



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 18, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ConocoPhillips Company
P. O. Box 2197
Houston, Texas 77252

Attention: Deborah Marberry
Regulatory Analyst

Re: *Administrative applications for the following three unorthodox Glorieta oil well locations in Township 17 South, Range 35 East, NMPM, Vacuum-Glorieta Pool (62160), Lea County, New Mexico: (i) Vacuum Glorieta East Unit, Tract 5 Well No. 7 to be drilled 457' FSL & 1174' FEL (Unit P) of Section 29 (administrative application reference No. pSEM0-522141631); (ii) Vacuum Glorieta East Unit, Tract 5 Well No. 8 to be drilled 1131' FSL & 330' FEL (Unit P) of Section 29 (administrative application reference No. pSEM0-522141842); and (iii) Vacuum Glorieta East Unit, Tract 4 Well No. 3 to be drilled 308' FNL & 990' FWL (Unit D) of Section 33 (administrative application reference No. pSEM0-522141996).*

Dear Ms. Marberry:

Pursuant to Division Rule 104.F (1), which reads as follows and was initially promulgated by Division Order No. R-10533, issued by the New Mexico Oil Conservation Commission in Case No. 11,351 on January 18, 1996, this application is unnecessary:

"Well locations for producing wells and/or injection wells that are unorthodox based on the requirements of Subsection B [oil spacing rules] above and are necessary for an efficient production and injection pattern within a secondary recovery, tertiary recovery, or pressure maintenance project are hereby authorized, provided that the unorthodox location within the project is no closer than the required minimum distance to the outer boundary of the lease or unitized area, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. These locations shall only require such prior approvals as are necessary for an unorthodox location."

My review of these applications indicate that the three proposed Vacuum-Glorieta oil wells are well-inside the Vacuum Glorieta East Unit Waterflood Project (see Division Order No. R-10020, issued in Case No. 10846 on November 23, 1993, as amended by Order No. R-10020-A; copies attached) and can therefore be administered entirely by the Division's district office in Hobbs.

ConocoPhillips Company
Administrative Application Reference Nos. pSEM0-522141631, pSEM0-522141842, and
pSEM0-522141996

August 18, 2005

Page2

I am therefore withdrawing and returning these three applications at this time.

Should there be any questions concerning this matter, please contact ConocoPhillips Company's Senior Regulatory Analyst, Ms. Yolanda Perez at (832) 486-2329 or Mr. Chris Williams in Hobbs at (505) 393-6161.

Sincerely,



Michael E. Stogner
Engineer

MS/ms

cc: New Mexico Oil Conservation Division - Hobbs
New Mexico State Land Office - Santa Fe
Mr. Sam Huisman, Geologist - ConocoPhillips Company, Houston
Ms. Yolanda Perez, Senior Regulatory Analyst - ConocoPhillips Company, Houston

Tract 5 Well No. 8

P-29-7175-R35E

DATE IN 8.8.05	SUSPENSE	ENGINEER Stogner	LOGGED IN 8.9.05	TYPE NSL	APPROVAL DSEM0522141842
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
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- [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]
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 NSL NSP 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
- [D] Other: Specify _____
- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Deborah Marberry / Deborah Marberry / Regulatory Analyst / 8/5/05
 Print or Type Name / Signature / Title / Date
 deborah.marberry@conocoPhillips.com
 e-mail Address



August 4, 2005

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Application for Non-Standard Location
Vacuum Glorieta East Unit 05-08 new drill
Vacuum Glorieta Pool (62160)
1131' FSL & 330' FEL, Sec. 29 T17S, R35E
Lea County, NM

Dear Mr. Stogner,

Staking of the proposed Vacuum Glorieta East Unit 05-08 (VGEU) new drill in the Vacuum Glorieta pool does not conform to standard Rule 104 location rules, and ConocoPhillips requests permission to drill the well 189' south of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ section line. Justification for the non-standard location is based on alignment of patterns within the Unit, in anticipation of converting the Unit to secondary recovery. In order to keep this spacing unit in a consistent inverted 5-spot pattern, thereby facilitating effective recovery with planned future water injection, ConocoPhillips requests an exception to Rule 104. Additionally, if the VGEU 05-08 were moved to a standard location, production interference would be anticipated with the offset VGEU 05-04 producer (791' to the south of currently staked 05-08 location).

ConocoPhillips operates wells in all adjoining spacing units at the Glorieta Pool level as part of the Vacuum Glorieta East Unit (refer to attachment). The proposed VGEU 05-08 producer is located in the middle of the Glorieta East Unit, approximately 2840' from north Unit boundary, 7000' from south Unit boundary, 8960' from west and 10,850' from the east Unit boundary.

Please do not hesitate to contact me at 832.486.2314 or by email at samuel.k.Huisman@conocophillips.com if you have any questions regarding location of the proposed VGEU 05-08 new drill producer.

