

DATE IN 7/26/99	SUSPENSE 8/16/99	ENGINEER DC	LOGGED BY RW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



2426

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

JUL 26 1999

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.

Clint Hutchinson
 Print or Type Name

Clint Hutchinson
 Signature

Reservoir Engr.
 Title

7/23/99
 Date

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

DISTRICT II
811 South First St., Artesia, NM 88210-2835

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Phillips Petroleum Company 5525 Hwy. 64, Farmington, NM 87401
Operator Address

San Juan 32-7 Unit 14 H, 28, T32N, R7W San Juan
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 017654 Property Code 009260 API NO. 30-045-11251 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	GAS 80690 So. Los Pinos Fruitland Sands PC		72319 GAS Blanco Mesaverde
2. Top and Bottom of Pay Section (Perforations)			
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 1487 (est.)	a.	a. 578 (est.)
	b. (Original) 1700 (est.)	b.	b. 1360 (est.)
6. Oil Gravity (°API) or Gas BTU Content	1145		1005
7. Producing or Shut-in?			Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: estimate Rates: 150 mcf/d	Date: Rates:	Date: 5/31/98 Rates: 26 mcf/d
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) R-11210

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Clinton H. Hutchinson TITLE Reservoir Engr. DATE 7/23/99

TYPE OR PRINT NAME Clint Hutchinson TELEPHONE NO. (505) 599-3423



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 23, 1999

New Mexico Oil & Gas Conservation Div.
2040 South Pacheco
Santa Fe, New Mexico 87505-6429

Downhole Commingling Allocation Method
on the San Juan 32-7 Unit #14

Dear Sirs:

Phillips Petroleum is proposing to produce the Pictured Cliffs approximately one month before commingling the zones. This will provide an isolated test of the Pictured Cliffs and allow the pressure in the Pictured Cliffs to decrease before the zone is commingled with the Mesaverde. After the zones are commingled, Phillips Petroleum is proposing to utilize the subtraction method on the subject well for approximately twelve months after actual commingling occurs. After the 12th month period we will convert to the ratio method as indicated in our commingling application. We believe this will be a more accurate method of allocating production considering that the Dakota interval has been producing for years and that the production will not be stabilized on the Mesaverde for several months.

Mesaverde Production Forecast

August 1999	921	September 1999	885
October 1999	909	November 1999	874
December 1999	897	January 2000	891
February 2000	829	March 2000	880
April 2000	846	May 2000	869
June 2000	836	July 2000	858

For example, if the total volume for August 1999 were 2,540 mcf, then the Mesaverde would be allocated 921 mcf and the Pictured Cliffs 1,619 mcf. And subsequently, the Mesaverde would be allocated $(921/2,540)$ or 36.26% and Mesaverde would be allocated $(1,619/2540)$ or 63.74%.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Clint Hutchinson
Reservoir Engineer

CH/pc

cc: OCD - Aztec
BLM- Farmington
NM Commissioner of Public Lands - Santa Fe

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-11251		² Pool Code 80690		³ Pool Name So. Los Pinos Fruitland Sands PC	
⁴ Property Code 009260		⁵ Property Name San Juan 32-7 Unit			⁶ Well Number 14
⁷ OGRID No. 017654		⁸ Operator Name Phillips Petroleum Company			⁹ Elevation 6669'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	28	32N	7W		1650	North	990	East	San Juan

¹¹ 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
H									

¹² Dedicated Acres 160 ac NE/4	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No.
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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

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Patsy Clugston Printed Name Regulatory Assistant Title 7-23-99 Date
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i> May 8, 1956 Date of Survey Signature and Seal of Professional Surveyer: See original C128 dated 5/22/56 Signed by James P. Leese
	1463 Certificate Number

