PHILLIPS PETROLEUM COMPANY
ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

January 28, 1991

Application for Exception to
Statewide Rule No. 303-C to
Downhole Commingle Production

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Sante Fe, NM 87504-2088

Attn: William J. LeMay
Director

Gentlemen:

Phillips Petroleum Company respectfully requests administrative approval to downhole commingle gas production in our Sims Well No. 5 as provided for in Statewide Rule 303-C. Pertinent well information and data are included herein:

(a) Name and address of operator:
Phillips Petroleum Company
4001 Penbrook Street
Odessa, TX 79762

(b) Sims Well No. 5
660' FWL and 2050' FSL, Section 24, T-22-S, R-37-E
Lea County, New Mexico

Pools to be comingled:
Tubb Oil and Gas
Blinebry Oil and Gas
South Brunson Drinkard Abo

(c) A plat is attached showing acreage dedicated to the well and the ownership of all offsetting leases.

(d) Current productivity tests on each zone:
The Drinkard zone currently is producing 0 BOPD and 0 MCFPD. The Blinebry zone is currently producing 60 MCFPD and 5 BOPD. It is estimated that the Tubb zone will produce approximately 5.0 BOPD and 30 MCFPD.

(e) Allocation of commingled production based on present production:
Production decline curves for both the Blinebry and the Tubb zones are attached. Allocated of production will be based on the current production from the Blinebry zone and a stabilized flowrate from the Tubb zones. The Drinkard zone will be allocated production based on the combined zones' stabilized flowrate, i.e., total production minus Blinebry production minus Tubb production equals Drinkard production.

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(e) Continued

Well completion history (wellbore sketch attached):
The well was drilled and originally completed in July, 1948, in the Drinkard formation from 6355' - 6435'. It had an initial flowing potential of 224 BOPD. This interval was acidized several times with 15% HCl.

In December, 1958, the Drinkard was abandoned and the Tubb formation was added to the well, with perforations from 5884' to 6111', and the well was fracture treated w/ 30,000 gals brine, 52,000# sand, and 750 gal 15% HCl. The well had an initial flowing potential from the Tubb formation of 128 BOPD. This interval of the well was acidized several times with 15% HCl as well.

In January 1975, the Tubb formation was abandoned and the Blinebry formation was added to the well, with perforations from 5376' - 5745'. The well had an initial potential of 14 BOPD and 2676 MCFPD.

Prediction of future reserves:
The proposed commingling completion will allow the gas from the Tubb, Blinebery, and Drinkard zones to be produces such that maximum production will result.

Initial gas production from the Tubb is estimated at 5.0 BOPD and 30 MCFPD. Production from the Drinkard is estimated at 4 BOPD and 13 MCFPD.

(f) Bottom hole pressures for each zone:
The bottom hole pressure from the Drinkard zone was measured at 420 psi on 03/09/90. The bottom hole pressure from the Blinebry was measured at 230 psi on 03/11/90.

The bottom hole pressure from the Tubb has not been measured. It is estimated that it will be 300 psi.

(g) Fluid characteristics:
Only the Blinbery zone currently produces condensate. It is anticipated that the Tubb and the Drinkard will produce some condensate as well. No fluid incompatibilities will exist in the wellbore.

(h) Computation of value of commingled production vs. individual production streams:

Individual streams:
Blinebry Oil and Gas
(5 BOPD) x ($20.00/BBL) = $ 100/day
\+ (60 MCFPD) x ($ 1.00/MCF) = $ 60/day
TOTAL BLINEBRY = $ 160/day

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(h) Continued

South Brunson Drinkard Abo
(0 BOPD) x ($20.00/BBL) = $ 0/day
\+ (0 MCFPD) x ($ 1.00/MCF) = $ 0/day
TOTAL DRINKARD = $ 0/day

Tubb Oil and Gas
(0 BOPD) x ($20.00/BBL) = $ 0/day
\+ (0 MCFPD) x ($ 1.00/MCF) = $ 0/day
TOTAL TUBBS = $ 0/day

TOTAL INDIVIDUAL STREAMS = $ 160/day

Commingled Streams:
(14 BOPD) x ($20.00/BBL) = $ 280/day
\+ (103 MCFPD) x ($ 1.00/MCF) = $ 103/day
TOTAL COMMINGLED STREAMS = $ 383/day

