
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN FARMINGTON, NM

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER _____
 SINGLE ZONE MULTIPLE ZONE

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 G. 2510' FNL & 1640' FEL
 At proposed prod. zone
 Same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

5. LEASE DESIGNATION AND SERIAL NO.
 SF-079048

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
 San Juan 32 Fed 34

8. FARM OR LEASE NAME, WELL NO.
 SJ 32 Fed 34 #1

9. API WELL NO.
 30-045-29759

10. FIELD AND POOL, OR WILDCAT
 Basin Fruitland Coal

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 34, T32N, R9W

12. COUNTY OR PARISH
 San Juan,

13. STATE
 NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1640'

16. NO. OF ACRES IN LEASE 2080.00 acres

17. NO. OF ACRES ASSIGNED TO THIS WELL 306.70 E/2

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH 3524'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6649' unprepared groundlevel

22. APPROX. DATE WORK WILL START* 2nd Qtr 1999

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	350'	185 sx (204 cf) C1 H
8-3/4"	7"	20#, J/K-55	3219'	L-370 sx (777 cf) 35/65 C1 H POZ
6-1/4"	5-1/2" liner	15.5#	3199' - 3524'	T-100 sx (120 cf) C1 H

** The 6-1/4" interval from the 7" casing shoe to the base of the coal may be underreamed to 9-1/2".

See the drilling prognosis for more details on the 5-1/2" liner.

See attached for BOP equipment, mud program and cathodic protection.

The APD & pipeline qualify for the APD/ROW process, see Surface Use Plans and Pipeline Plat for details.

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

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 [Signature] TITLE Regulatory Assistant DATE 12/17/98

(This space for Federal or state office use)

PERMIT NO. _____ APPROVAL DATE FEB 26 1999

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 [Signature] TITLE Team Leader 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.

OPERATOR

District II
611 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Artes, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

AMENDED REPORT

98 DEC 17 PM 4:02

WELL LOCATION AND ACREAGE DEDICATION PLAT

' API Number	' Pool Code 71629	070	' Pool Name Basin Fruitland Coal
' Property Code	' Property Name SAN JUAN 32 FED 34		' Well Number 1
' OGRID No. 017654	' Operator Name PHILLIPS PETROLEUM COMPANY		' Elevation 6649'

