

ABOVE THIS LINE FOR DIVISION USE ONLY

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



2677

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]

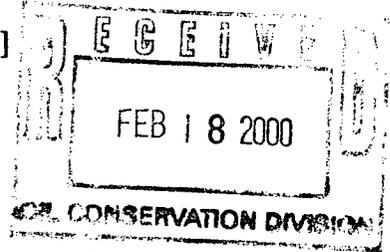
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling [] NSL [] NSP [] DD [] SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [X] 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.

Hank Baca Print or Type Name Signature Reservoir Engr. Title 2/16/00 Date



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

February 16, 2000

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

Downhole Commingling Allocation Method
on the San Juan 29-5 Unit #45

Dear Sirs:

Phillips is proposing to utilize the subtraction method on the subject well for approximately 12 months after actual commingling occurs. After the first 12 months, 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 by giving the Pictured Cliffs production time to stabilize.

Mesaverde Production Forecast

February 2000	6,174	March 2000	5,925
April 2000	6,072	May 2000	6,021
June 2000	5,395	July 2000	5,926
August 2000	5,687	September 2000	5,829
October 2000	5,595	November 2000	5,735
December 2000	5,687	January 2001	5,460

For example, if the total volume for February 2000 were 11,974 mcf, then the Mesaverde would be allocated 6,174 mcf and the Pictured Cliffs 5,800 mcf. And subsequently, the Mesaverde would be allocated $(6,174/11,974)$ or 51.56%, and the Pictured Cliffs would be allocation $(5,800/11,974)$ or 48.44%.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Hank Baca
Reservoir Engineer

HB/pc

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

District I
 PO Box 1988, Hobbs, NM 88241-1988
 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

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

RECEIVED
 BLM
 OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

99 JUL 30 PM 4:31

99 JUN 14 PM 4:18 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-07596		Pool Code 77440	Pool Name Gobernador Pictured Cliffs
Property Code 009256	Property Name San Juan 29-5		Well Number #45
OGRID No. 017654	Operator Name Phillips Petroleum Company		Elevation 6775'

10 Surface Location

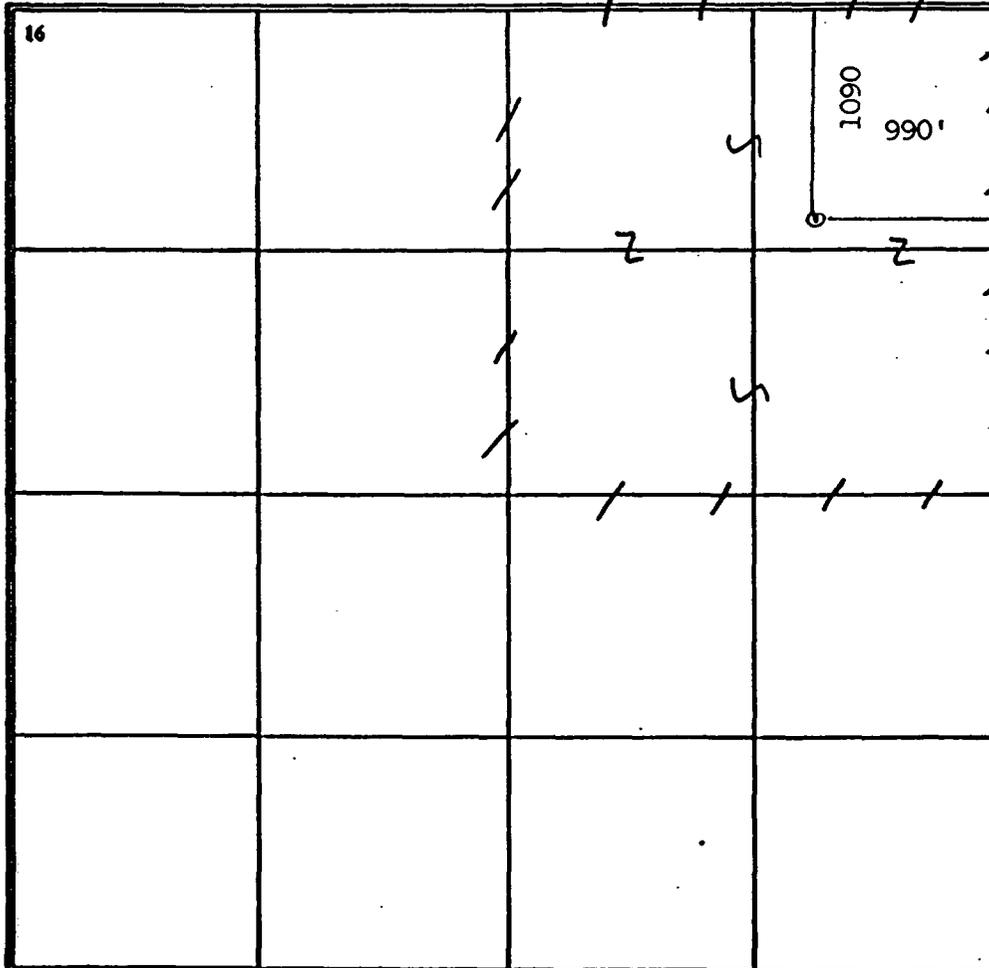
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
A	22	29N	5W		1090	North	990	East	Rio Arriba