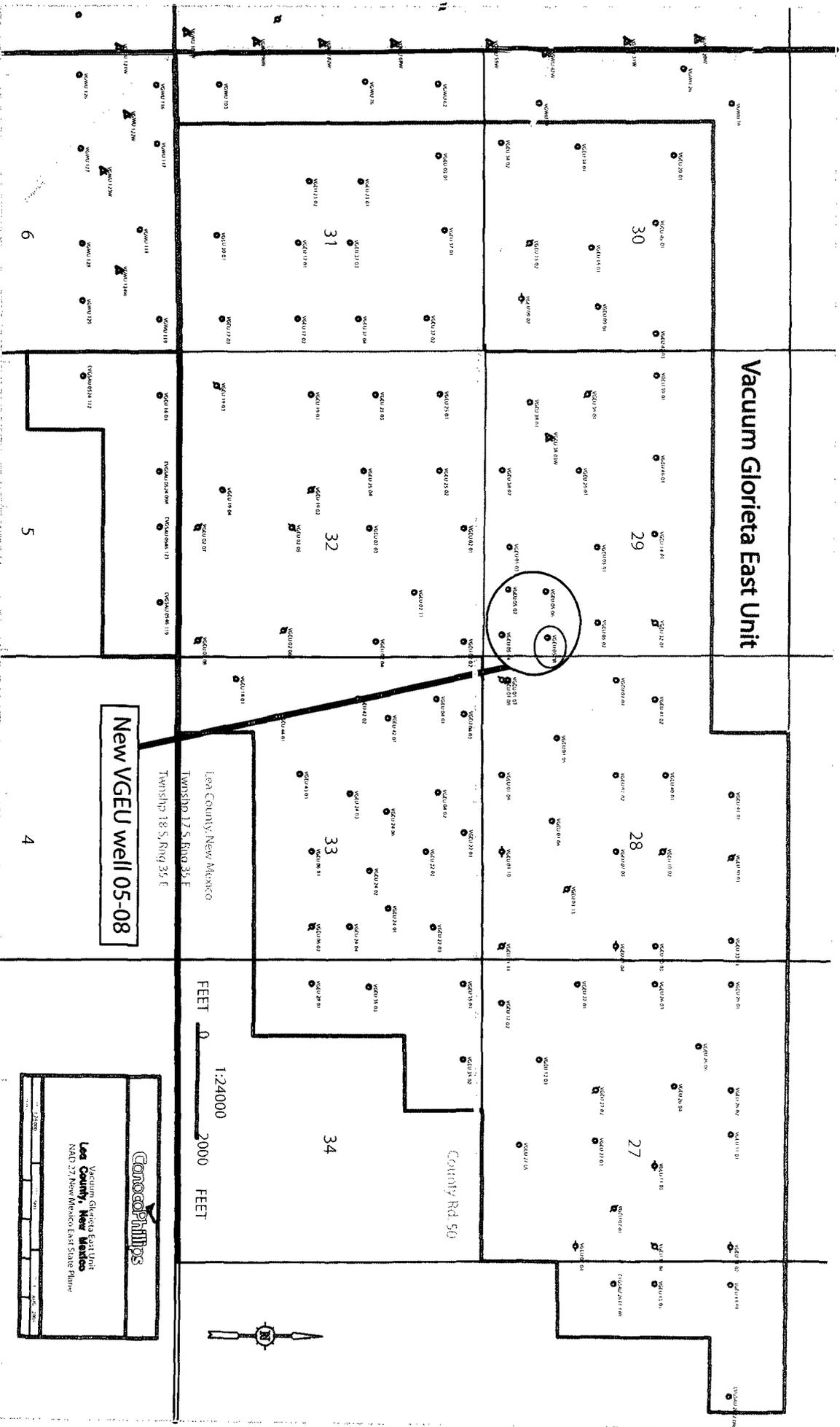
Sincerely,
ConocoPhillips Company

A handwritten signature in cursive script that reads "Samuel Huisman".

Samuel Huisman
Geologist

Attachments:
Location plat
Unit plat

Vacuum Glorieta East Unit



New VGEU well 05-08

ComcoPhillips

Vacuum Glorieta East Unit
Lea County, New Mexico
NAD 27 New Mexico East State Plane

DATE: 11/10/2009
TIME: 11:00 AM
SCALE: 1:24000

FEET 0 2000 FEET



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name VACUUM GLORIETA EAST UNIT	Well Number 05-08
OGRID No.	Operator Name CONOCOPHILLIPS	Elevation 3954'

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	29	17 S	35 E		1131	SOUTH	330	EAST	LEA

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

Dedicated Acres	Joint or Infill	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

<p>NOTE:</p> <p>1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p>	
	<p># 6</p>
	<p>3956.1' 3954.0'</p> <p>Plane Coordinate X = 764,708.7 Y = 656,426.1</p> <p>3955.4' 3953.0'</p> <p>1131'</p> <p># 4</p>
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Deborah Marberry</i> Signature</p> <p>Deborah Marberry Printed Name</p> <p>Regulatory Analyst Title</p> <p>8/5/05 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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 upervision and that the same is true and orrect to the best of my belief.</p> <p>June 13, 2005 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor LVA</p> <p><i>W.O.</i></p> <p>W.O. Num. 2005-0443-1</p> <p>Certificate No. MACON McDONALD 12185</p>

VGEU Tr. 5 Well No. 7 P-95-175-35E

8.8.05 DATE IN	SUSPENSE	Stogner ENGINEER	8.9.05 LOGGED IN	TYPE NSL	APP NO. PSEMOS22141631
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



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- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

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 DHC CTB PLC PC OLS OLM
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 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
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U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
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Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Deborah Marberry *Deborah Marberry* Regulatory Analyst 8/6/05
 Print or Type Name Signature Title Date
 deborah.marberry@conocoPhillips.com
 e-mail Address



ConocoPhillips Company
Deborah Marberry
Regulatory Analyst
Mid-America Business Unit
Lower 48
WL3 - 6108
P.O. Box 2197
Houston, TX 77252
Phone: 832-486-2326
Fax: (832) 486-2764

August 5, 2005

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Non-Standard Location
Vacuum Glorieta East Unit #05-07
Vacuum Glorieta 62160
457' FSL & 1174' FEL Unit Ltr. P Sec. ²⁹ ~~33~~ T17S R35E
Lea County, New Mexico

Mr. Stogner:

The proposed Vacuum Glorieta East Unit #05-07 (VGEU) is staked at a non-standard location due to pipeline that borders the well on the west, east, and south boundaries . This 40 acre unit currently has 4 other wells located within; two of which produces from the Vacuum Glorieta pool. Attached is a letter from the surveyor of the site noting the pipelines wellpad plat showing the pipelines.

The well is located in the middle of the Vacuum Glorieta East Unit of which ConocoPhillips operates all wells in the Vacuum Glorieta pool. Attached is a plat indicating the placement of the well within the unit.