(i) Formula for allocation of production:
Drinkard:

Monthly Oil (Drinkard) = (Total BOPM) - (Monthly Oil Blinebry) - (Monthly Oil Tubbs)

Monthly Gas (Drinkard) = (Total MCFPM) - (Monthly Gas Blinebry) - (Monthly Gas Tubbs)

Blinebry:

Monthly Oil (Blinebry) = (Total BOPM) x (Blinebry test)/ (Commingled Test)

Monthly Gas (Blinebry) = (Total MCFPM) x (Blinebry test) / (Commingled test)

Tubb:

Monthly Oil (Tubb) = (Total BOPD) x (Tubb test)/ (Commingled test)

Monthly Gas (Tubb) = (Total MCFPM) x (Tubb test)/ (Commingled test)

Where Total BOPM and Total MCFPM in the above formulas refer to the total monthly commingled well production of oil and gas.

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All parties of interest indicated on the attached list were notified by copy of this application sent February 1, 1991.

The Blinebry currently produces gas and condensate. This well is currently uneconomical to operate. Commingling all three zones will permit the Tubb, Drinkard and the Blinebry to be produced economically. The well will be produced such that bottom hole flowing pressure in the wellbore will be at a minimum; therefore, there will be no opportunity for crossflow between commingled zones. The bottom hole pressure of the Blinebry is 230 psi, which is greater than 50% if the bottom hole pressure of the Drinkard zone when adjusted to the common data of the Drinkard.

The ownership (including working interest, royalty, and overriding royalty) of the Drinkard and the Blinebry is common to all zones.

Your consideration and approval will be appreciated. Direct any questions to the attention of Viveca Skinnider, telephone (915) 368-1489, or to me.

Thank you,

Larry M. Sanders /bg Jsn

Larry M. Sanders, Supervisor
Regulation and Proration

Attachments

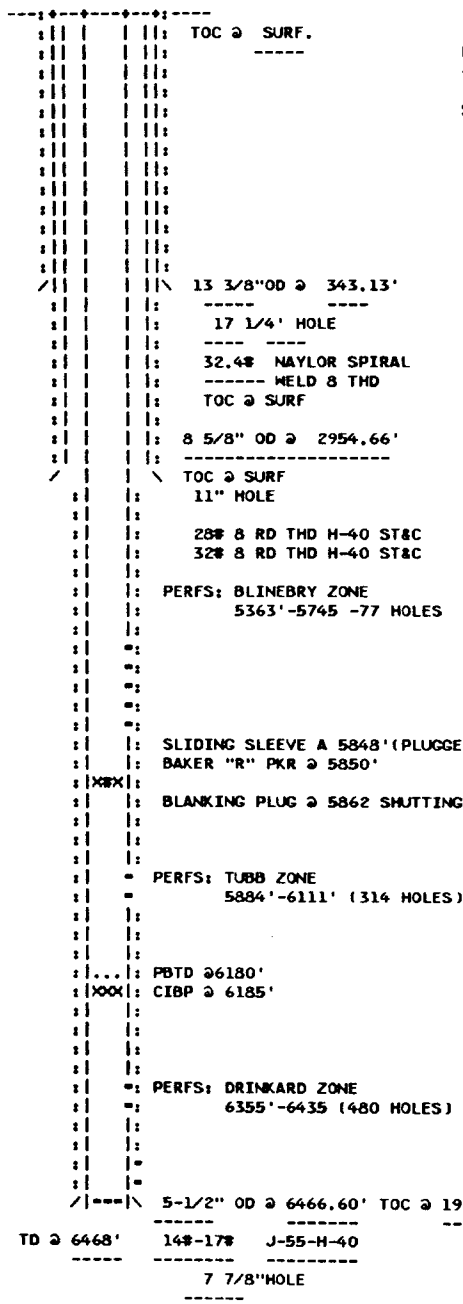
cc: NMOCD, Hobbs Office
Offset Operators