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
A									

Dedicated Acres 160 ac	Joint or Infill J	Consolidation Code U	Order No. Downhole commingling application will be applied for.
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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



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

Patsy Clugston
 Signature
 Patsy Clugston
 Printed Name
 Regulatory Assistant
 Title
 June 14, 1999
 Date

18 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.

October 30, 1958
 Date of Survey
 Signature and Seal of Professional Surveyor:
 see original Well location and acreage dedication Plat signed by David O. Vilner dated 9/28/59
 Certificate Number

Well Location and Acreage Dedication

Section A.

Date September 28, 1959

RECEIVED

Operator **El Paso Natural Gas Company** BLM Lease **San Juan 29-5 Unit SF080069**
 Well No. **45-22 (MD)** Unit Letter **A** Township **29N** Range **5W** NMEPM
 Located **1090** Feet From **North** East **390** East From **East** Line
 County **Rio Arriba** G. L. Elevation **6775** Dedication Acres **320 & 320** Acre
 Name of Producing Formation **Mesa Verde & Dakota, NM** Pool **Blanco MV - Wildcat Dakota**

1. Is the Operator the only owner in the delineated acreage outlined on the plat below?
 Yes No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by a consolidated agreement or otherwise? Yes No If answer is "Yes", Type of Consolidation:
Unit Agreement.

3. If the answer to question two is "no", list all the owners and their respective interests below:
- | Owner | Land Description |
|-------|------------------|
| | |
| | |

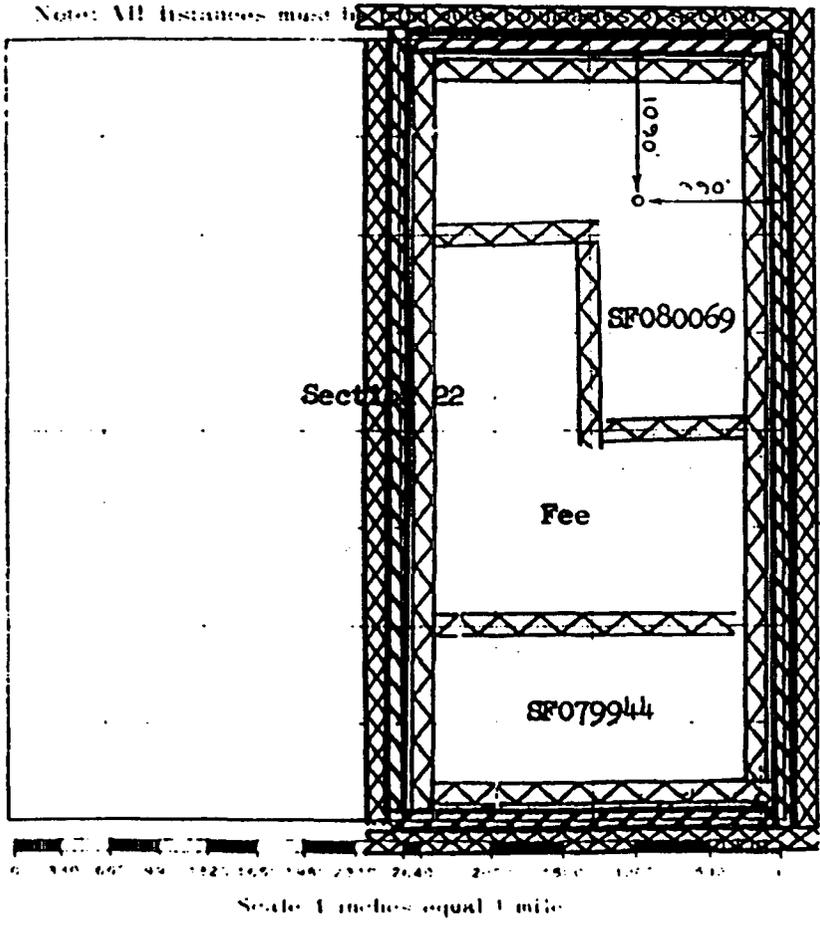
RECEIVED
 BLM
 99 JUN 14 PM 4:19
 RIO FARMINGTON, NM

Section B.