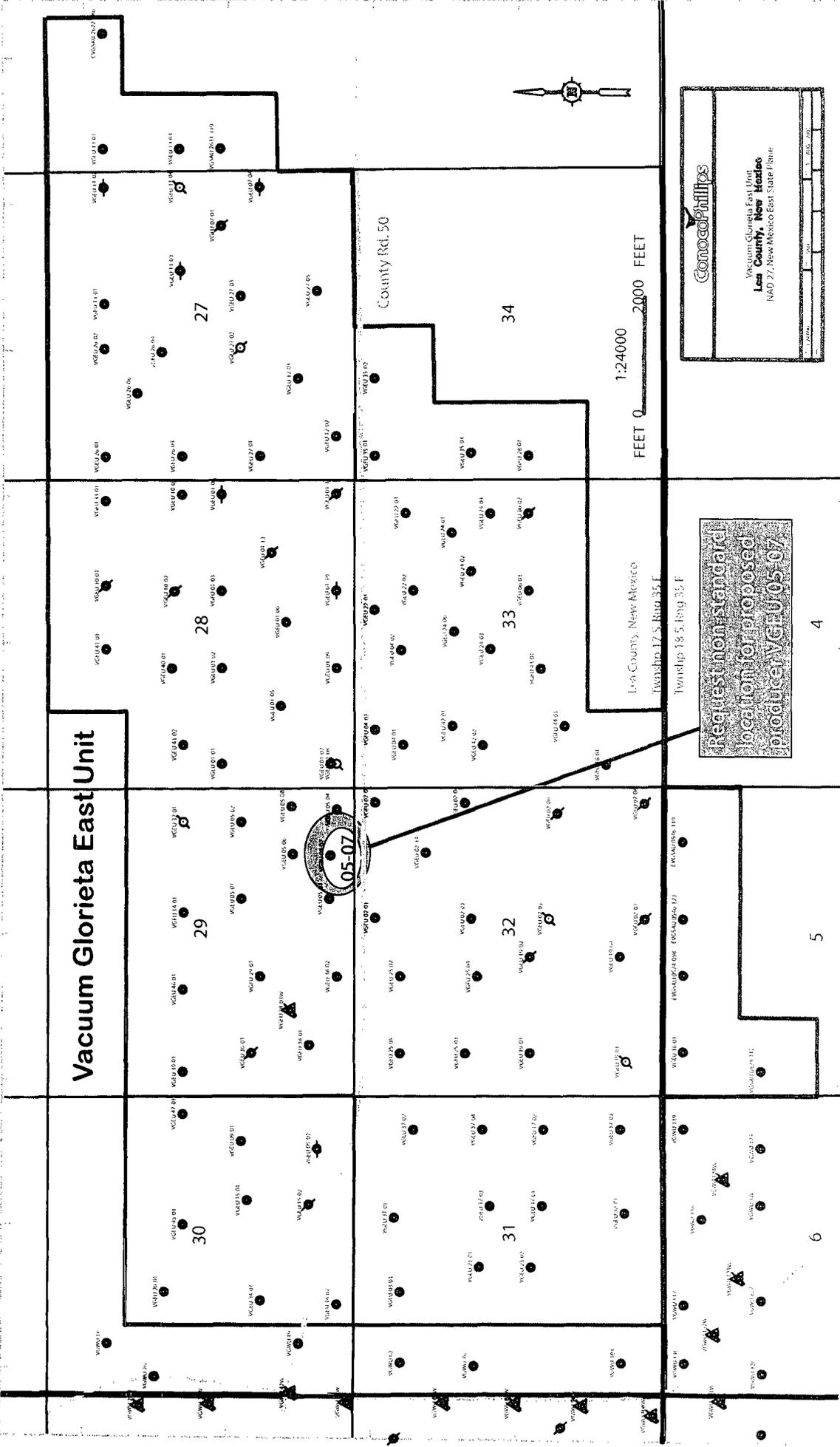
ConocoPhillips respectfully requests that a non-standard location for the VGEU #05-07 well be issued for the reasons cited above. If there are any questions concerning this application, please feel free to call Sam Huisman, Geologist, @ 832-486-2314 or myself @832-486-2326.

Sincerely,

Deborah Marberry
Regulatory Analyst

Attachments:
Unit Plat
Surveyor letter
C-102 Plat
Wellpad plat

Vacuum Glorieta East Unit



ComocoPhillips
Vacuum Glorieta East Unit
Lea County, New Mexico
INAD 27, New Mexico East State Philip

Request non-Strategic
Location for proposed
Production VGLU05-07

Lea County, New Mexico
Township 17 S, Range 35 E
Block 18 S, Bng 35 F

4
5
6

1:24000
FEET 0 2000 FEET



110 W. LOUISIANA AVE. SUITE 110 MIDLAND, TEXAS 79701-3414
OFFICE (432) 687-0865 FAX (432) 687-0868
Web Page: www.team-west.com

July 25, 2005

**Re: Vacuum Glorieta East Unit #05-07
457' FSL & 1174' FEL, Section 29
T-17-S, R-35-E, N.M.P.M.
Lea County, New Mexico**

To Whom It May Concern:

This well is staked in a non-standard location due to the well location falling inside two North\South buried pipelines and another East\West buried pipeline. In other words, there is a pipeline on the West, East, and South boundaries of the well location. We have no physical space to move East or West.

If I can be of further assistance or answer any question you might have, please do not hesitate to contact me.

Sincerely,

West Company of Midland, Inc.

A handwritten signature in black ink, appearing to read "Macon McDonald", is written over the typed name.

Macon McDonald, R.P.L.S.

President

RMM/lva

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
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DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Tract 5 Well No. 7

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name VACUUM GLORIETA EAST UNIT	Well Number 05-07
OGRID No.	Operator Name CONOCOPHILLIPS	Elevation 3960'

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	29	17 S	35 E		457	SOUTH	1174	EAST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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Plane Coordinate
X = 763,872.4
Y = 655,751.2

OPERATOR CERTIFICATION

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

Deborah Maeberry
Signature

Deborah Maeberry
Printed Name

Regulatory Analyst
Title

8/5/05
Date

SURVEYOR CERTIFICATION

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 belief.