**NEW MEXICO
OIL CONSERVATION COMMISSION**

Form C-128

Well Location and/or Gas Proration Plat

Date May 22, 1956

Operator PACIFIC NORTHWEST PIPELINE CORPORATION Lease San Juan 1947

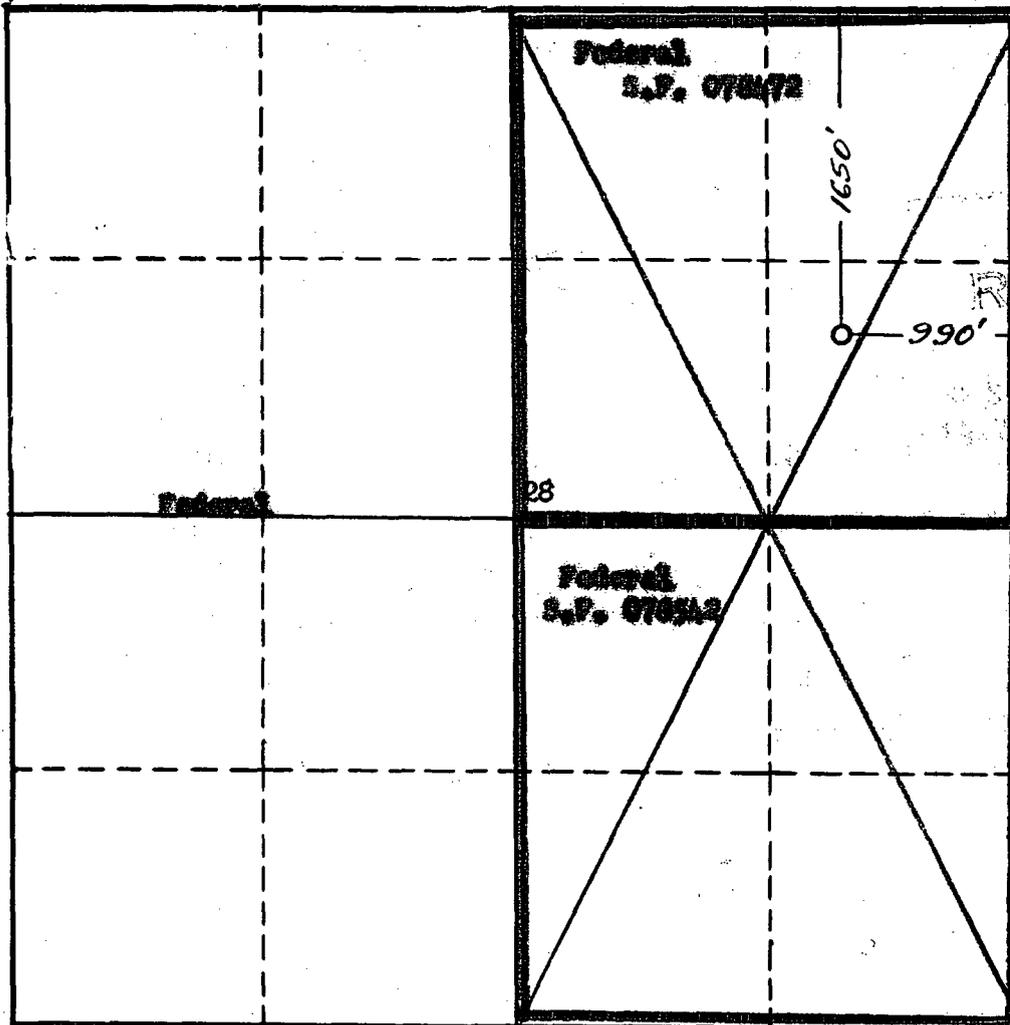
Well No. 14-28 Section 28 Township 32 NORTH Range 7 WEST, NMPM

Located 1650 Feet From the NORTH Line, 990 Feet From the EAST Line

SAN JUAN County, New Mexico. G. L. Elevation 6669.0 UNGRADED

Name of Producing Formation Blanco Pool Blanco Dedicated Acreage 320

(Note: All distances must be from outer boundaries of Section)



RECEIVED
MAY 24 1956
NEW MEXICO GEOLOGICAL SURVEY

NOTE

This section of form is to be used for gas wells only.