Note: All distances must be

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

El Paso Natural Gas Company
 (Operator)
 Original Signed By: **D.H. Oheim**
 (Representative)
Box 997
 (Address)
Farmington, New Mexico



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.

(Seal)

Farmington, New Mexico

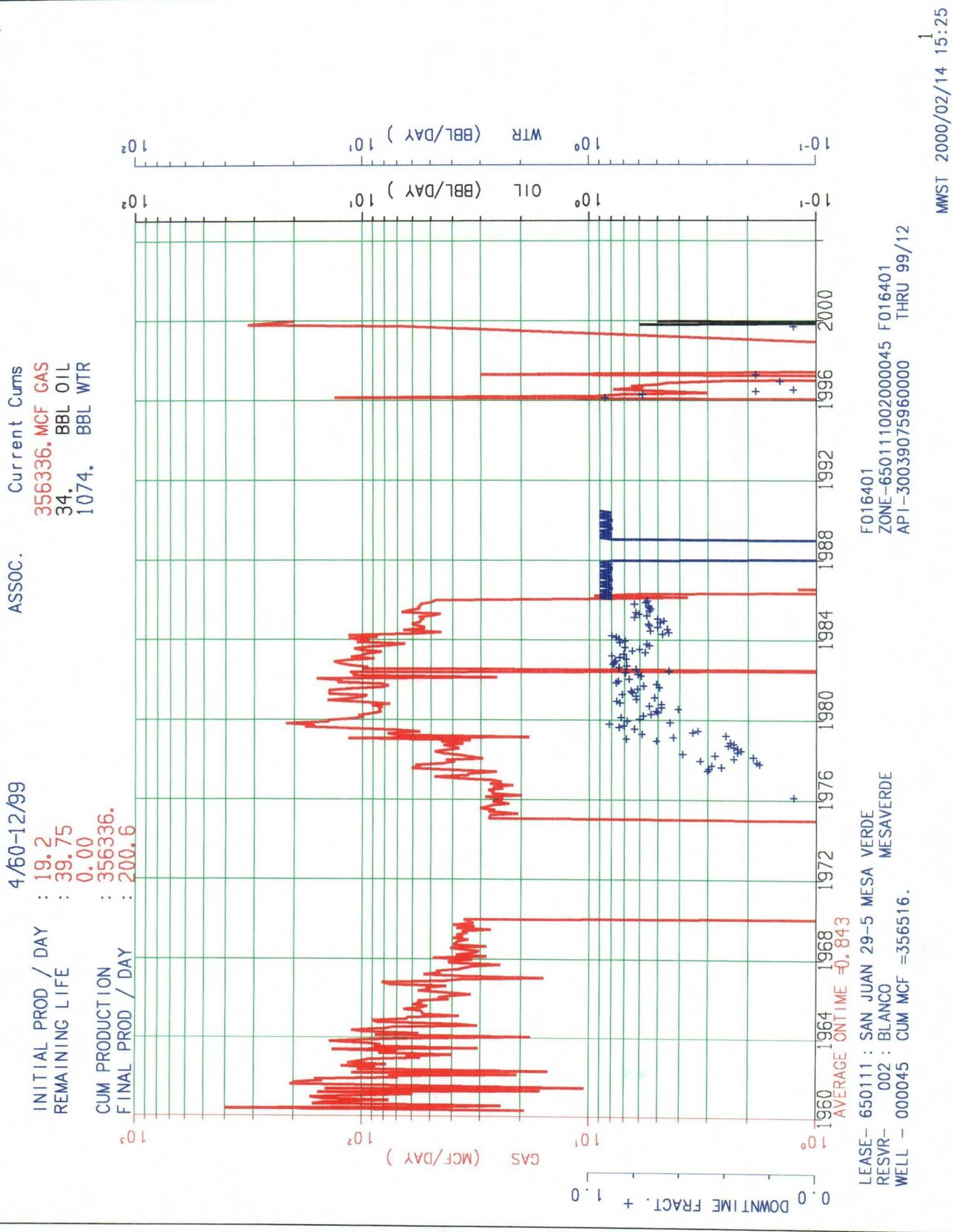
Date Surveyed: **October 30, 1958**
Carl O. Nielsen
 State Surveyor and Engineer and of Land Survey

29-5 Unit #45 Lewis Shale (Meas Verde) Forecast

<i>Initial Production Rate</i>	=	200 MCFD
<i>Hyperbolic Exponent</i>	=	0.33
<i>Decline Rate</i>	=	10 %

	Month	Monthly MCF
2000	Feb	6,174
	Mar	5,925
	Apr	6,072
	May	6,021
	Jun	5,395
	Jul	5,926
	Aug	5,687
	Sep	5,829
	Oct	5,595
	Nov	5,735
	Dec	5,687
	2001	Jan
Feb		5,596
Mar		5,372
Apr		5,507
May		5,462
Jun		4,895
Jul		5,378

Use subtraction method for +/- 12 months based on this LS forecast.