June 3, 2005

Date Surveyed

Signature & Seal of Professional Surveyor

LVA

W.O. Num. 2005-0442

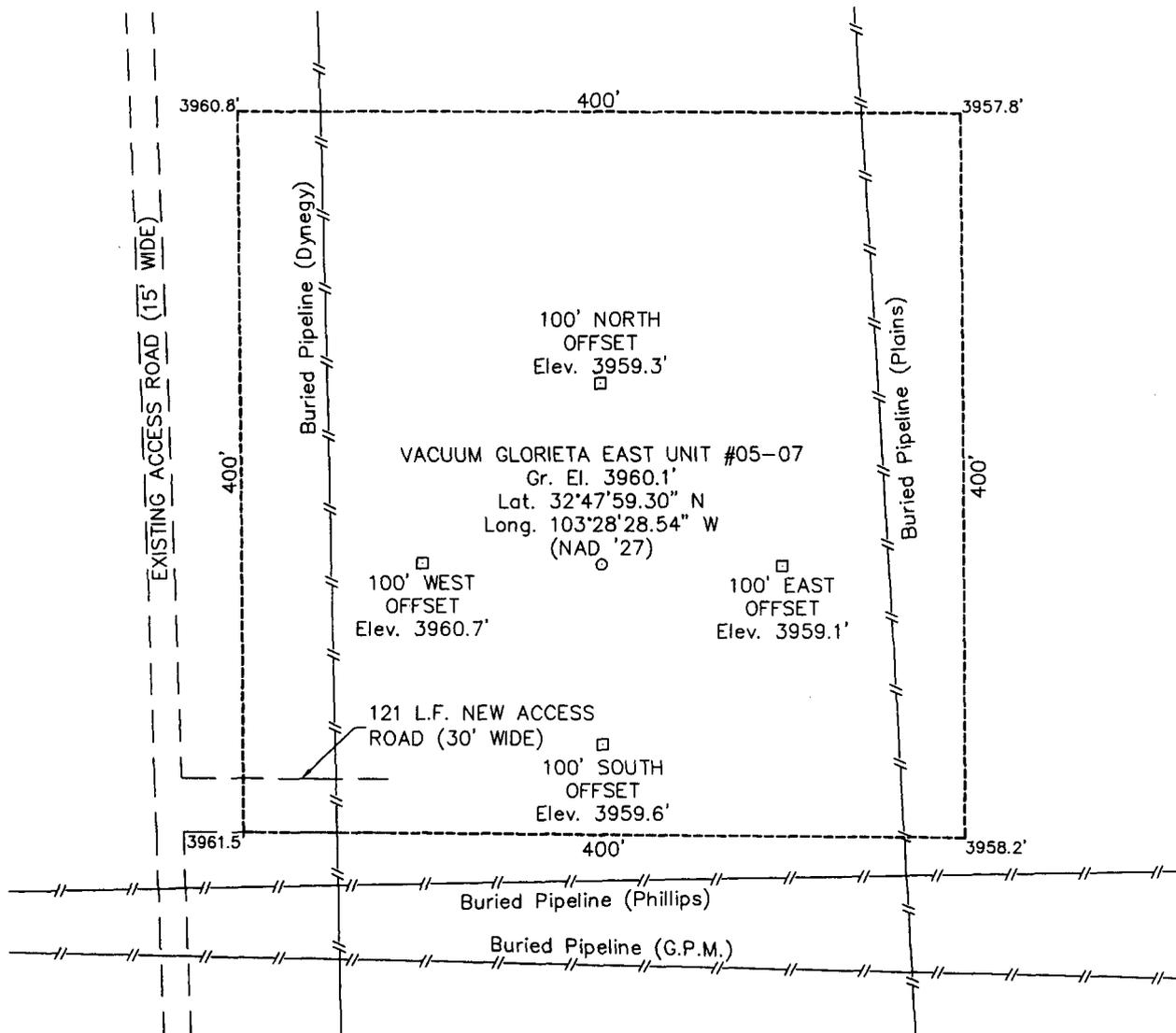
Certificate No. MACON McDONALD 12185

SECTION 29, TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M.

LEA COUNTY

NEW MEXICO

L-2005-0442-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF STATE HIGHWAY 8 AND COUNTY ROAD 50 IN BUCKEYE, NM GO EAST ON SAID COUNTY ROAD 50 1.7 MILES TO A LEASE ROAD ON NORTH (LEFT) SIDE OF SAID ROAD, THEN GO NORTH ON SAID LEASE ROAD 0.1 MILE TO A POINT WHERE NEW ACCESS ROAD BEGINS AND RUNS APPROXIMATELY 121 FEET WEST TO PROPOSED LOCATION.

CONOCOPHILLIPS

VACUUM GLORIETA EAST UNIT #05-07

Located 457' FSL & 1174' FEL, Section 29
Township 17 South, Range 35 East, N.M.P.M.
Lea County, New Mexico

Drawn By: LVA	Date: June 7, 2005
Scale: 1"=100'	Field Book: 305 / 32-37
Revision Date:	Quadrangle: Lovington SW
W.O. No: 2005-0442	Dwg. No.: L-2005-0442-A

**WEST
COMPANY**
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

Tract 4 Well No. 3

D-33-175-35E

DATE IN 8.8.05	SUSPENSE	ENGINEER Sitzner	LOGGED IN 8.9.05	TYPE NSL	APP NO. DEMO522141996
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- [D] Other: Specify _____
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- [C] Application is One Which Requires Published Legal Notice
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 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,
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Deborah Marberry / Deborah Mahery Regulatory Analyst 8/5/05
 Print or Type Name Signature Title Date
 deborah.marberry@conocoPhillips.com
 e-mail Address



ConocoPhillips Company
Deborah Marberry
Regulatory Analyst
Mid-America Business Unit
Lower 48
WL3 - 6108
P.O. Box 2197
Houston, TX 77252
Phone: 832-486-2326
Fax: (832) 486-2764

August 5, 2005

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Non-Standard Location
Vacuum Glorieta East Unit #04-03
Vacuum Glorieta 62160
308' FNL & 990' FWL, Unit Letter D Sec. 33 T17S R35E
Lea County, New Mexico

Mr. Stogner:

The proposed Vacuum Glorieta East Unit #04-03 (VGEU) is staked at a non-standard location due to an underground pipeline just south of the new drill. This 40 acre unit currently has 4 other wells located within; one of which produces from the Vacuum Glorieta pool. Attached is a letter from the surveyor of the site noting the pipeline.

The well is located in the middle of the Vacuum Glorieta East Unit of which ConocoPhillips operates all wells in the Vacuum Glorieta pool. Attached is a plat indicating the placement of the well within the unit.

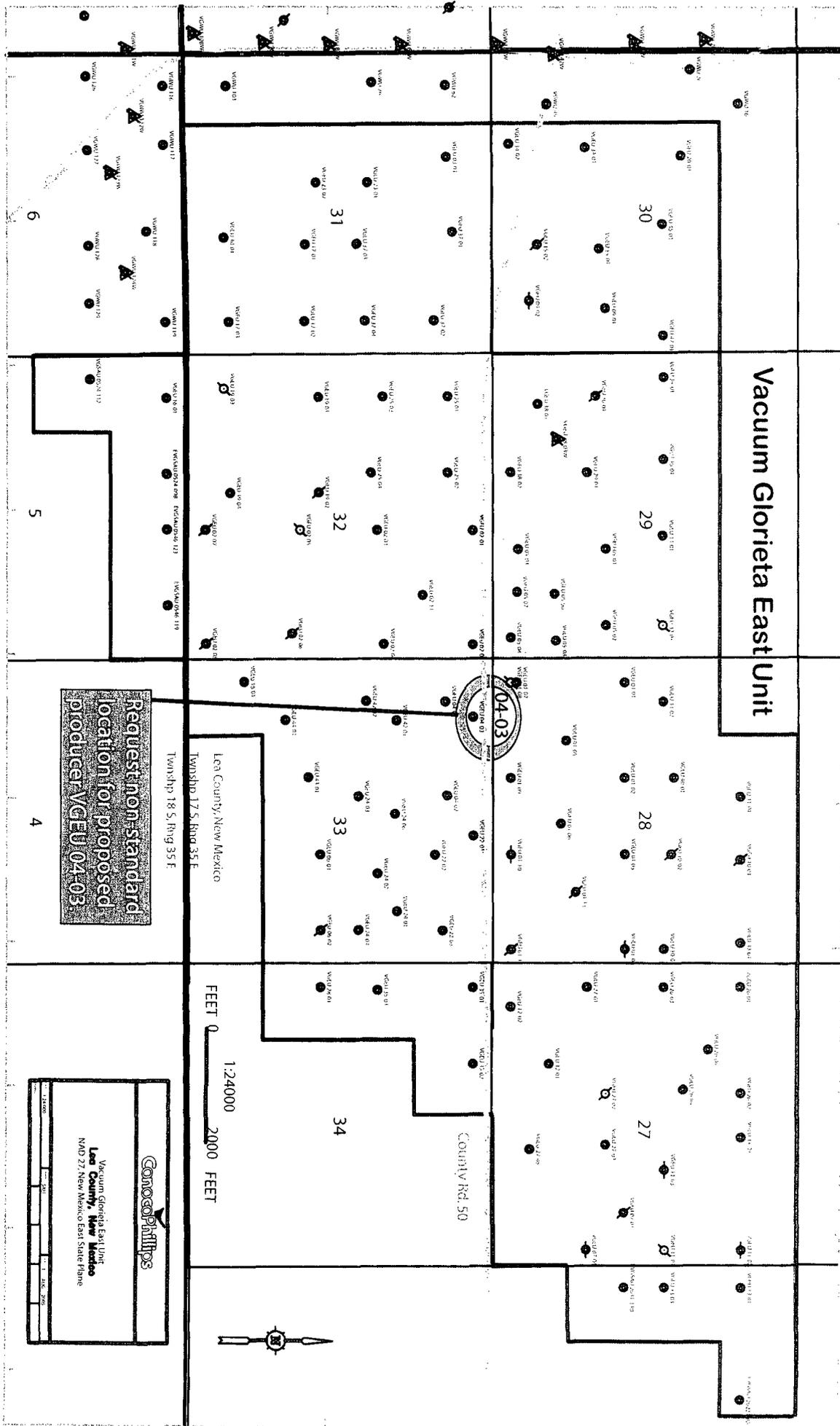
ConocoPhillips respectfully requests that a non-standard location for the VGEU #04-03 well be issued for the reasons cited above. If there are any questions concerning this application, please feel free to call Sam Huisman, Geologist, @ 832-486-2314 or myself @832-486-2326.