¹⁰ Surface Location

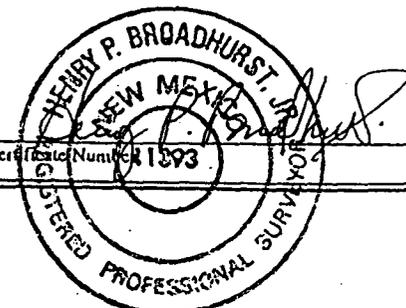
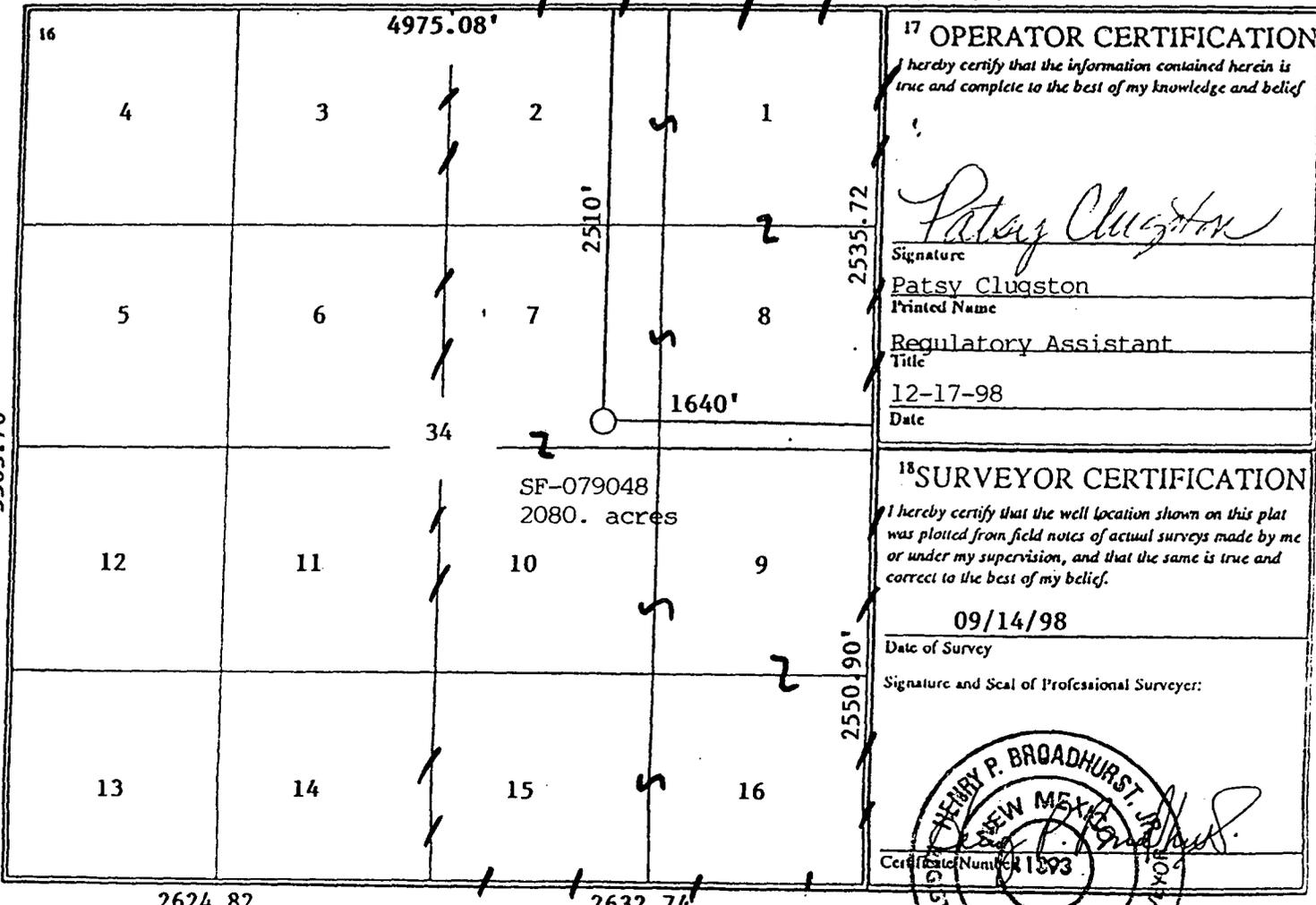
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	34	32N	9W		2510'	NORTH	1640'	EAST	SAN JUAN

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
G									

' Dedicated Acres 306.70 E/2	' Joint or Infill N	' Consolidation Code	' Order No.
---------------------------------	------------------------	----------------------	-------------