4/60-12/99

INITIAL PROD / DAY : 19.2
 REMAINING LIFE : 39.75
 CUM PRODUCTION : 356336.
 FINAL PROD / DAY : 200.6

ASSOC.

Current Cums
 356336. MCF GAS
 34. BBL OIL
 1074. BBL WTR

1960 1964 1968 1972 1976 1980 1984 1988 1992 1996 2000

10³
 10²
 10¹
 10⁰

GAS (MCF/DAY)

10²
 10¹
 10⁰

OIL (BBL/DAY)

10²
 10¹
 10⁰

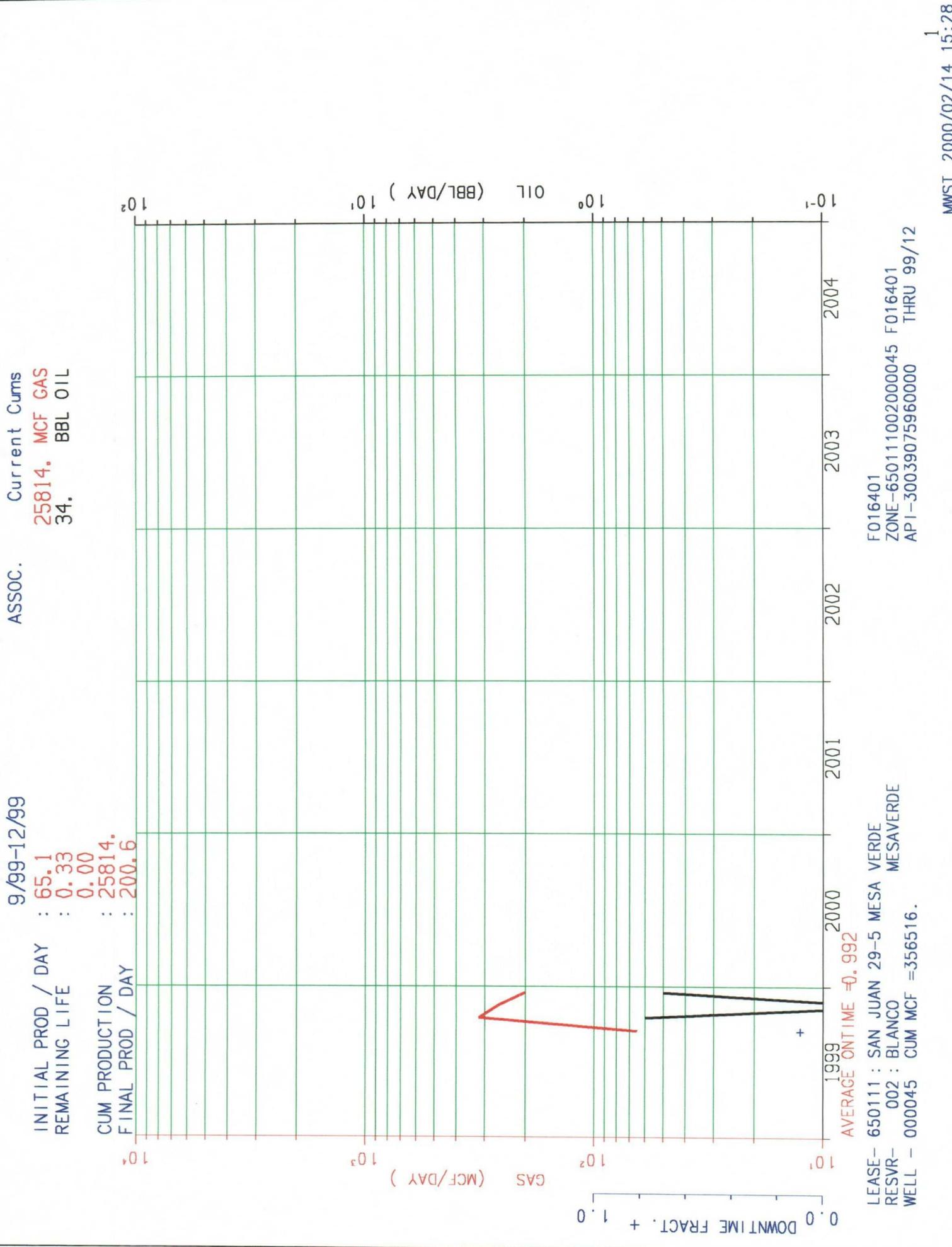
WTR (BBL/DAY)

0.0 DOWNTIME FRACT. + 1.0

AVERAGE ONTIME = 0.843

LEASE- 650111 : SAN JUAN 29-5 MESA VERDE
 RESVR- 002 : BLANCO MESAVERDE
 WELL - 000045 CUM MCF = 356516.