Sincerely,

Deborah Marberry
Regulatory Analyst

Attachments:
Unit Plat
Surveyor letter
C-102 Plat
Wellpad plat

Vacuum Glorieta East Unit



Request non standard location for proposed producer VGEU 04-03

ComocoPhillips

Vacuum Glorieta East Unit
 Lea County, New Mexico
 NAD 27 New Mexico East State Plane

1:24000
 FEET 0 2000 FEET





110 W. LOUISIANA AVE. SUITE 110 MIDLAND, TEXAS 79701-3414
OFFICE (432) 687-0865 FAX (432) 687-0868
Web Page: www.team-west.com

July 25, 2005

**Re: Vacuum Glorieta East Unit #04-03
308' FNL & 990' FWL, Section 33
T-17-S, R-35-E, N.M.P.M.
Lea County, New Mexico**

To Whom It May Concern:

This well is staked in a non-standard position due to the fact that the stake cannot be moved any further South due to an underground buried pipeline. Standard physical location size will not allow for any further movement South and still maintain required clearance from pipeline.

If I can be of further assistance or answer any question you might have, please do not hesitate to contact me.

Sincerely,

West Company of Midland, Inc.

A handwritten signature in black ink, appearing to read "Macon McDonald", is written over the typed name.

Macon McDonald, R.P.L.S.

President

RMM/lva

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Tract 4 #3

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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OGRID No.	Operator Name CONOCOPHILLIPS	Elevation 3942'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	33	17 S	35 E		308	NORTH	990	WEST	LEA

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
Dedicated Acres		Joint or Infill		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

					<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Deborah Maeberry</i> Signature</p> <p>Deborah Maeberry Printed Name</p> <p>Regulatory Analyst Title</p> <p>8/5/05 Date</p>
					<p>SURVEYOR CERTIFICATION</p> <p>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 upervision and that the same is true and orrect to the best of my belief.</p> <p>June 13, 2005 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor LVA</p> <p><i>[Signature]</i></p>
					<p>W.O. Num. 2005-0444-1</p>
					<p>Certificate No. MACON McDONALD 12185</p>
NOTE:	<p>1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p>				

SECTION 33, TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M.