PHILLIPS PETROLEUM COMPANY PERMIAN BASIN REGION

RKB @ 3332'
CHF @ (10')
GL @ 3322

AREA NORTH
SUBAREA SHAFTER LAKE
DATE: 01/04/91

LEASE & WELL NO. SIMS # 5
LEGAL DESCRIPTION 2050'FSL AND 660' FWL, SEC 24, T-22-S, R-37-E UNIT L
LEA, COUNTY NEW MEXICO



FIELD BLINEBRY-BLINEBRY TUBB- TUBB

STATUS PRODUCING 8 BOPD 0 BWPD 116 MCF (BLINBRY 10-1-90)
5 BOPD 10 BWPD 0 MCF (TUBB SI 5/1975)

TBG. 2 3/8" SET @ 5850', WITH BAKER "R" PACKER WITH BLANKING PLUG, SLIDING SLEEVE AT 5848' (SLIDING SLEEVE IS PLUGGED, HOLES HAVE BEEN SHOT IN THE TUBING

STIMULATION HISTORY:

	INTERVAL	DATE	TYPE	GALLONS	LBS. SAND	MP	ISDP	IR	Down
1.	6410'- 6435'	07/29/48	15%	1000		2850			2 3/8
2.	6355'-6410'	07/31/48	15%	10000		1100			2 3/8
3.	6355'-6410'	07/27/48	15%	5000		2500			2 3/8
4.	5884'-6111'	12/07/58	FRAC	30000	52000	2800		30	2 3/8
5.	5363'-5793'	05/06/75	28%	4000		2900	600	4.5	2 3/8
6.	5990'-6111'	05/01/75	28%	1800		3100	1000	5.3	2 3/8
7.	5884'-6111'	05/01/75	28%	5200		3100	1000	5.3	2 3/8
8.									

RECOMMENDED PROCEDURE: COMMINGLE APPLICATION

PPCO. W.I.: 100 %

Checked By:

RESV. ENGR.: V. L. SKINNIDER

PROD. ENGR.: S. E. GUTBERLET

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
Phillips Petroleum Company	Sims	5

Unit Letter	Section	Township	Range	County
L	24	22-S	37-E	Lea

Actual Footage Location of Well:
660 feet from the west line and 2050 feet from the south line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3322'Gr, 3332'RKB	Blinebry	Blinebry Gas	80 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

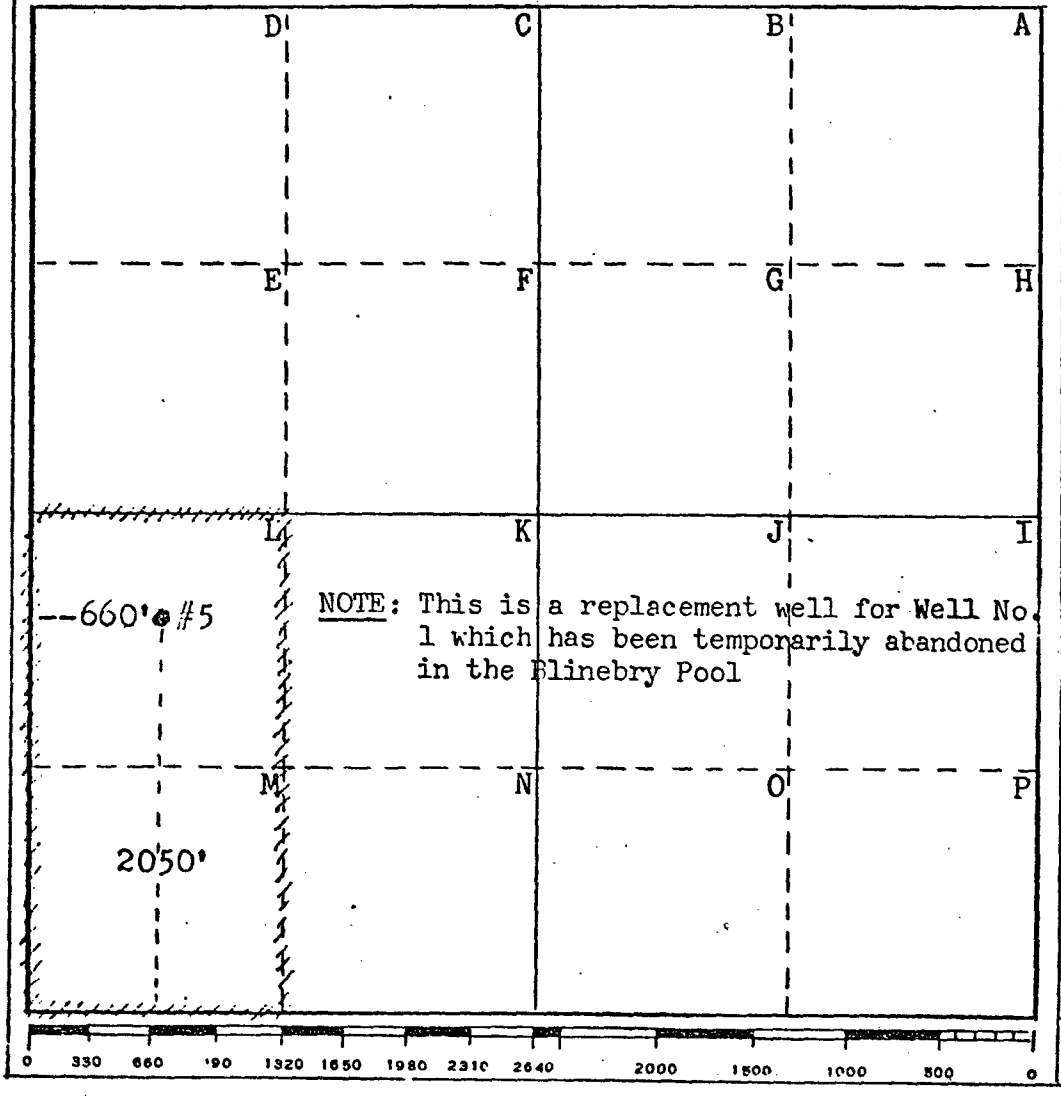
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name: W. J. Mueller