SCALE: 1"=1000'

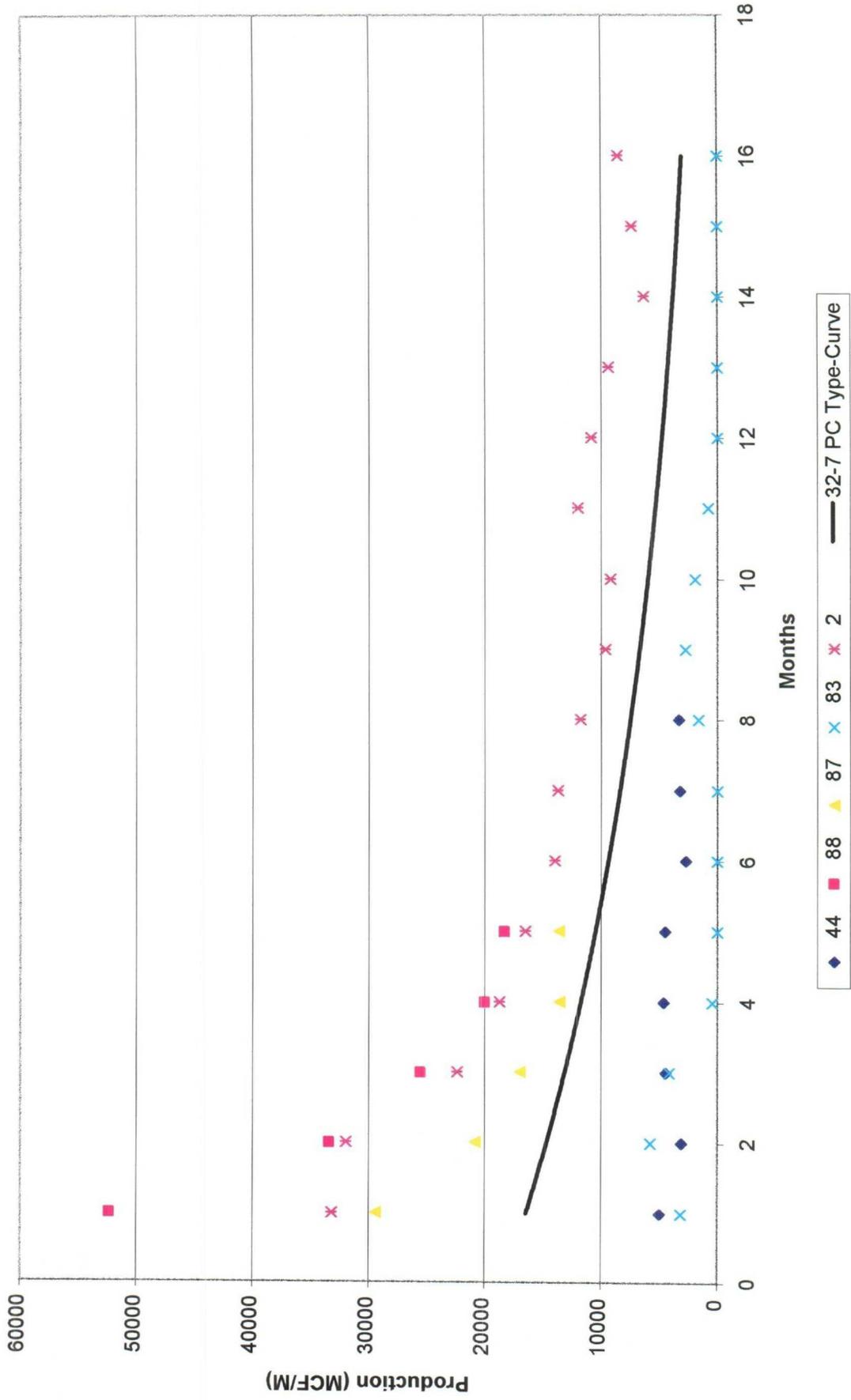
1. Is this Well a Dual Comp. ? Yes No
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No

Name Original signed by T. K. [unclear]
 Position REGISTERED ENGINEER
 Representing Pacific Northwest Pipeline Corp.
 Address 413 1/2 N. Main, Farmington, N.M.