LEA COUNTY

NEW MEXICO

L-2005-0444-A

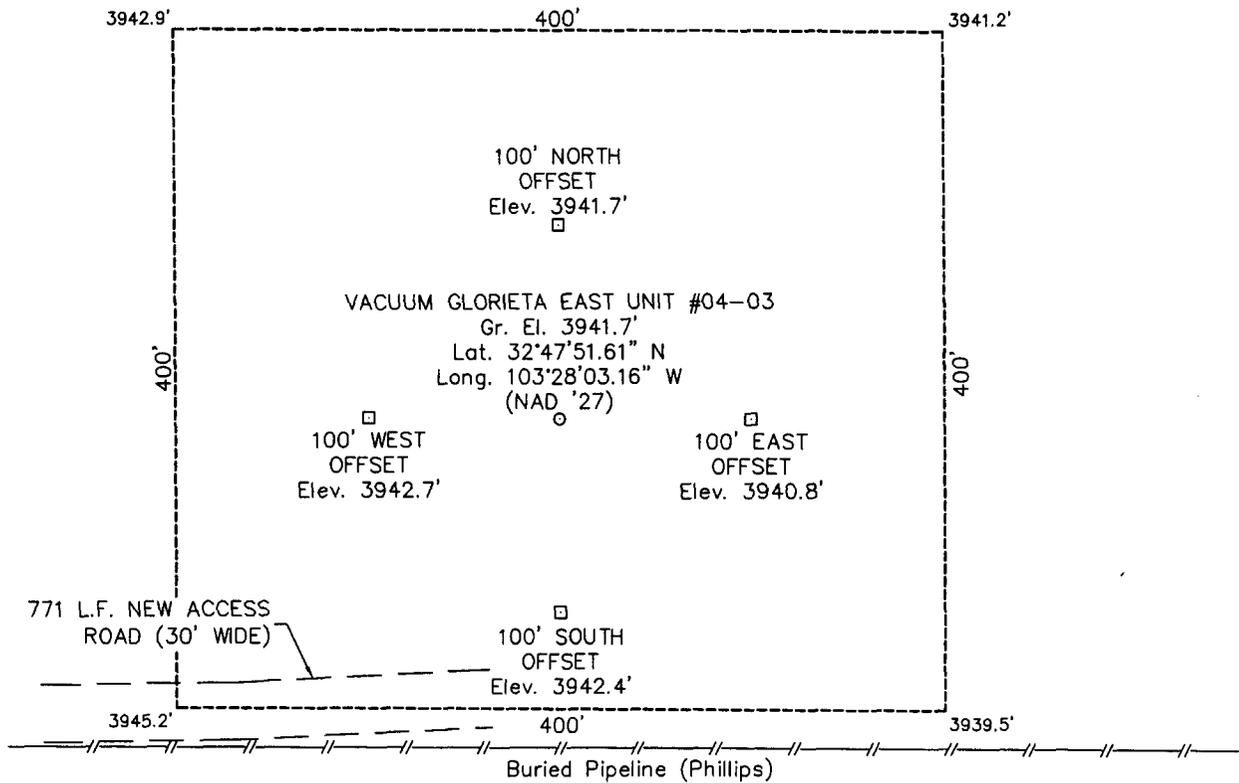
28

Section Line

28

33

33



DRIVING DIRECTIONS

FROM THE INTERSECTION OF STATE HIGHWAY 8 AND COUNTY ROAD 50 IN BUCKEYE, NM GO EAST ON SAID COUNTY ROAD 50 1.7 MILES TO A LEASE ROAD ON SOUTH (RIGHT) SIDE OF SAID ROAD, THEN GO SOUTH ON SAID LEASE ROAD APPROXIMATELY 400 FEET TO A 4-WAY INTERSECTION, THEN GO EAST 0.3 MILE TO A FORK IN THE ROAD, TAKE LEFT FORK 0.1 MILE NORTHEAST TO POINT WHERE NEW ACCESS ROAD BEGINS AND RUNS APPROXIMATELY 771 FEET EAST TO PROPOSED LOCATION.

WEST
COMPANY
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

CONOCOPHILLIPS

VACUUM GLORIETA EAST UNIT #04-03

Located 308' FNL & 990' FWL, Section 33
Township 17 South, Range 35 East, N.M.P.M.
Lea County, New Mexico

Drawn By: LVA	Date: June 7, 2005
Scale: 1"=100'	Field Book: 305 / 32-37. 303 / 45-46
Revision Date: 7-15-2005	Quadrangle: Lovington SW
W.O. No: 2005-0444-1	Dwg. No.: L-2005-0444-A

**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. 10846
Order No. R-10020**

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF A WATERFLOOD
PROJECT, AND TO QUALIFY SAID PROJECT
FOR THE RECOVERED OIL TAX RATE PURSUANT
TO THE "NEW MEXICO ENHANCED OIL RECOVERY
ACT", LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of November, 1993, the Division Director, having considered the testimony, 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) Division Case Nos. 10845 and 10846 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Phillips Petroleum Company (Phillips), seeks authority to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross perforated and/or open hole interval from approximately 5,983 feet to 6,202 feet in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto.

(4) By Order No. R-10017 issued in Case No. 10845 on November 16, 1993, the Division, upon application of Phillips, approved the Vacuum Glorieta East Unit which comprises some 4,239.80 acres, more or less, in Townships 17 and 18 South, Range 35 East, NMPM, Lea County, New Mexico, described as follows:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 26: N/2 NW/4, SW/4 NW/4, NW/4 SW/4

Section 27: All

Section 28: E/2, SW/4, S/2 NW/4, NE/4 NW/4

Section 29: S/2, S/2 N/2

Section 30: SE/4, S/2 NE/4, E/2 SW/4, SE/4 NW/4

Section 31: E/2, E/2 W/2

Section 32: All

Section 33: N/2, N/2 S/2, SW/4 SW/4

Section 34: W/2 NW/4, NE/4 NW/4, NW/4 SW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 5: N/2 N/2 (Lots 1, 2, 3 and 4), SW/4 NW/4

(5) The western boundary of the Vacuum Glorieta East Unit is contiguous with the eastern boundary of the Texaco Exploration & Production Inc. Vacuum Glorieta West Unit and Waterflood Project which were approved by Division Order Nos. R-9714 and R-9710, respectively.

(6) The vast majority of wells located within the applicant's Vacuum Glorieta East Unit Area are in an advanced state of depletion and should properly be classified as "stripper wells".

(7) The proposed waterflood project should result in the recovery of otherwise unrecoverable oil, thereby preventing waste.

(8) Applicant estimates that secondary recovery operations within the Vacuum Glorieta East Unit Area will result in the recovery of an additional 16.4 million barrels of oil.

(9) The Vacuum Glorieta East Unit Waterflood Project will be developed on a 40-acre five spot injection pattern which will involve drilling eight new producing wells, thirty-three new injection wells, the conversion of fifteen existing wells to injection, and the reactivation of nine shut-in producing wells.

(10) The applicant should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(11) The injection of water into each of the wells shown on Exhibit "A" should be accomplished through internally plastic-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(12) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(13) The injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1200 psi.

(14) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described in Finding No. (13) above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(15) There are six wells, shown on Exhibit "B" attached hereto, which are located within the "area of review" which may not be cemented in a manner adequate to confine the injected fluid to the proposed injection interval.

(16) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "B", the applicant should be required to either demonstrate to the supervisor of the Division's Hobbs district office that the subject wells are completed and cemented adequately to confine the injected fluid to the injection zone, or perform remedial cement operations in a manner acceptable to the Division.

(17) Prior to commencing injection operations into the proposed Vacuum Glorieta East Unit Well Nos. 03W02, 08W02, 16W04, 20W02, 23W03, and 30W02, the applicant should be required to submit to the Santa Fe Office of the Division an executed copy of an Injection Lease-Line Agreement.

(18) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment, the conductance of any remedial cement operations, and of the mechanical integrity pressure tests in order that the same may be witnessed.

(19) The application should be approved and the project should be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(20) At the time of the hearing, the applicant requested that the subject waterflood be certified by the Division as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(21) The evidence presented indicates that the subject waterflood meets all the criteria for certification.

(22) Implementation of secondary recovery operations within the Vacuum Glorieta East Unit will occur in three phases. Phase I is to be implemented in 1994, Phase II in 1995 and Phase III in 1996.

(23) The certified "project area" should initially comprise the area within the Vacuum Glorieta East Unit, described in Finding No. (4) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

(24) To be eligible for the EOR credit, the operator should advise the Division when water injection commences within Phase I, II and III and, at such time, request the Division certify such phases or areas to the New Mexico Taxation and Revenue Department.

(25) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross perforated and/or open hole interval from approximately 5,983 feet to 6,202 feet in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(3) Injection into the wells shown on Exhibit "A" shall be accomplished through plastic-lined tubing installed in a packer set approximately within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1200 psi.

(5) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(6) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well shall be pressure-tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(7) Prior to initiating injection operations within one-half mile of any of the wells shown on Exhibit "B", the applicant shall either demonstrate to the supervisor of the Division's Hobbs district office that the subject wells are completed and cemented adequately to confine the injected fluid to the injection zone, or perform remedial cement operations in a manner acceptable to the Division.