F016401
 ZONE-650111002000045 F016401
 API-30039075960000 THRU 99/12



9/99-12/99
 ASSOC.
 Current Cums
 25814. MCF GAS
 34. BBL OIL

INITIAL PROD / DAY : 65.1
 REMAINING LIFE : 0.33
 CUM PRODUCTION : 25814.
 FINAL PROD / DAY : 200.6

AVERAGE ONTIME = 0.992

LEASE- 650111 : SAN JUAN 29-5 MESA VERDE
 RESVR- 002 : BLANCO MESAVERDE
 WELL - 000045 CUM MCF = 356516.
 F016401
 ZONE-650111002000045 F016401
 API-30039075960000 THRU 99/12

29-5 #45

DATE	MCF
12/1/99	3.879065
12/2/99	414.6071
12/3/99	27.87056
12/4/99	409.6721
12/5/99	34.31796
12/6/99	290.5909
12/7/99	274.5142
12/8/99	229.9215
12/9/99	202.0014
12/10/99	208.6758
12/11/99	216.6562
12/12/99	188.6617
12/13/99	229.4049
12/14/99	4.207569
12/15/99	56.84777
12/16/99	153.5101
12/17/99	210.2728
12/18/99	208.2498
12/19/99	227.8764
12/20/99	218.9084
12/21/99	219.9829
12/22/99	223.827
12/23/99	216.2548
12/24/99	207.682
12/25/99	219.6172
12/26/99	214.4545
12/27/99	205.8143
12/28/99	217.9405
12/29/99	269.9665
1/1/00	273.6745
1/2/00	274.1813
1/3/00	267.5344
1/4/00	268.4331
1/5/00	266.0611
1/6/00	261.9212
1/7/00	256.7694
1/8/00	265.646
1/9/00	266.4908
1/10/00	74.56277
1/11/00	269.1917
1/12/00	278.6158
1/13/00	288.3824
1/14/00	288.4003
1/15/00	288.4888
1/16/00	284.2938
1/17/00	285.8317
Average	223.1449

Production Allocation Methodology

- ◆ Adding New Zone to Existing Zone - Initially Subtraction Method followed by Fixed Allocation Method
 - Subtraction Method (+/- 1st 12 months)
 - Forecast production rate by month for existing zone utilizing established decline curve for zone
 - Subtract forecasted rate from commingled rate to define new zone rate
 - Utilize subtraction method for +/- 12 months until new zone rate stabilizes, then utilize fixed allocation method with current rates
 - Fixed Allocation Method (after Subtraction Method)
 - Utilize forecasted rate from established decline curve for lower zone
 - Calculate upper zone rate by subtracting lower zone rate from commingled rate
 - Lower zone allocation = $\frac{\text{Lower zone rate}}{\text{Commingled rate}}$
 - Upper zone allocation = $(\text{Commingled rate} - \text{Lower zone rate}) / \text{Commingled rate}$

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

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

Lease San Juan 29-5 Unit Well No. 45 Unit Ltr. - Sec - Twp - Rge A, Section 22, T29N, R5W County Rio Arriba

OGRID NO. 017654 Property Code 009256 API NO. 30-039-07596 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	77440 Gobernador PC		72319 Blanco Mesaverde
2. Top and Bottom of Pay Section (Perforations)	3730' - 3780'		4662' - 5140'
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 540 psi (est.)	a.	a. 800 psi (est.)
	b. (Original) 1288 (est.)	b.	b. 1234 psi (est.)
6. Oil Gravity (° API) or Gas BTU Content	1145 btu		1150 btu
7. Producing or Shut-In?	n/a		producing
Production Marginal? (yes or no) • 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)	yes		yes
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Estimated Rates: 200 mcf/d	Date: Rates:	Date: 1/17/00 Rates: 285 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-10770

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 Hank Baca TITLE Reservoir Engr. DATE 2/16/00

TYPE OR PRINT NAME Hank Baca TELEPHONE NO. (505) 599-3470