Position: Senior Reservoir Engineer

Company: Phillips Petroleum Co.

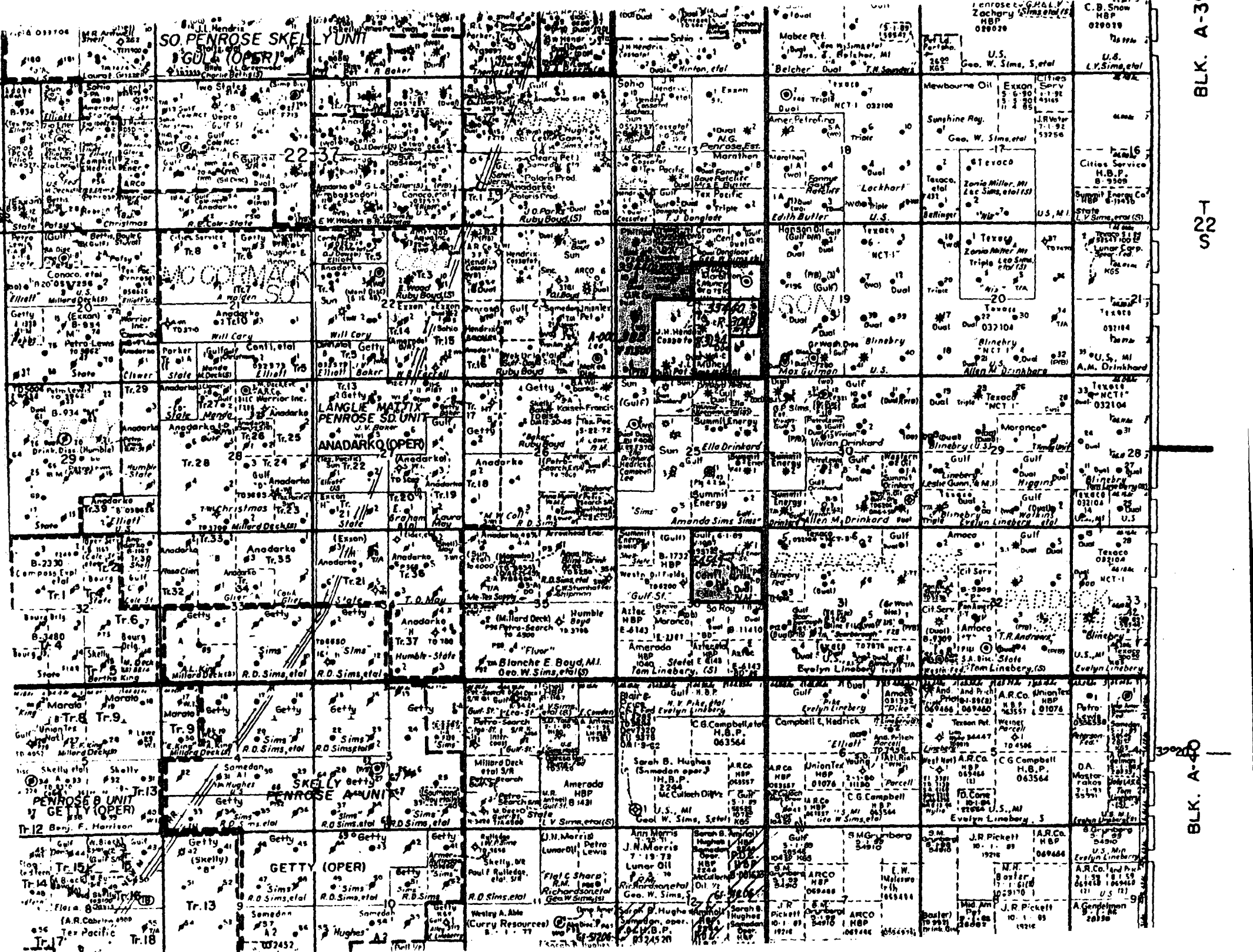
Date: 1-28-76

I hereby certify that the well location shown on this plat 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 knowledge and belief.

Date Surveyed: 5-10-48

Registered Professional Engineer and/or Land Surveyor: M. E. Spry

Certificate No.


SO. PENROSE SKELLY UNIT
GULF (OPER)
LANGLIE MATTIX PENROSE SD. UNIT
ANADARKO (OPER)
PENROSE B UNIT
GETTY (OPER)
SKELLY PENROSE A UNIT
GETTY (OPER)
BLK. A-33
BLK. A-40
T 22 S