(8) Prior to commencing injection operations into the proposed Vacuum Glorieta East Unit Well Nos. 03W02, 08W02, 16W04, 20W02, 23W03, and 30W02, the applicant shall submit to the Santa Fe Office of the Division an executed copy of an Injection Lease-Line Agreement.

(9) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment, the conductance of remedial cement operations, and of the mechanical integrity pressure tests, in order that the same may be witnessed.

(10) The applicant shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in any of the injection wells, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area, and shall take such steps as may be timely and necessary to correct such failure or leakage.

(11) The subject waterflood is hereby designated the Vacuum Glorieta East Unit Waterflood Project and shall be governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(12) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rule Nos. 706 and 1115 of the Division Rules and Regulations.

(13) The applicant shall be required to obtain Division approval, subsequent to the entry of this order, to drill any injection well located at an unorthodox location closer than 330 feet from the outer boundary of the Vacuum Glorieta East Unit.

(14) The subject waterflood is hereby certified as a qualified "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(15) The certified "project area" shall initially coincide with the Vacuum Glorieta East Unit Area, described in Finding No. (4) above, provided however, the "project area" and/or the producing wells eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

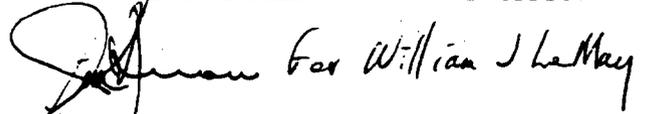
(16) To be eligible for the EOR credit, the operator shall advise the Division when water injection commences within Phase I, II and III and at such time, request the Division certify such phases or areas to the New Mexico Taxation and Revenue Department.

(17) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(18) Jurisdiction of this cause is 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

S E A L

Exhibit 'A'
Case No. 10846
Division Order No. R-10020
Vacuum Glorieta East Unit
Approved Injection Wells
Existing Wells

Operator	Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
Exxon Company USA	N.M. "K" State No. 34	1286' FSL - 1333' FWL	N	28-17S-35E	01-05
Exxon Company USA	N.M. "K" State No. 35	1195' FSL - 2518' FEL	O	28-17S-35E	01-06
Shell Western E & P, Inc.	State "T" No. 10	2310' FSL - 1980' FEL	J	33-17S-35E	06-01
Phillips Petroleum Company	Santa Fe No. 109	2323' FNL - 2213' FEL	G	29-17S-35E	14-01
Marathon Oil Company	Warn State AC 3 No. 8	1650' FNL - 990' FEL	H	33-17S-35E	24-01
Chevron USA, Inc.	State 4-27 No. 10	1650' FSL - 330' FWL	L	27-17S-35E	27-01
Phillips Petroleum Company	Santa Fe No. 106	2323' FNL - 660' FEL	H	29-17S-35E	32-01
Phillips Petroleum Company	Santa Fe No. 105	2322' FNL - 660' FWL	E	28-17S-35E	41-02
Phillips Petroleum Company	Santa Fe No. 92	2105' FSL - 1980' FWL	K	33-17S-35E	43-01

Exhibit "A"
Case No. 10846
Division Order No. R-10020
Vacuum Glorieta East Unit
Approved Injection Wells
New Wells

Infill Producing Wells Converted to Injection Wells

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
New Mexico K State	1320' FSL - 1320' FEL		28-17S-35E	01-13
New Mexico K State	1200' FNL - 1320' FEL		32-17S-35E	02-11
State M	1330' FSL - 1330' FEL	J	29-17S-35E	05-06
Warn State AC 3	1330' FNL - 2640' FWL		33-17S-35E	24-06
State 5 27	1500' FNL - 1320' FWL		27-17S-35E	26-06
Santa Fe	1320' FSL - 1330' FWL		29-17S-35E	29-02
Infill Injection Wells				
New Mexico State K	1320' FSL - 100' FWL		28-17S-35E	01W12
New Mexico State K	100' FSL - 1320' FWL		28-17S-35E	01W14
New Mexico State K	100' FSL - 1320' FEL		28-17S-35E	01W15
New Mexico State K	1320' FNL - 2650' FWL		32-17S-35E	02W09
New Mexico State K	2640' FNL - 1320' FEL		32-17S-35E	02W12

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
Skelly J State	50' FNL - 1370' FWL	C	31-17S-35E	03W02
Skelly P State	1200' FNL - 100' FWL	D	33-17S-35E	04W03
Skelly P State	1310' FNL - 1320' FWL		33-17S-35E	04W04
State M	1320' FSL - 2650' FWL		29-17S-35E	05W05
State M	100' FSL - 2650' FWL	O	29-17S-35E	05W07
State M	100' FSL - 1320' FEL		29-17S-35E	05W08
State F	50' FSL - 1370' FWL	N	31-17S-35E	08W02
State B	1320' FSL - 1310' FEL		30-17S-35E	09W03
State B	100' FSL - 1310' FEL	P	30-17S-35E	09W04
State N	1500' FNL - 1320' FEL		28-17S-35E	10W04
State N	2630' FNL - 2650' FWL	G	28-17S-35E	10W05
State N	2630' FNL - 1320' FEL		28-17S-35E	10W06
Santa Fe	2650' FNL - 2650' FWL	J	30-17S-35E	15W03
Santa Fe	1320' FSL - 2650' FWL		30-17S-35E	15W04
Santa Fe	100' FSL - 2650' FWL	O	30-17S-35E	15W05
Santa Fe	660' FNL - 50' FWL	D	5-18S-35E	16W04
State B 1578	2510' FSL - 1370' FWL	K	30-17S-35E	20W02
Warn State AC1	2640' FNL - 1370' FWL		31-17S-35E	23W03

Lease Name & Well No.	Location	Unit	STR	VGEU Well No.
State 3-32	1320' FNL - 1320' FWL		32-17S-35E	25W06
State 5-27	2630' FNL - 1320' FWL		27-17S-35E	26W07
Santa Fe	50' FSL - 1370' FEL	O	31-17S-35E	30W02
State H	1330' FSL - 100' FWL	L	29-17S-35E	36W02
State F	100' FSL - 100' FWL	M	29-17S-35E	38W03
State F	100' FSL - 1320' FWL		29-17S-35E	38W04
Santa Fe	2640' FNL - 100' FWL		33-17S-35E	42W03
State L DE	1330' FNL - 2650' FWL	G	30-17S-35E	45W02
State CG NCT-2	1980' FNL - 1980' FWL	F	29-17S-35E	46W01
State CG NCT-1	1980' FNL - 660' FEL	H	30-17S-35E	47W01

Exhibit "B"
Case No. 10846
Division Order No. R- 10020
Inadequately Cemented Wells