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



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

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____						5. LEASE DESIGNATION AND SERIAL NO. SF-079048	
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR <input type="checkbox"/> Other _____						6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Phillips Petroleum Company						7. UNIT AGREEMENT NAME San Juan 32 Fed 34	
3. ADDRESS AND TELEPHONE NO. 5525 Highway 64, NBU 3004, Farmington, NM 87401 505-599-3454						8. FARM OR LEASE NAME, WELL NO. SJ 32 Fed 34 #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface Unit G, 2510' FNL & 1640' FEL At top prod. interval reported below Same as above At total depth Same as above						9. API WELL NO. 30-045-29759	
14. PERMIT NO.				DATE ISSUED		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
15. DATE SPUDDED 8/20/99		16. DATE T.D. REACHED 8/25/99		17. DATE COMPL. (Ready to prod.) 9/24/99		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 34, T32N, R9W	
18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 6649'				19. ELEV. CASINGHEAD		12. COUNTY OR PARISH San Juan,	
20. TOTAL DEPTH, MD & TVD 3524'				21. PLUG, BACK T.D., MD & TVD 3524'		13. STATE NM	
22. IF MULTIPLE COMPL., HOW MANY*						23. INTERVALS DRILLED BY X	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)* Basin Fruitland Coal 3263' - 3514'						25. WAS DIRECTIONAL SURVEY MADE no	
26. TYPE ELECTRIC AND OTHER LOGS RUN mud log						27. WAS WELL CORED no	
28. CASING RECORD (Report all strings set in well)							
CASING SIZE/GRADE		WEIGHT, LB./FT.		DEPTH SET (MD)		HOLE SIZE	
9-5/8"		36#, K-55		364'		12-1/4"	
7"		20#, K-55		3211'		8-3/4"	
						T-100 sx CI H	
						0 bbls -surf.	
						TOC - 275'	
29. LINER RECORD				30. TUBING RECORD			
SIZE		TOP (MD)		BOTTOM (MD)		SACKS CEMENT*	
5-1/2"		3181'		3522'		no	
		15.5#					
						2-7/8	
						3418'	
31. PERFORATION RECORD (Interval, size and number) Basin Fruitland Coal @ 4 spf (.75") 3263'-3268' (5'); 3280'-3291' (11'); 3375'-3380' (5); 3385'-3390' (5'); 3422'-3432' (10'); 3436'-3442' (6') 3509'-3514' (5') Total 47 feet - 188 holes				32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. DEPTH INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED 3217- 3524' Underreamed & surged only 6-1/4" hole to 9-1/2"			
33.* PRODUCTION							
DATE FIRST PRODUCTION SI		PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump) flowing				WELL STATUS (Producing or shut-in) SI	
DATE OF TEST 7/12/99		HOURS TESTED 1 hr - pitot		CHOKE SIZE 2"		PROD'N. FOR TEST PERIOD	
						OIL - BBL. GAS - MCF. WATER - BBL. GAS - OIL RATIO	
						6100 mcf 200 bwpd	
FLOW. TUBING PRESS.		CASING PRESSURE 650 psi		CALCULATED 24-HOUR RATE		OIL GRAVITY - API (CORR.)	
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) SI - waiting on approvals to first deliver						TEST WITNESSED BY David Green	
35. LIST OF ATTACHMENTS							
36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records							
SIGNED Patsy Clugston				TITLE Regulatory Assistant		DATE 9/27/99	

*(See Instructions and Spaces for Additional Data on Reverse Side)