This is to certify that the above plat was prepared from field notes of actual survey made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 8 MAY 1956
James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese
 N. Mex. Reg. No. 1463

32-7 Unit Pictured Cliffs



Mesaverde Production Forecast for 32-7 Unit
Well #14

Year	Month	Gas (MCF)
Jun-99	1	903
Jul-99	2	927
Aug-99	3	921
Sep-99	4	885
Oct-99	5	909
Nov-99	6	874
Dec-99	7	897
Jan-00	8	891
Feb-00	9	829
Mar-00	10	880
Apr-00	11	846
May-00	12	869
Jun-00	13	836
Jul-00	14	858
Aug-00	15	852
Sep-00	16	820
Oct-00	17	842
Nov-00	18	809

Initial Rate 30.2 MCF/D

M2Y67-01 PARPI - WELLZONE PRODUCTION BROWSE Date: 7/23/99
 User: #W9R
 Wellzone M6568 01 Yr: 1998 Mth: 11 Property: 650116 SAN JUAN 32-7 MESA V
 Screen: 1 (1-Prod, 2-Inj, 3-Both) Well No: 000014
 Type: T (T-Total, D-Daily Avg) Field: 0707 BLANCO
 Period: M (M-Monthly, Y-Yearly, C-Cumm) Reserv: 20170 MESAVERDE

ADJ	OIL (BBL)	GAS (MCF)	WATER (BBL)	PROD	OP	ST	CL	TY
1998-11	0.00	1,014	0	30.00	30	11	03	2
1998-12	0.00	990	0	31.00	31	11	03	2
1999-01	0.00	943	0	31.00	31	11	03	2
* 1999-02	0.00	1,113	0	28.00	28	11	03	2
1999-03	0.00	1,034	0	31.00	31	11	03	2
1999-04	0.00	929	0	30.00	30	11	03	2
1999-05	0.00	817	0	31.00	31	11	03	2

NO MORE DATA AVAILABLE
 PA1=ICE
 PF1=Help PF3=End PF5=INITIAL CUM PF10=Next Well
 PF7=Backward PF8=Forward PF11=Prev Well



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 23, 1999

Mr. Larry Simmons
2815 Main
Durango, CO 81301

Downhole Commingling Order R-11210
San Juan 32-7 Unit, San Juan County, NM

Dear Mr. Simmons:

Please find attached a copy of our downhole commingling application made for the San Juan 32-7 Unit #14 well. As per item #16 on the DHC Order No. R-11210, Phillips was asked to send you a copy of any application for downhole commingling applications filed within the San Juan 32-7 Unit.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Patsy Clugston
Patsy Clugston
Regulatory Assistant
505-599-3454

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <input type="checkbox"/> Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. <input type="checkbox"/> Print your name and address on the reverse of this form so that we can return this card to you. <input type="checkbox"/> Attach this form to the front of the mailpiece, or on the back if space does not permit. <input type="checkbox"/> Write "Return Receipt Requested" on the mailpiece below the article number. <input type="checkbox"/> The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input checked="" type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery
	3. Article Addressed to: Mr. LARRY SIMMONS 2815 Main Durango, CO 80301 XXXXXX 81301	4a. Article Number Z 464 537 079	Thank you for using Return Receipt Service.
	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD		
	5. Received By: (Print Name)	7. Date of Delivery	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Addressee or Agent)			