Well Name & No.	Location	Unit	S-T-R
Vacuum Abo Unit Tract 14 No. 3	660' FSL - 1980' FWL	N	5-18S-35E
Vacuum Abo Unit Tract 14 No. 2	660' FSL - 660' FWL	M	5-18S-35E
Vacuum Abo Unit Tract 9 No. 5	2310' FNL - 330' FEL	H	33-17S-35E
Santa Fe No. 125	660' FSL -1820' FWL	N	20-17S-35E
NM "AB" State No. 4	1650' FSL - 660' FEL	I	6-18S-35E
State "E" No. 2	660' FSL - 1700' FWL	N	31-17S-35E

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

CASE NO. 10846
Order No. R-10020-A

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF A WATERFLOOD
PROJECT AND TO QUALIFY SAID PROJECT
FOR THE RECOVERED OIL TAX RATE PURSUANT
TO THE "NEW MEXICO ENHANCED OIL RECOVERY
ACT", LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-10020 dated November 23, 1993, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

(1) Finding Paragraph No. (3) on page 1 of said Division Order No. R-10020 be and the same is hereby amended to read in its entirety as follows:

"The applicant, Phillips Petroleum Company, seeks authority to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross perforated and/or open hole interval correlative to depths from 5,983 feet to 6,202 feet as identified in the Shell State T Well No. 10 located in Unit J of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto".

(2) Decretory Paragraph No. (1) on page 5 of said Division Order No. R-10020 be and the same is hereby amended to read in its entirety as follows:

"The applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project in its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, Lea County, New Mexico, through the gross

Case No. 10846
Order No. R-10020-A

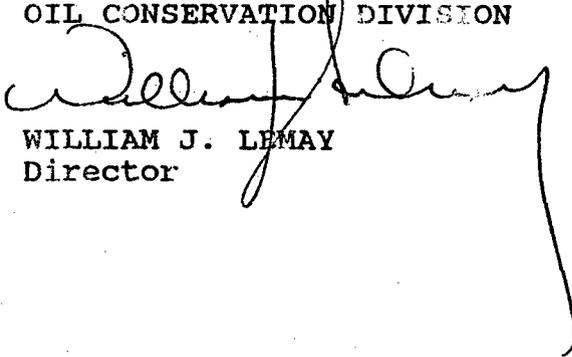
-2-

perforated and/or open hole interval correlative to depths from 5,983 feet to 6,202 feet as identified in the Shell State T Well No. 10 located in Unit J of Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, in nine existing and thirty-nine wells to be drilled at orthodox and unorthodox locations as shown on Exhibit "A" attached hereto".

(3) The corrections set forth in this order be entered nunc pro tunc as of November 23, 1993.

DONE at Santa Fe, New Mexico, on this 12th day of January, 1994.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

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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. 10845
ORDER NO. R-10017**

**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 October 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of November, 1993, the Division Director, having considered the testimony, 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) Division Case Nos. 10845 and 10846 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Phillips Petroleum Company, seeks approval of the Vacuum Glorieta East Unit Agreement for an area comprising some 4,239.80 acres, more or less, of State lands in Lea County, New Mexico, described as follows and hereinafter referred to as the "Unit Area":

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 26: N/2 NW/4, SW/4 NW/4, NW/4 SW/4

Section 27: All

Section 28: E/2, SW/4, S/2 NW/4, NE/4 NW/4

Section 29: S/2, S/2 N/2

Section 30: SE/4, S/2 NE/4, E/2 SW/4, SE/4 NW/4

Section 31: E/2, E/2 W/2

Section 32: All

Section 33: N/2, N/2 S/2, SW/4 SW/4

Section 34: W/2 NW/4, NE/4 NW/4, NW/4 SW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 5: N/2 N/2 (Lots 1, 2, 3 and 4), SW/4 NW/4

(4) Within the Vacuum Glorieta East Unit, the applicant proposes to initiate secondary recovery operations in the Vacuum-Glorieta Pool (being the subject of companion Case No. 10846).

(5) The "Unitized Formation", as described within the Vacuum Glorieta East Unit Agreement, should comprise the stratigraphic interval underlying the Unit Area found between the top of the Glorieta formation to the base of the Paddock formation in the Vacuum-Glorieta Pool. The top of the Glorieta formation for unitization purposes is defined as all points underlying the Unit Area correlative to the depth of 5,838 feet and the base of the Paddock Formation is defined as all points underlying the Unit Area correlative to the depth of 6,235 feet, both depths as identified on the Schlumberger Sonic Log for the Socony Mobil Bridges State Well No 95, located in the SE/4 SE/4 (Unit P) of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(6) Applicant has obtained preliminary approval of the Vacuum Glorieta East 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 for approval of the Vacuum Glorieta East Unit Agreement and Unit Area, comprising some 4,239.80 acres, more or less, of State lands in Lea County, New Mexico, and described as follows, for the purpose of initiating a secondary recovery project, is hereby approved.

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 26: N/2 NW/4, SW/4 NW/4, NW/4 SW/4
Section 27: All
Section 28: E/2, SW/4, S/2 NW/4, NE/4 NW/4
Section 29: S/2, S/2 N/2
Section 30: SE/4, S/2 NE/4, E/2 SW/4, SE/4 NW/4

Section 31: E/2, E/2 W/2
Section 32: All
Section 33: N/2, N/2 S/2, SW/4 SW/4
Section 34: W/2 NW/4, NE/4 NW/4, NW/4 SW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 5: N/2 N/2 (Lots 1, 2, 3 and 4), SW/4 NW/4

(2) The "Unitized Formation" shall comprise the stratigraphic interval underlying the Unit Area found between the top of the Glorieta formation to the base of the Paddock formation in the Vacuum-Glorieta Pool. The top of the Glorieta formation for unitization purposes is defined as all points underlying the Unit Area correlative to the depth of 5,838 feet and the base of the Paddock Formation is defined as all points underlying the Unit Area correlative to the depth of 6,235 feet, both depths as identified on the Schlumberger Sonic Log for the Socony Mobil Bridges State Well No 95, located in the SE/4 SE/4 (Unit P) of Section 26, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) The Vacuum Glorieta East Unit Agreement and the Vacuum Glorieta East Unit Operating Agreement, which were submitted to the Division at the time of the hearing and made a part of the record in this case, are hereby incorporated by reference into this order.

(4) 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.

(5) 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.

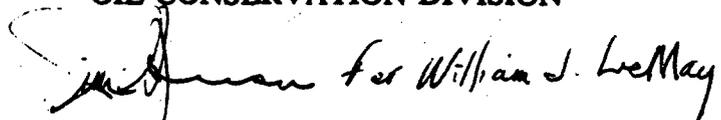
(6) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(7) 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.

(8) Jurisdiction of this cause is 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

S E A L