ARCHAEOLOGICAL INVENTORY REPORT DOCUMENTATION PAGE

BLM/FDO 1/96

1. BLM Report No.	2. (For BLM Use Only)	3. NMCRIS Project No. 54641 Activity No. 62194
4. Title of Report: A Cultural Resources Survey of Phillips Petroleum's <i>Relocated</i> San Juan 32 Federal 34 #1 well pad and El Paso Field Services' Well Tie Pipeline, San Juan County, New Mexico Author: Steven Fuller		5. Fieldwork Date(s) 09-14-98 6. Report Date 11-21-96
7. Consultant Name & Address: Field Supervisor: Steve Fuller Org. Name: La Plata Archaeological Consultants Org. Address: 26851 County Road P, Dolores, Colorado 81323 Phone (970) 565-8708; Fax (970) 882-2224		8. Permit No. 19-2920-97-O 9. Consultant Report No. LAC Report 9640d#2
10. Sponsor Name and Address: Ind. Responsible: Richard Allred / Kent Leidy Org. Name: Phillips Petroleum / El Paso Field Services Org. Address: 5525 Highway 64, NBU 3004, Farmington, NM 87401 / 614 Reilly Avenue, Farmington, NM 87401 Phone (505) 599-3403 / (505) 599-2177		11. Sponsor Project No. 12. Area of Effect <u>2.5</u> (BLM) <u> </u> (Other) Area Surveyed <u>4.75</u> (BLM) <u> </u> (Other)
13. Location (Map Attached) a. State: New Mexico b. County: San Juan c. District: Farmington d. Land Status: BLM, Farmington District e. Area: T <u>32N</u> R <u>9W</u> Sec. <u>34</u> <u>NE</u> 1/4 f. Footages: 2510 FNL; 1640 FEL g. 7.5" Map Name(s): USGS Mt. Nebo, NM		
14. a. Description of Undertakings: The survey is for a relocated well pad planned by Phillips Petroleum and a well tie pipeline proposed by El Paso Field Services. The well pad was originally surveyed in 1996 (LAC Report 9640d) and has been moved across the road to the south. The restaked well pad will measure 275 x 210 feet; Access will from an existing bladed road that abuts the well pad on the north. The proposed well tie pipeline extends 362 ft northeast to tie in to an existing pipeline, keeping well within the area previously surveyed for the original location in 1996. See Figures 1 and 2 attached. See Figure 4 and 5 for well pad and pipeline plats. b. Existing Data Review: ARMS and BLM searches conducted in November indicate that there are only two previously recorded sites within one-half mile. None area within 500 feet of the proposed project area. See Figure 3 attached. c. Area Environmental/Cultural Setting: Project is located on a dissected, north-facing, alluvial basin that drains northeast out of the project area into Rawhide Canyon. Most of the project area is covered with pinyon and juniper. d. Field Methods: Pedestrian transects spaced no greater than 15 m apart. Surveyed area includes a 590 x 360 foot block for well pad and buffer zones on the southeast, southwest, and northwest sides. The buffer zone to the northeast was covered for the original location. The well tie pipeline corridor is also fully within the block survey area covered in 1996. e. Artifacts Collected?: No		
15. Cultural Resource Findings: a. Location/Identification of Each Resource: No cultural resources encountered b. Evaluation of Significance of Each Resource (above): N/A		
16. Management Summary (Recommendations): Clearance is recommended for the project		