1 /59-1 /76

INITIAL PROD / DAY	:	277.0
REMAINING LIFE	:	17.08
		0.00
CUM PRODUCTN-MUNITS	:	1324.
FINAL PROD / DAY	:	284.0

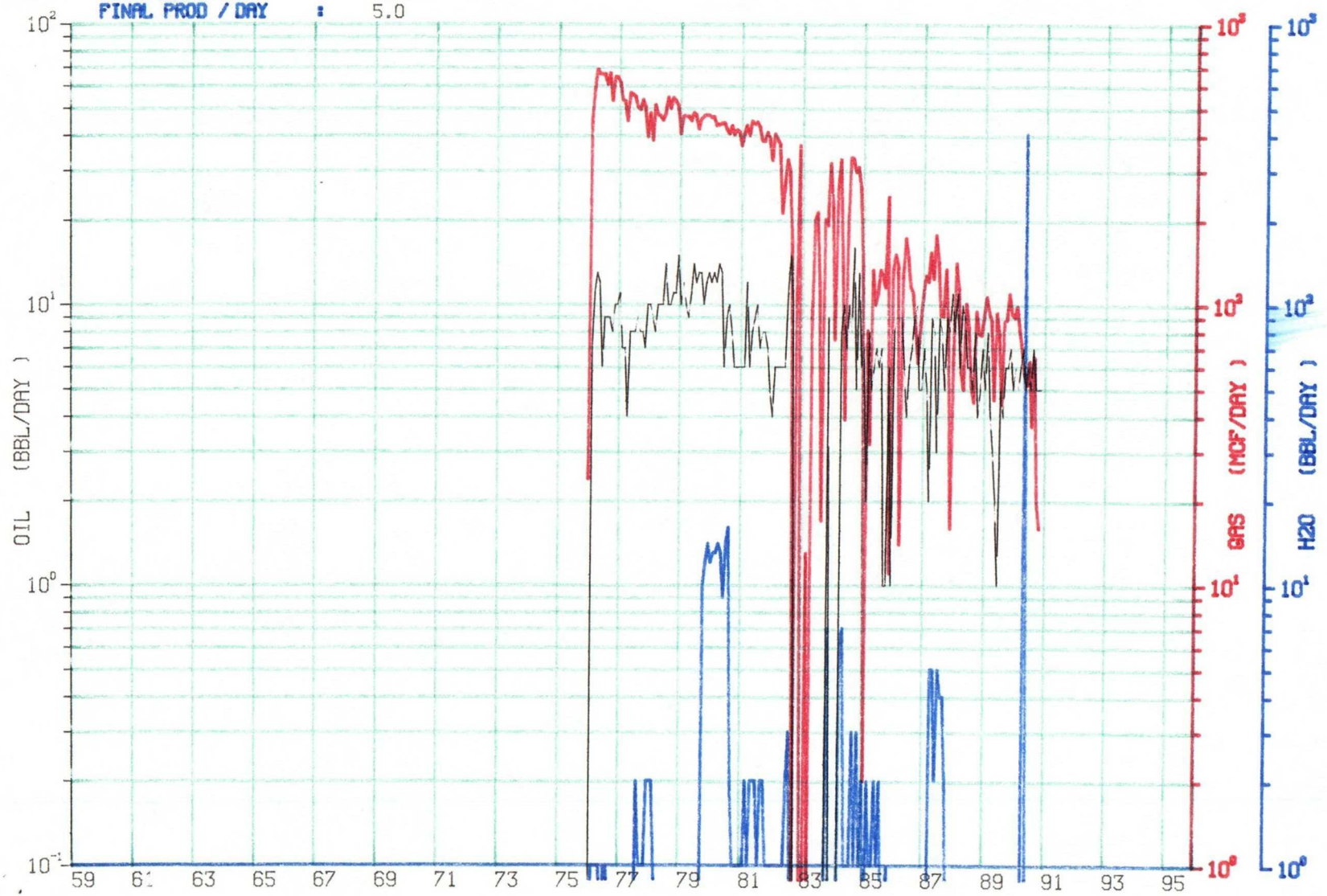
LEASE- 600022 : SIMS
RESVR- 251 : TUBB
WELL - 00005

PPROD
SINGLE WELL 600022 251 00005
NM 46, CL- NC, PM- NF , CT- DU

*7AW 01/03/91 11:05

1 /76-11/90

INITIAL PROD / DAY : 0.0
REMAINING LIFE : 14.92
0.00
CUM PRODUCTION : 38507.
FINAL PROD / DAY : 5.0



LEASE- 600022 : SIMS
RESVR- 100 : BLINEBRY
WELL - 00005

PPROD
SINGLE WELL 600022 100 00005
NM 46, CL- NC, PM- NF , CT- DU

*7AW 01/03/91 11:03

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Royalty Interest Owners:

United New Mexico Bank at Lea County,
Personal Representative for the
Elizabeth Sims Daugherty Estate
P.O. Box 5614
Hobbs, New Mexico 88241

Winnie L. Sims Kennann
P.O. Box 202
Eunice, New Mexico 88231

G.P. Sims
P.O. Box 1046
Eunice, New Mexico 88231

Leo V. Sims
423 East Baja
Hobbs, New Mexico 88240

Ellie Sims Spear
P.O. Drawer 309
Hobbs, New Mexico 88240

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Offset Operators:

John H. Hendrix Corporation
525 Midland Tower
Midland, Texas 79701

Texas Pacific Oil Co. Inc.
9400 N. Central Expressway
Dallas, Texas 75250

Crown Central Petroleum Corp.
Suite 1002, Wilco Bldg.
Midland, TX 79701

Marathon Oil Company
Box 552
Midland, Texas 79702

Coquina Oil Corporation
Box 2960
Midland, Texas 79701

Union Texas Petroleum
1300 Wilco Bldg.
Midland, Texas 79701

Gulf Energy & Minerals, Inc.
Box 1150
Midland, Texas 79701

Samedan Oil Corporation
900 Wall Towers East
Midland, Texas 79701

Bruce A. Wilbanks
Box 763
Midland, Texas 79701

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE

February 18, 1991

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC_____
DHC XX
NSL_____
NSP_____
SWD_____
WFX_____
PMX_____

Gentlemen:

I have examined the application for the:

Phillips Petroleum Co.	Sims #5-L		24-22-37
Operator	Lease & Well No.	Unit	S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed