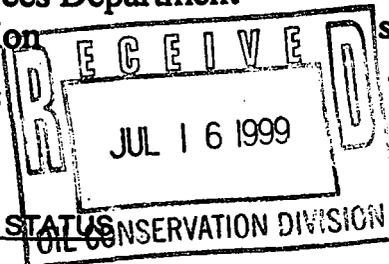


Energy Minerals and Natural Resources Department

Oil Conservation Division

2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131



SUBMIT ORIGINAL PLUS 2 COPIES TO THE SANTA FE OFFICE

District I - (505) 393-6161
1625 N. French Dr
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Artesia, NM 87410
District IV - (505) 827-7131

APPLICATION FOR NEW WELL STATUS OIL CONSERVATION DIVISION

I. Operator and Well

Operator name & address: Phillips Petroleum Company, 5525 Hwy. 64, Farmington, NM 87401. OGRID Number: 017654. Contact Party: Patsy Clugston, Phone: 505-599-3454. Property Name: San Juan 32-7 Unit, Well Number: 241, API Number: 30-045-29546. Table with columns: UL, Section, Township, Range, Feet From The, North/South Line, Feet From The, East/West Line, County.

II. Date/Time Information

Spud Date: 3/27/99, Spud Time: 1500 hrs, Date Completed: 4/21/99, Pool: Basin Fruitland Coal

III. Attach copies of Form C-103 or Federal Form 3160-5 showing date/time of drilling commenced and Form C-105 or Federal Form 3160-4 showing well was completed as a producer.

IV. Attach a list of all working interest owners with their percentage interests.

V. AFFIDAVIT:

State of New Mexico)
County of San Juan) ss.

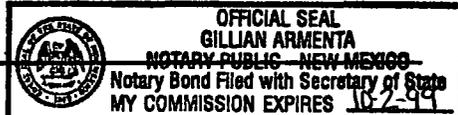
Patsy Clugston being first duly sworn, upon oath states:

- 1. I am the Operator, or authorized representative of the Operator, of the above-referenced well.
2. To the best of my knowledge, this application is complete and correct.

Signature: Patsy Clugston, Title: Regulatory Assistant, Date: 7/6/99

SUBSCRIBED AND SWORN TO before me this 6th day of July, 1999

Millian Armenta, Notary Public



My Commission expires:

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a New Well. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval.

Signature: Mark Hahly, Title: P.E. Spec., Date: 7-20-99

VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: 7/20/99

NOTICE: The operator must notify all working interest owners of this New Well certification.

PVEV2005936325

Submit to Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-105
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL API NO.
30-045-29546

5. Indicate Type Of Lease
STATE FEE

6. State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL GAS WELL DRY OTHER _____

b. Type of Completion: NEW WELL WORK OVER DEEPEN PLUG BACK DIFF RESVR OTHER _____

7. Lease Name or Unit Agreement Name
San Juan 32-7 Unit

2. Name of Operator
Phillips Petroleum Company

8. Well No.
32-7 Unit #241

3. Address of Operator
5525 Highway 64, NBU 3004 Farmington, NM 87401

9. Pool name or Wildcat
Basin Fruitland Coal

4. Well Location
Unit Letter G : 2234 Feet From The North Dist. 3 1841 Feet From The East Line

Section 21 Township 32N Range 7W NMPM San Juan County

10. Date Spudded 3/27/99 11. Date T.D. Reached 4/2/99 12. Date Compl.(Ready to Prod.) 4/21/99 13. Elevations(DF & RKB, RT, GR, etc.) 6369' prepared GL 14. Elev. Casinghead

15. Total Depth 3094' 16. Plug Back T.D. 3094' 17. If Multiple Compl. How Many Zones? _____ 18. Intervals Drilled By _____ Rotary Tools X Cable Tools _____

19. Producing Interval(s), of this completion - Top, Bottom, Name
Basin Fruitland Coal 3010' - 3088'

20. Was Directional Survey Made
no

21. Type Electric and Other Logs Run
Mud log

22. Was Well Cored
no

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8"	36#. J-55	373'	12-1/4"	185 sx C1 H	10 bbls-surf.
7"	20#. J-55	2980'	8-3/4"	L-250 sx 35/65 POZ	0 bbls - surf.
				T-90 sx C1 H	TOC - 700'

24. LINER RECORD **25. TUBING RECORD**

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
5-1/2"	2951	3091'	n/a		2-3/8"	3050'	no
15.5# J-55	(140' total)				4.7#		

26. Perforation record (interval, size, and number)
Basin Fruitland Coal - 38' @ 4 spf = 152 holes
3010' - 3016'(6'); 3018' - 3026'(8')
3046' - 3064'(18'); 3082' - 3088'(6')

27. ACID, SHOT, FRACTURE, CEMENT, SOEZE, ETC.
DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED
2992' - 3094' Underreamed only
6-1/4" hole to 9-1/2" hole

28. PRODUCTION

Date First Production SI Production Method (Flowing, gas lift, pumping - Size and type pump) _____ Well Status (Prod. or Shut-in) SI

Date of Test 4/19/99 Hours Tested 1 hr-pitot Choke Size 2" Prod'n For Test Period _____ Oil - Bbl. _____ Gas - MCF 3090 mcfd Water - Bbl. 80 bwpd Gas - Oil Ratio _____

Flow Tubing Press. _____ Casing Pressure SI-775 psi Calculated 24-Hour Rate _____ Oil - Bbl. _____ Gas - MCF 3090 mcfd Water - Bbl. 80 bwpd Oil Gravity - API (Corr.) _____

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
SI - waiting on approvals.

Test Witnessed By
Drew Bates

30. List Attachments

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature Patsy Clugston Printed Name Patsy Clugston Title Regulatory Asst. Date 4/22/99

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northeastern New Mexico

T. Anhy _____	T. Canyon _____	T. Ojo Alamo _____ 2110	T. Penn. "B" _____
T. Salt _____	T. Strawn _____	T. Kirtland-Fruitland _____ 2230	T. Penn. "C" _____
B. Salt _____	T. Atoka _____	T. Pictured Cliffs _____ 3135	T. Penn. "D" _____
T. Yates _____	T. Miss _____	T. Cliff House _____	T. Leadville _____
T. 7 Rivers _____	T. Devonian _____	T. Menefee _____	T. Madison _____
T. Queen _____	T. Silurian _____	T. Point Lookout _____	T. Elbert _____
T. Grayburg _____	T. Montoya _____	T. Mancos _____	T. McCracken _____
T. San Andres _____	T. Simpson _____	T. Gallup _____	T. Ignacio Otzte _____
T. Glorieta _____	T. McKee _____	Base Greenhorn _____	T. Granite _____
T. Paddock _____	T. Ellenburger _____	T. Dakota _____	T. _____
T. Blinebry _____	T. Gr. Wash _____	T. Morrison _____	T. _____
T. Tubb _____	T. Delaware Sand _____	T. Todilto _____	T. _____
T. Drinkard _____	T. Bone Springs _____	T. Entrada _____	T. _____
T. Abo _____	T. _____	T. Wingate _____	T. _____
T. Wolfcamp _____	T. _____	T. Chinle _____	T. _____
T. Penn _____	T. _____	T. Permian _____	T. _____
T. Cisco (Bough C) _____	T. _____	T. Penn "A" _____	T. _____

OIL OR GAS SANDS OR ZONES

No. 1, from _____ to _____ No. 3, from _____ to _____
 No. 2, from _____ to _____ No. 4, from _____ to _____

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from _____ to _____ feet _____
 No. 2, from _____ to _____ feet _____
 No. 3, from _____ to _____ feet _____

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness in Feet	Lithology	From	To	Thickness in Feet	Lithology
2110	2230	120	Sandstone				
2230	2875	645	Shale & sandstone				
2875	2965	90	Shale, sandstone, coal				
2965	3070	105	Shale and coal				
3135							
These tops are estimate. No open hole logs run.							

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION

DISTRICT I
P.O. Box 1980, Hobbs NM 88241-1980

2040 Pacheco St.
Santa Fe, NM 87505

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL API NO.
30-045-29546

5. Indicate Type of Lease
STATE FEE

State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

San Juan 32-7 Unit 009260

RECEIVED
MAR 31 1999
OIL CON. DIV.
DIST. 3

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR ELONGATE BACK TO 1999
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER 017654

2. Name of Operator
Phillips Petroleum Company

3. Address of Operator
5525 Highway 64, NBU 3004, Farmington NM 87401

4. Well Location
Unit Letter G : 2234' Feet From The North Line and 1841' Feet From The East Line
Section 21 Township 32N Range 7W NMPM San Juan County

8. Well No.
SJ 32-7 Unit #241

9. Pool name or Wildcat
Basin Fruitland Coal 71629

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: <u>Spud Report</u> <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

3/26/99
MIRU Key Energy #53. Spud 12-1/4" hole @ 1500 hr 3/27/99. Drilled to 375'. Circulated hole. RIH w/9-5/38" 36#, J-55 casing & set @ 373'. RU BJ to cement. Pumped 10 bbls mud clean and 10 bbls water ahead of 185 sx C1 H w/2% CaCl2 and 1/4#/sx Celloflake mixed at @ 15.6 ppg w/1.20 cf/sx yield. Displace wood plug with 25 bbls water. Circulated 10 bbls (56 cf) cement to surface. Plug down 0852 hrs 3/28/99. WOC. NU WH & NU BOP. PT manifold and casing to 200 psi for 3 minutes and 1500 psi for 10 min. Held OK.

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

SIGNATURE Patsy Clugston TITLE Regulatory Assistant DATE 3/29/99

TYPE OR PRINT NAME Patsy Clugston TELEPHONE NO. 505-599-3454

(This space for State Use)
ORIGINAL SIGNED BY CHARLIE T. PERRIN
DEPUTY OIL & GAS INSPECTOR, DIST. #3
APPROVED BY _____ TITLE _____ DATE MAR 31 1999
CONDITIONS OF APPROVAL, IF ANY:

PROP #	Party Uid	Name	WI	WELL NAME/FORMATION
A650444	12001	PHILLIPS PETROLEUM COMPANY	0.820000	SAN JUAN 32-7 UNIT #241
A650444	69378	WILLIAMS PRODUCTION COMPANY	0.180000	SAN JUAN 32-7 UNIT #241