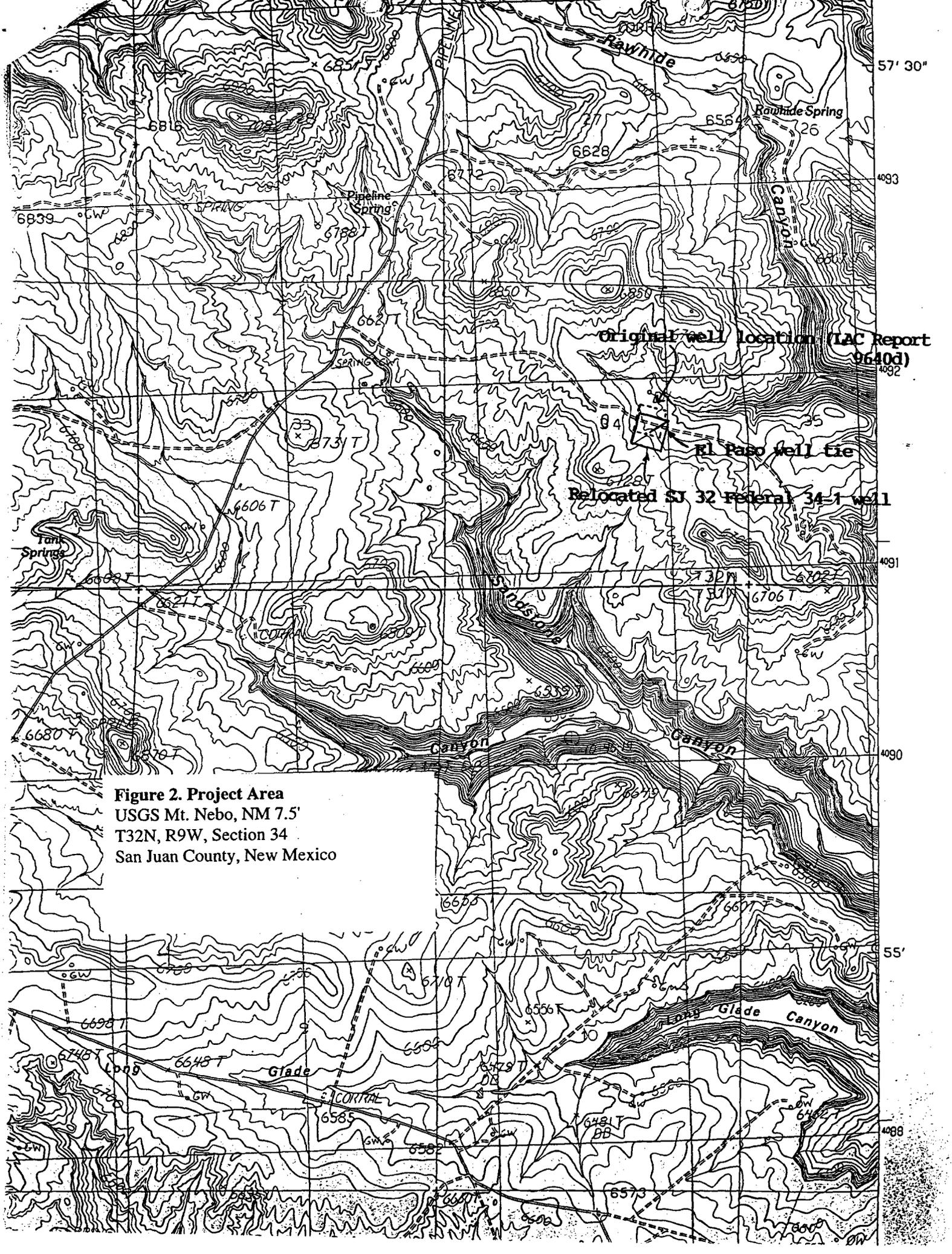


Figure 2. Project Area
USGS Mt. Nebo, NM 7.5'
T32N, R9W, Section 34
San Juan County, New Mexico

PLAT OF OFFSET OPERATORS

	28		27		26
	Burlington Resources	Burlington Resources	Koch Exploration	Koch Exploration	
	33		34		35
T32N-R9W	Burlington Resources	Phillips Petroleum Company	• San Juan 32 Fed 34 #1	Koch Exploration	
T31N-R9W	4		3		2
	Burlington Resources	Phillips Petroleum Company	Phillips Petroleum Company	Burlington Resources	

CMD : ONGARD 10/15/99 08:34:23
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPVU

API Well No : 30 45 29759 Eff Date : 09-24-1999 WC Status : A
Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)
OGRID Idn : 17654 PHILLIPS PETROLEUM CO NW
Prop Idn : 23199 SAN JUAN 32 FEDERAL 34

Well No : 001
GL Elevation: 6649

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 7	34	32N	09W	FTG 2510 F N	FTG 1640 F E	P

Lot Identifier:

Dedicated Acre: 306.70

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/15/99 08:33:55
OGOMES -TPVU
PAGE NO: 1

Sec : 34 Twp : 32N Rng : 09W Section Type : NORMAL

4 37.88 Federal owned	3 37.41 Federal owned	2 37.32 Federal owned	1 36.83 Federal owned
5 38.40 Federal owned A	6 37.93 Federal owned	7 38.59 Federal owned A	8 38.10 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

150.84

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

10/15/99 08:34:03
OGOMES -TPVU
PAGE NO: 2

Sec : 34 Twp : 32N Rng : 09W Section Type : NORMAL

12 38.90 Federal owned	11 38.40 Federal owned	10 39.18 Federal owned	9 38.93 Federal owned
13 39.41 Federal owned	14 38.92 Federal owned A A	15 39.00 Federal owned	16 38.75 Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

155.86
150.84

306.7